

described in Section 1 above. The other two amounts, the deposit cutoff level and the reduced reporting limit, are also adjusted annually, by an amount equal to 80 percent of the increase, if any, in total deposits at all depository institutions over the one-year period that ends on the June 30 prior to the adjustment.

Total deposits at all depository institutions increased by 9.3 percent (from \$5,959.5 billion to \$6,513.9 billion) between June 30, 2002 and June 30, 2003. Accordingly, the Board is adjusting the deposit cutoff level upward by \$11.2 million, from its current level of \$150.0 million in 2003 to \$161.2 million in 2004. The Board is also adjusting the reduced reporting limit upward by \$74 million, from its current level of \$1.0 billion in 2003 to \$1.074 billion in 2004.²

Beginning in September 2004, the boundaries of the four deposit reporting categories will be defined as follows. Those depository institutions with net transaction accounts over \$6.6 million (the reserve requirement exemption amount) or total deposits greater than or equal to \$1.074 billion (the reduced reporting limit) are subject to detailed reporting, and must file an FR 2900 report either weekly or quarterly. Of this group, those with total deposits greater than or equal to \$161.2 million (the deposit cutoff level) are required to file the FR 2900 report each week, while those with total deposits less than \$161.2 million are required to file the FR 2900 report each quarter. Those depository institutions with net transaction accounts less than or equal to \$6.6 million (the reserve requirement exemption amount) and with total deposits less than \$1.074 billion (the reduced reporting limit) are eligible for reduced reporting, and must either file a deposit report annually or not at all. Of this group, those with total deposits greater than \$6.6 million (but less than \$1.074 billion) are required to file the FR 2910a report annually, while those with total deposits less than or equal to \$6.6 million are not required to file a deposit report. A depository institution that manipulates its reporting, however, in an attempt to qualify for less frequent reporting or to reduce its reserve requirement may be required to report the FR 2900 on a weekly basis and maintain appropriate reserve balances with its Reserve Bank, regardless of its most recent panel assignment.

Notice and Regulatory Flexibility Act. The provisions of 5 U.S.C. 553(b) relating to notice of proposed rulemaking have not been followed in connection with the adoption of these amendments. The amendments involve expected, ministerial adjustments prescribed by statute and by the Board's policy concerning reporting practices. The increases in the reserve requirement exemption amount, the low reserve tranche, the deposit cutoff level, and the reduced reporting limit serve to reduce regulatory burdens on depository institutions. Accordingly, the Board finds good cause for determining, and so determines, that notice in accordance with 5 U.S.C. 553(b) is unnecessary. Consequently, the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601, do not apply to these amendments.

List of Subjects in 12 CFR Part 204

Banks, banking, Reporting and recordkeeping requirements.

■ For the reasons set forth in the preamble, the Board is amending 12 CFR part 204 as follows:

PART 204—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (REGULATION D)

■ 1. The authority citation for part 204 continues to read as follows:

Authority: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

■ 2. Section 204.9 is revised to read as follows:

§ 204.9 Reserve requirement ratios.

The following reserve requirement ratios are prescribed for all depository institutions, banking Edge and agreement corporations, and United States branches and agencies of foreign banks:

Category	Reserve requirement
Net transaction accounts: \$0 to \$6.6 million ... Over \$6.6 million and up to \$45.4 million. Over \$45.4 million	0 percent of amount. 3 percent of amount. \$1,164,000 plus 10 percent of amount over \$45.4 million. 0 percent.
Nonpersonal time deposits. Eurocurrency liabilities.	0 percent.

By order of the Board of Governors of the Federal Reserve System, October 1, 2003.

Jennifer J. Johnson,
Secretary of the Board.

[FR Doc. 03-25318 Filed 10-6-03; 8:45 am]

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DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

12 CFR Parts 559, 562, and 563

[No. 2003-50]

RIN 1550-AB55

Savings Associations—Transactions With Affiliates

AGENCY: Office of Thrift Supervision, Treasury.

ACTION: Final rule.

SUMMARY: In December 2002, the Board of Governors of the Federal Reserve System (FRB) issued a final rule implementing sections 23A and 23B of the Federal Reserve Act (FRA). FRB's rule (Regulation W) combines statutory restrictions on transactions with affiliates with new and existing interpretations and exemptions. In today's final rule, the Office of Thrift Supervision (OTS) conforms its regulations on transactions with affiliates to Regulation W and implements additional restrictions imposed on savings associations under section 11(a) of the Home Owners' Loan Act (HOLA).

DATES: This final rule is effective November 6, 2003.

FOR FURTHER INFORMATION CONTACT: Karen A. Osterloh, Special Counsel, (202) 906-6639, Regulations and Legislation Division, Chief Counsel's Office, or Donna Deale, Manager, (202) 906-7488, Supervision Policy, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION:

I. Background

Section 11(a)(1) of the HOLA (12 U.S.C. 1468(a)(1)) applies sections 23A and 23B of the FRA (12 U.S.C. 371c and 371c-1) to every savings association "in the same manner and to the same extent" as if the savings association were a member bank of the Federal Reserve System.

Section 23A of the FRA imposes three major limitations on a member bank's (and its subsidiaries') transactions with affiliates. First, section 23A limits the amount of "covered transactions" with any single affiliate to no more than 10 percent of the member bank's capital stock and surplus. Covered transactions with all affiliates are limited to no more than 20 percent of the member bank's capital stock and surplus. A covered transaction includes a loan or extension of credit to an affiliate, a purchase of or investment in securities issued by an affiliate, a purchase of assets from an

²Consistent with Board practice, the deposit cutoff level has been rounded to the nearest \$0.1 million, while the reduced reporting limit has been rounded to the nearest \$1 million.