Announcements

Federal Open Market Committee Statements

The Federal Open Market Committee decided on February 2, 2005, to raise its target for the federal funds rate 25 basis points, to 2½ percent.

The Committee believes that, even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Output appears to be growing at a moderate pace despite the rise in energy prices, and labor market conditions continue to improve gradually. Inflation and longer-term inflation expectations remain well contained.

The Committee perceives the upside and downside risks to the attainment of both sustainable growth and price stability for the next few quarters to be roughly equal. With underlying inflation expected to be relatively low, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability.

Voting for the FOMC monetary policy action were: Alan Greenspan, Chairman; Timothy F. Geithner, Vice Chairman; Ben S. Bernanke; Susan S. Bies; Roger W. Ferguson, Jr.; Edward M. Gramlich; Jack Guynn; Donald L. Kohn; Michael H. Moskow; Mark W. Olson; Anthony M. Santomero; and Gary H. Stern.

In a related action, the Board of Governors unanimously approved a 25-basis-point increase in the discount rate, to 3½ percent. In taking this action, the Board approved the requests submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.

The Federal Open Market Committee decided on March 22, 2005, to raise its target for the federal funds rate 25 basis points, to 2¾ percent.

The Committee believes that, even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Output evidently continues to grow at a solid pace despite the rise in energy prices, and labor market conditions continue to improve gradually. Though longer-term inflation expectations remain well contained, pressures on inflation have picked up in recent months and pricing power is more evident. The rise in energy prices, however, has not notably fed through to core consumer prices.

The Committee perceives that, with appropriate monetary policy action, the upside and downside risks to the attainment of both sustainable growth and price stability should be kept roughly equal. With underlying inflation expected to be contained, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability.

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Amendments to Regulation CC, Appendix A

The Federal Reserve Board announced on February 8, 2005, amendments to appendix A of Regulation CC (Availability of Funds and Collection of Checks) that reflect the restructuring of the Federal Reserve's check-processing operations in the Sixth District. These amendments are the first in a series of amendments to appendix A that will take place through the first quarter of 2006, associated with the previously announced restructuring of the Reserve Banks' check-processing operations.

Appendix A provides a routing number guide that helps depository institutions determine the maximum permissible hold periods for most deposited checks. As of March 26, 2005, the Birmingham Branch office of the Federal Reserve Bank of Atlanta no longer processes checks, and banks served by that office have been reassigned to the Reserve Bank's head office in Atlanta. To ensure that the information in appendix A accurately describes the structure of check-processing operations within the Federal Reserve System, the final rule deletes the reference in appendix A to the Atlanta Reserve Bank's Birmingham Branch office and reassigns the routing numbers listed thereunder to the Reserve Bank's head office. To coincide with the effective date of the underlying check-processing changes, the amendments became effective March 26, 2005. As a result of these changes, some checks deposited in the affected regions that were nonlocal checks became local checks subject to shorter permissible hold periods.

The Federal Reserve Board announced on February 17, 2005, amendments to appendix A of Regulation CC that reflect the restructuring of the Federal Reserve's check-processing operations in the Fourth, Seventh, and Eleventh Districts.

As of April 16, 2005, the Detroit Branch office of the Federal Reserve Bank of Chicago no longer processes checks, and banks served by that office have been reassigned to the head office of the Federal Reserve Bank of Cleveland. As of April 23, 2005, the Houston Branch office of the Federal Reserve Bank of Dallas no longer processes checks, and banks served by that office have been reassigned to that Reserve Bank's head office. To ensure that the information in appendix A accurately describes the structure of check-processing operations within the Federal Reserve System, the final rule (1) deletes the reference in appendix A to the Chicago Reserve Bank's Detroit Branch office and reassigns the routing numbers listed thereunder to the Cleveland Reserve Bank's head office, and (2) deletes the reference in appendix A to the Dallas Reserve Bank's Houston Branch office and reassigns the routing numbers listed thereunder to that Reserve Bank's head office. To coincide with the effective date of the underlying check-processing changes, the amendments became effective April 16, 2005, and April 23, 2005, respectively. As a result of these changes, some checks deposited in the affected regions that were nonlocal checks became local checks subject to shorter permissible hold periods.

Request for Comments on Proposed Revisions to Regulations Implementing the Community Reinvestment Act

The Federal Reserve Board invited public comment on February 25, 2005, on proposed revisions to its regulations implementing the Community Reinvestment Act (CRA) that are intended to reduce regulatory burden on community banks while making CRA evaluations more effective in encouraging banks to meet community development needs.

The Board's notice of proposed rulemaking is identical to proposals approved by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation on February 22, 2005. The proposal would introduce the following:

- Exempt banks with assets between $250 million and $1 billion, referred to as *intermediate-small banks*, from the data reporting obligations the current CRA regulations imposed on banks with assets larger than $250 million.

- Subject intermediate small banks to a two-part test (retail lending and community development) instead of the current three-part test (lending, investment, and service). For intermediate-small banks, a satisfactory community development rating, as well as a satisfactory retail lending rating, would be necessary for an overall rating of "satisfactory."

- Revise the definition of *community development* for all banks of any size to make it more responsive to the community development needs of rural areas.

- Clarify when illegal lending practices—for example, by a bank's affiliate—might reduce the bank's CRA rating.

The proposal addresses concerns expressed by the Board in July 2004 when it withdrew a February 2004 proposal to raise the small-bank threshold to $500 million. The Board expressed concern in July that the proposal was not certain to yield significant cost savings for banks, but might reduce community development capital in some rural communities. The current proposal would deliver greater cost savings while maintaining scrutiny of banks' community development records, though on a more flexible basis. The proposal would also refine the definition of *community development* in rural areas to make the regulations more effective in encouraging rural development.

Request for Comments on Proposal to Amend Regulation CC

The Federal Reserve Board requested public comment on March 1, 2005, on a proposal to amend its Regulation CC (Availability of Funds and Collection of Checks) to set forth rules governing remotely created checks. In place of a signature, a remotely created check generally bears a statement that the customer authorized the check or the check bears the customer's printed or typed name.

Remotely created checks can be useful payment devices. For example, a debtor can authorize a credit card company to create a remotely created check by telephone. This may enable the debtor to pay the credit card bill in a timely manner and avoid late charges. However, remotely created checks are vulnerable to fraud because they do not bear a signature or other readily verifiable indication that payment has been authorized.

To help reduce the potential for fraud, the proposed amendments to Regulation CC would create transfer and presentment warranties under which the depository bank would warrant that the remotely created check that it is transferring or presenting to the paying bank is authorized by the person on whose account the check is drawn. The proposed warranties would apply only to banks and would ultimately shift liability for losses attributable to an unauthorized remotely created check from the paying bank to the depository bank. These amendments would not affect the rights of checking account customers, as they are already not liable for unauthorized checks drawn on their accounts.

Adoption of Final Rule on Trust Preferred Securities

The Federal Reserve Board adopted on March 1, 2005, a final rule that allows the continued limited inclusion of trust preferred securities in the tier 1 capital of bank holding companies (BHCs). Under the final rule, trust preferred securities and other restricted core capital elements will be subject to stricter quantitative limits.

The Board's final rule limits restricted core capital elements to 25 percent of all core capital elements, net of goodwill less any associated deferred tax liability. Internationally active BHCs, defined as those with consolidated assets greater than $250 billion or on-balance-sheet foreign exposure greater than $10 billion, will be subject to a 15 percent limit. But they may include qualifying mandatory convertible preferred securities up to the generally applicable 25 percent limit. Amounts of restricted core capital elements in excess of these limits generally may be included in tier 2 capital. The final rule provides a five-year transition period, ending March 31, 2009, for application of the quantitative limits.

The requirement for trust preferred securities to include a call option has been eliminated, and standards for the junior subordinated debt underlying trust preferred securities eligible for tier 1 capital treatment have been clarified.

The final rule addresses supervisory concerns, competitive equity considerations, and the accounting for trust preferred securities. The final rule also strengthens the definition of regulatory capital by incorporating longstanding Board policies regarding the acceptable terms of capital instruments included in banking organizations' tier 1 or tier 2 capital.

Proposal to Discontinue Services for Definitive Municipal Securities

The Federal Reserve Board approved on February 28, 2005, the Federal Reserve Banks' proposal to stop providing services to depository institutions for the collection and processing of definitive municipal securities. The Reserve Banks will stop accepting deposits of bonds and coupons on September 30, 2005, and will complete the withdrawal from the noncash collection service on December 30, 2005.

Definitive municipal securities are registered or bearer bonds that have been issued by state and local governments with interest coupons in certificated or physical form. Municipal bond and coupon volume has been declining since the passage of the Tax Equity and Fiscal Responsibility Act of 1982, which effectively eliminated the issuance of municipal bearer bonds. The noncash collection service is provided centrally by the Jacksonville Branch of the Federal Reserve Bank of Atlanta and, in 2004, represented less than 0.2 percent of the Reserve Banks' total priced financial services costs.

The withdrawal from this service is prompted by the declining volume of definitive municipal securities, the Reserve Banks' expected underrecovery of costs for providing the service in future years, and the availability of reasonable private-sector alternatives. With the exit of the Reserve Banks, depository institution customers of the noncash collection service could instead use a private-sector service provider, such as the Depository Trust Company or a correspondent bank, to collect their definitive municipal bonds and coupons or could present these items for payment directly to the paying agent.

Passing of Henry Czerwinski, Former First Vice President, Kansas City Federal Reserve Bank

On February 11, 2005, Henry Czerwinski, Former First Vice President, Federal Reserve Bank of Kansas City, died as a result of a massive heart attack at his home in Nokomis, Florida. Former First Vice President Czerwinski joined the Bank in 1959 as an audit trainee and retired in 1994 after thirty-four years of service.

Implementation of Basel II Framework

The federal banking and thrift institution agencies released on January 27, 2005, an interagency statement on implementation of the Basel II framework and the qualification process for the framework's "advanced approaches."

Implementation of Web-Based Central Data Repository

The federal banking agencies announced on January 28, 2005, a new implementation plan for the Central Data Repository (CDR)—an Internet-based system created to modernize and streamline the ways that agencies collect, validate, manage, and distribute financial data submitted by banks in quarterly "Call Reports." Although banks will not be required to submit Call Report data to the CDR until October 2005, the agencies plan to make the CDR available for testing by banks and software vendors beginning early summer 2005.

Originally scheduled for implementation in October 2004, rollout of the CDR was postponed to address industry feedback and allow more time for system testing and enrollment. The new implementation plan resulted from discussions with industry representatives, including software vendors, trade associations, and a number of banks from across the country that participate in the Financial Institutions Focus Group for the CDR project. The new plan provides additional time for each group to participate in testing to help ensure a smooth integration of the new technology into the Call Reporting process.

Beginning this summer, the CDR will be made available to banks for enrollment and testing of their ability to access the system. Also, during this period, software vendors will be working with the agencies to prepare for the final test of system readiness in August 2005. Full system implementation, planned for October, will mark the first time all institutions will be required to file their Call Report data using the new CDR.

Through the use of new open data exchange standards (known as "eXtensible Business Reporting Language," or XBRL), the CDR system will facilitate faster delivery of accurate Call Report data. All users of the data—financial institutions, the public, and banking regulators—are expected to benefit from this improved, more timely flow of financial institution information.

This initiative—the Call Report Modernization Project—is an interagency effort under the auspices of the Federal Financial Institutions Examination Council (FFIEC). Additional project details and other important information are posted on the FFIEC's web site at www.FFIEC.gov/FIND.

Federal Reserve Board and FDIC Issue Enforcement Actions against The NorCrown Trust and Charles Kushner

The Federal Reserve Board and the Federal Deposit Insurance Corporation announced on February 10, 2005, the issuance of joint enforcement actions against The NorCrown Trust and Charles Kushner.

The NorCrown Trust controls NorCrown Bank, Livingston, New Jersey. Charles Kushner is the trustee of The NorCrown Trust and a former chairman of NorCrown Bank.

The joint order requires that The NorCrown Trust and Charles Kushner pay civil money penalties totaling at least $12.5 million, to divest The NorCrown Trust's shares of NorCrown Bank, and to transfer the shares to a voting trust administered by an independent trustee until the divestiture is completed. The joint order also prohibits Mr. Kushner from participating in the conduct of the affairs of any financial institution or holding company.

The Federal Reserve Board also issued an order upon consent under the Bank Holding Company Act requiring other individuals and trusts with relationships to The NorCrown Trust to cooperate in implementing the divestiture plan.

The enforcement actions resolve allegations that The NorCrown Trust and Charles Kushner violated the Change in Bank Control Act, the Bank Holding Company Act, or both, in a series of transactions from 1995 through 1997, that led to the formation of The NorCrown Trust, which never received the Federal Reserve's approval to become a bank holding company. The joint order also resolves allegations of violations of Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks) and sections 23A and 23B of the Federal Reserve Act relating to transactions with NorCrown Bank.

Federal Reserve Board and FDIC Issue Written Agreement Associated with The NorCrown Trust

The Federal Reserve Board and the Federal Deposit Insurance Corporation announced on February 25, 2005, the execution of a joint written agreement by and among the Federal Reserve Bank of New York and the Federal Deposit Insurance Corporation with David Bodner and Murray Huberfeld. The written agreement requires that Mr. Bodner and Mr. Huberfeld comply with the prior approval requirements of section 19 of the Federal Deposit Insurance Act.

The agreement pertains to allegations that Mr. Bodner and Mr. Huberfeld did not seek the prior approval of the FDIC under section 19 of the Federal Deposit Insurance Act before an investment was made in what became The NorCrown Trust, an unregistered bank holding company that owns more than 99 percent of the voting shares of NorCrown Bank, Livingston, New Jersey, an insured state nonmember bank.

This joint written agreement follows joint enforcement actions announced on February 10, 2005, against The NorCrown Trust and Charles Kushner.

Comment Period Extended on Proposed Data Collection Changes for Shared National Credits

The federal banking and thrift institution regulatory agencies agreed on February 11, 2005, to extend the comment period for forty-five days on the proposed changes to the data collection process that supports the Shared National Credit review of large syndicated loans. The proposal was published in the *Federal Register* on December 20, 2004.

The deadline was extended in response to requests from several banks asking the agencies to provide an additional period to review, analyze, and submit comments on the proposed interagency statement.

The public comment period on the interagency statement ended on April 7, 2005. The scope and comment process for this interagency statement remained as stated in the original *Federal Register* notice of December 20, 2004.

Final Guidance Issued on Overdraft Protection Programs

The federal bank and credit union regulatory agencies announced on February 18, 2005, final joint guidance to assist insured depository institutions in the disclosure and administration of overdraft protection programs.

Depository institutions may offer overdraft protection programs to transaction account customers as an alternative to traditional ways of covering overdrafts. In response to concerns about the marketing, disclosure, and implementation of these programs, the agencies published for comment proposed interagency guidance on overdraft protection programs in June 2004. The final joint guidance responds to comments received by consumer and community groups, individual consumers, depository institutions, trade associations, vendors offering overdraft protection products, other industry representatives, and state agencies.

The final joint guidance contains three primary sections: Safety and Soundness Considerations; Legal Risks; and Best Practices. The Safety and Soundness discussion seeks to ensure that financial institutions offering overdraft protection programs adopt adequate policies and procedures to address credit, operational, and other associated risks.

The Legal Risks discussion alerts institutions of the need to comply with all applicable federal and state laws, and advises institutions to have their overdraft protection programs reviewed by legal counsel to ensure overall compliance before implementation. Several federal consumer compliance laws are outlined in the guidance.

The Best Practices section addresses the marketing and communications that accompany the offering of overdraft protection programs as well as the disclosure and operation of these programs. Some of these best practices include: avoiding the promotion of poor account management; providing a clear explanation of the discretionary nature of the overdraft protection program; clearly disclosing fees; explaining the effect of transaction clearing policies on the overdraft fees consumers may incur; and monitoring program usage. The agencies also advise insured depository institutions to distinguish overdraft protection services from "free" account features, to prominently distinguish balances from overdraft protection funds availability, and to alert consumers before a transaction triggers any fees.

The guidance is being issued by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency and was published in the *Federal Register*. The joint document is on the Board's web site at www.federalreserve.gov/boarddocs/press/bcreg/2005/20050218/attachment.pdf.

Advisory on Confidentiality of Supervisory Ratings

The federal banking and thrift institution regulatory agencies issued on February 28, 2005, an interagency advisory to remind financial institutions that they are prohibited by law from disclosing their CAMELS rating and other nonpublic supervisory information without permission from the appropriate federal banking agency.

The advisory is prompted by insurers who have requested or required banks and savings associations to disclose their CAMELS rating during the underwriting process for directors and officers liability coverage.

As a result of actions by insurers, the agencies have requested the assistance of the National Association of Insurance Commissioners in notifying insurance companies that the practice of requesting or requiring CAMELS ratings should be discontinued.

Proposed Revisions to Community Reinvestment Act Regulations

The federal banking agencies published on March 11, 2005, a joint notice of proposed rulemaking in the *Federal Register* that would revise certain provisions in their regulations implementing the Community Reinvestment Act (CRA).

The revisions are intended to reduce regulatory burden on community banks while making CRA evaluations more effective in encouraging banks to meet community development needs.

Guidance on Response Programs for Security Breaches

The federal banking and thrift institution regulatory agencies jointly issued on March 23, 2005, *Interagency Guidance on Response Programs for Unauthorized Access to Customer Information and Customer Notice*.

The guidance interprets the agencies' customer information security standards and states that financial institutions should implement a response program to address security breaches involving customer information.

The response program should include procedures to notify customers about incidents of unauthorized access to customer information that could result in substantial harm or inconvenience to the customer.

The guidance provides that "when a financial institution becomes aware of an incident of unauthorized access to sensitive customer information, the institution should conduct a reasonable investigation to promptly determine the likelihood that the information has been or will be misused."

"If the institution determines that misuse of its information about a customer has occurred or is reasonably possible, it should notify the affected customer as soon as possible," the guidance states. However, notice may be delayed if an appropriate law enforcement agency determines that notification will interfere with a criminal investigation.

Under the guidance, a financial institution should notify its primary federal regulator of a security breach involving sensitive customer information, whether or not the institution notifies its customers.

The guidance was issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

Request for Comment on Proposed Classification of Commercial Credit Exposures

The federal banking and thrift institution regulatory agencies requested comment on March 28, 2005, on proposed changes to the supervisory framework for the classification of commercial credit exposures.

The proposed guidance would replace the current commercial loan classification system categories—"special mention," "substandard," and "doubtful"—with a two-dimensional framework. The two-dimensional rating system has one dimension that measures the risk of the borrower defaulting (borrower rating) and a second focuses on the loss severity the institution would likely incur in the event of the borrower's default (facility rating). Facility ratings would be required for only those borrowers rated default, typically a very small proportion of all commercial exposures.

The proposed framework would increase consistency among the agencies in assessing the credit risk in an institution's commercial loan portfolio. It also more closely aligns the determination of a facility's accrual status with an institution's allowance for loan and lease loss methodology and rating assessment process.

Comments on the proposed guidance are requested by June 30, 2005. Specific information on how to file a comment is contained in the *Federal Register* notice.

Answers Released to Frequently Asked Questions about New HMDA Data

The federal banking, credit union, and thrift institution supervisory agencies, along with the Department of Housing and Urban Development, released on March 31, 2005, a set of "Answers to Frequently Asked Questions" (FAQs) that addresses the new home loan price data disclosed this year for the first time under the Home Mortgage Disclosure Act (HMDA).

This release coincides with the date that lenders must make their HMDA data available to the public upon request. The FAQs will aid users with their evaluation and interpretation of the data and will be posted on each of the agencies' web sites.

The new loan price data are intended to advance enforcement of consumer protection and anti-discrimination laws and improve mortgage market efficiency. Loan price data and other HMDA data can be used by the agencies and others as a screening tool to identify aspects of the higher-priced mortgage market that warrant a closer look to determine whether there is abuse or discrimination. Also, lenders, community groups, government agencies, and others can use the data to identify opportunities for private or public investment.

A full understanding of the data, including its limitations, will help ensure that the data are used effectively to advance the goals of HMDA. The data, for example, do not include certain determinants of credit risk that may explain higher loan prices, such as the borrower's credit history, loan-to-property-value ratio, and consumer debt-to-income ratio. Consequently, the HMDA data are not, by themselves, a basis for definitive conclusions regarding whether a lender discriminates unlawfully against particular borrowers or takes unfair advantage of them.

The FAQs are part of a larger effort by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Department of Housing and Urban Development to promote the informed use of the 2004 data. The agencies will also engage in educational outreach to state and local agencies, trade associations, and consumer- and community-based organizations.

In September 2005 the Federal Financial Institutions Examination Council will release the annual summary statistical reports for each lender and an aggregate report for each Metropolitan Statistical Area. Concurrently, staff of the Federal Reserve Board will publish an article analyzing the 2004 data in the *Federal Reserve Bulletin*.

HMDA, which was enacted by the Congress in 1975, requires most mortgage lenders located in metropolitan areas to collect data about their housing-related lending activity, report the data annually to the government, and make the data publicly available. Initially, HMDA required reporting of the geographic location of originated and purchased home loans. In 1989 the Congress expanded HMDA data to include information about denied home loan applications and the race, sex, and income of applicants and borrowers. In 2002 the Federal Reserve Board amended the HMDA regulations to require lenders to report price data for certain higher-priced home mortgage loans, and other new data.

December 2004 Update to the *Bank Holding Company Supervision Manual*

The December 2004 update to the *Bank Holding Company Supervision Manual* has been published (supplement no. 27). The new supplement includes supervisory and BHC inspection guidance on the following subjects:

1. *Revised Uniform Agreement on the Classification of Assets and Appraisal of Securities Held by Banks and Thrift Institutions.* The section on the inspection reporting of consolidated classified and special-mention assets and other transfer-risk problems has been revised to incorporate this June 15, 2004, revised Uniform Agreement (the uniform agreement) that was jointly issued by the federal banking and thrift institution agencies. The uniform agreement sets forth the definitions of the classification categories and the specific examination procedures and information for classifying bank assets, including securities. The June 2004 revision did not change the classification of loans in the uniform agreement. The uniform agreement addresses, among other items, the treatment of rating differences, multiple security ratings, and split or partially rated securities. It also eliminates the automatic classification for sub-investment-grade debt securities. The uniform agreement's classification categories also apply to the classification of assets held by the subsidiaries of banks and bank holding companies. See SR letter 04–9.

2. *Tying Arrangements.* The section on "Tie-In Considerations of the BHC Act" has been revised to incorporate an August 18, 2003, Board interpretation and a February 2, 2004, Board staff interpretation on tying arrangements pertaining to section 106 of the Bank Holding Company Act Amendments of 1970 (section 106). These two interpretations state that bank customers that receive securities-based credit can be required to hold their pledged securities as collateral at an account of a bank holding company's or bank's broker–dealer affiliate. Section 106 generally prohibits a bank from conditioning the availability or price of one product or service (the *tying product*, or the *desired product*) on a requirement that a customer obtain another product or service (the *tied product*) from the bank or an affiliate of the bank.

3. *"Guidance on Accepting Accounts from Foreign Governments, Foreign Embassies, and Foreign Political Figures."* A new section *"Establishing Accounts for Foreign Governments, Embassies, and Political Futures"* conveys the June 15, 2004, interagency advisory that was issued by the federal bank and thrift institution agencies (agencies) and the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). The advisory responds to inquiries the agencies and FinCEN received on whether financial institutions should do business and establish account relationships with those foreign customers cited in the advisory. Banking organizations are advised that the decision to accept or reject such a foreign-account is a decision they should make after considering the factors outlined in the advisory, including the institution's business objectives and its ability to manage the risk.

Financial institutions should be aware that there are varying degrees of risk associated with these accounts, depending on the customer and the nature of the services provided. Institutions should take appropriate steps to manage these risks, consistent with sound practices and applicable anti-money-laundering laws and regulations. This advisory is primarily directed to financial institutions located in the United States. The boards of directors of bank holding companies, however, should consider whether the advisory should be applied to their other U.S. subsidiaries' financial and other services. See SR letter 04–10.

4. *Risk-Based Capital Requirements for Asset-Backed Commercial Paper Programs.* The sections "Examiners' Guidelines for Assessing the Adequacy of Capital of BHCs" and "Credit-Supported and Asset-Backed Commercial Paper" have been updated to include the Board's July 17, 2004, approval (effective September 30, 2004) of its revisions to the risk-based capital requirements for asset-backed commercial paper (ABCP) programs sponsored by state member banks and bank holding companies (collectively, banking organizations). See appendix A of the Board's Regulation Y (12 CFR 225, appendix A).

Under the Board's revised risk-based capital rule, a banking organization that qualifies as a primary beneficiary and must consolidate an ABCP program that is defined as a variable interest entity under generally accepted accounting principles (see the Financial Accounting Standards Board's Interpretation FIN 46-R) may exclude the consolidated ABCP program's assets from risk-weighted assets, provided that it is the sponsor of the ABCP program. Such banking organizations must hold risk-based capital against any credit enhancement or liquidity facility that they provide to the ABCP program. In particular, a banking organization must hold risk-based capital against eligible ABCP liquidity facilities with an original maturity of one year or less that provide liquidity support to ABCP by applying a new 10 percent credit-conversion factor to such facilities. When calculating the banking organization's tier 1 and total capital, any associated minority interests must also be excluded from tier 1 and total capital. Certain inspection objectives and inspection procedures were also revised to incorporate this revised rule for ABCP programs.

5. *Providing Limited Fleet-Management Services to Nonleased Vehicles.* The section on "Leasing Personal or Real Property" has been revised to incorporate a Board staff legal opinion that was requested by a foreign banking organization (FBO) that is treated as a bank holding company (BHC). The FBO, as a BHC, engages in leasing activities that the Board has authorized in Regulation Y, section 225.28(b)(3) (12 CFR 225.28(b)(3)). The FBO asked if a BHC may provide, as an incidental nonbank activity, fleet-management services to some nonleased vehicles in accordance with its Regulation Y-authorized leasing activities. In a December 19, 2003, opinion, the Board stated that the provision of fleet-management services to some nonleased vehicles is an activity incidental to the BHC's authorized leasing activities, provided the BHC's leasing subsidiary limits its fleet-management services involving vehicles not subject to a Regulation Y permissible lease to no more than 15 percent of the fleet-management revenues, and to 5 percent of the total leasing revenues of the leasing subsidiary. See the December 19, 2003, Board staff opinion and Regulation Y, 12 CFR 225.28(b)(3), footnote 5.

A more detailed summary of changes is included with the update package. Copies of the new supplement were shipped directly by the publisher to the Reserve Banks for the distribution to examiners and other System staff members. The public may obtain the *Manual* and the updates (including pricing information) from Publications Fulfillment, Mail Stop 127, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551; telephone (202) 452-3244; or send facsimile to (202) 728-5886. The *Manual* is also available on the Board's public web site at www.federalreserve.gov/boarddocs/supmanual/. The manual's next update will be issued with an effective date of July 2005. Thereafter, semiannual updates are planned.

Improvements to the Federal Reserve Board's Web Site

The Federal Reserve Board announced on February 17, 2005, improvements to its web site to make the statistical releases and historical data easier to use.

The statistical releases are now grouped by subject area instead of frequency of release (for example, daily or weekly). The subject areas are principal economic indicators, bank asset quality, bank assets and liabilities, bank structure data, business finance, exchange rates and international data, flow of funds accounts, household finance, industrial activity, interest rates, and money stock and reserve balances. The redesigned page also now incorporates links to Board surveys, such as the Survey of Consumer Finances. The redesigned index is online at www.federalreserve.gov/releases/default.htm.

Since 1914 the Board has published statistical information on the U.S. economy and banking industry in various formats. Titles and numbers of the statistical releases have changed through the years. A new publication on the Board's web site, *The Federal Reserve Board Statistical Release Publications History*, can be used to trace these changes. The publications history is online at www.federalreserve.gov/releases/releasehistory/about.htm

Posting of Industrial Production and Capacity Utilization Release (G.17)

The Federal Reserve Board's report on Industrial Production and Capacity Utilization (G.17) for March 2005, was inadvertently posted, as the result of human error, on the Board's public web site fifteen minutes before the release time of 9:15 a.m. EDT on April 15, 2005.

Meeting of the Consumer Advisory Council

The Federal Reserve Board announced on February 23, 2005, that the Consumer Advisory Council would hold its next meeting on Thursday, March 17, 2005. The meeting was held in Dining Room E, Terrace level, in the Board's Martin Building. The session began at 9:00 a.m. and was open to the public.

The Council's function is to advise the Board on the exercise of its responsibilities under various consumer financial services laws and on other matters on which the Board seeks its advice. Time permitting, the Council planned to discuss the following topics:

- Home Mortgage Disclosure Act Data
- Truth in Lending Act
- Community Reinvestment Act and Community Development
- Electronic Fund Transfer Act

Minutes of the Board's Discount Rate Meetings

The Federal Reserve Board released on March 2, 2005, the minutes of its discount rate meetings from January 3, 2005, through February 2, 2005.

Approvals of Discount Rate Actions

The Federal Reserve Board approved on March 23, 2005, an action by the Board of Directors of the Federal Reserve Bank of Kansas City increasing the discount rate at the Bank from 3½ percent to 3¾ percent, effective immediately.

The Federal Reserve Board approved on March 24, 2005, an action by the Board of Directors of the Federal Reserve Bank of Dallas increasing the discount rate at the Bank from 3½ percent to 3¾ percent, effective immediately.

Enforcement Actions

The Federal Reserve Board and the Federal Deposit Insurance Corporation announced enforcement actions against The NorCrown Trust and other individuals on February 10, 2005, and February 25, 2005. The enforcement actions appear on pages 244–45.

The Federal Reserve Board announced on March 1, 2005, the issuance of a final decision and order of prohibition against Kenneth L. Coleman, a former employee of PNC Bank and Mellon Bank, N.A., both of Pittsburgh, Pennsylvania. The order, the result of an action brought by the Office of the Comptroller of the Currency, prohibits Mr. Coleman from participating in the conduct of the affairs of any financial institution or holding company.

Assessments of Civil Money Penalties

The Federal Reserve Board announced on March 16, 2005, the issuance of a consent order of assessment of a civil money penalty against the First Interstate Bank, Billings, Montana, a state member bank. First Interstate Bank, without admitting to any allegations, consented to the issuance of the order in connection with its alleged violations of the Board's Regulations implementing the National Flood Insurance Act.

The order requires First Interstate Bank to pay a civil money penalty of $15,750, which will be remitted to the Federal Emergency Management Agency for deposit into the National Flood Mitigation Fund.

The Federal Reserve Board announced on March 16, 2005, the issuance of a consent order of assessment of a civil money penalty against the HomeFederal Bank, Columbus, Indiana, a state member bank. HomeFederal Bank, without admitting to any allegations, consented to the issuance of the order in connection with its alleged violations of the Board's Regulations implementing the National Flood Insurance Act.

The order requires HomeFederal Bank to pay a civil money penalty of $57,250, which will be remitted to the Federal Emergency Management Agency for deposit into the National Flood Mitigation Fund.

The Federal Reserve Board announced on March 16, 2005, the issuance of a consent order of assessment of a civil money penalty against the Midwest Bankcentre, St. Louis, Missouri, a state member bank. Midwest Bankcentre, without admitting to any allegations, consented to the issuance of the order in connection with its alleged violations of the Board's Regulations implementing the National Flood Insurance Act.

The order requires Midwest Bankcentre to pay a civil money penalty of $2,450, which will be remitted to the Federal Emergency Management Agency for deposit into the National Flood Mitigation Fund.

Cease and Desist Orders

The Federal Reserve Board announced on January 27, 2005, the issuance of a consent order to cease and desist against Riggs National Corporation, Washington, D.C., a bank holding company. Riggs National Corporation, without admitting to any allegations, consented to the issuance of the order to address management, capital, and contingency planning matters.

The Federal Reserve Board simultaneously announced the termination of the May 14, 2004, consent order to cease and desist against Riggs National Corporation and Riggs International Banking Corporation, Miami, Florida, an Edge corporation. This action reflects the closing of the Edge corporation as of December 31, 2004.

In a separate, coordinated action, the Office of the Comptroller of the Currency announced on January 27, 2005, the modification of its consent order to cease and desist dated May 13, 2004, against Riggs Bank, N.A., McLean, Virginia.

In another action, Riggs Bank, N.A., pleaded guilty on January 27, 2005, to criminal violations of the Bank Secrecy Act relating to the bank's failure to timely and accurately report suspicious transactions.

The Federal Reserve Board announced on February 2, 2005, the issuance of a consent cease and desist order against Banco de Chile, Santiago, Chile, and Banco de Chile's Miami branch. The order addresses Bank Secrecy Act and anti-money-laundering compliance at Banco de Chile's Miami branch.

In a separate, coordinated action, the Office of the Comptroller of the Currency announced on February 2, 2005, the issuance of a consent order against Banco de Chile and Banco de Chile's New York branch.

The Federal Reserve Board announced on March 31, 2005, the issuance of a cease and desist order against Eagle National Holding Company, Doral, Florida, a registered bank holding company that owns and controls the Eagle National Bank of Miami, Doral, Florida.

Written Agreements

The Federal Reserve Board announced on January 28, 2005, the execution of a written agreement by and between the Asian Bank, Philadelphia, Pennsylvania, and the Federal Reserve Bank of Philadelphia.

The Federal Reserve Board announced on February 9, 2005, the execution of a written agreement by and between Bank of America Corporation, Charlotte, North Carolina, a bank holding company, and the Federal Reserve Bank of Richmond.

In separate, coordinated actions, the Office of the Comptroller of the Currency announced the execution of a formal agreement with Bank of America, N.A., Charlotte, North Carolina, a wholly owned subsidiary of Bank of America Corporation, and the U.S. Securities and Exchange Commission announced the execution of an administrative cease and desist order against Banc of America Capital Management, LLC, a registered investment adviser, BACAP Distributors, LLC, a registered investment adviser, and Banc of America Securities, LLC, a registered investment adviser and broker–dealer.

The Federal Reserve Board announced on March 1, 2005, the execution of a written agreement by and between Huntington Bancshares, Incorporated, Columbus, Ohio, a bank holding company, and the Federal Reserve Bank of Cleveland.

The written agreement addresses deficiencies relating to the company's corporate governance, internal audit, risk management, and internal controls over financial reporting, accounting policies and procedures, and regulatory reporting.

In a separate, coordinated action, the Office of the Comptroller of the Currency announced the execution of a formal agreement with Huntington National Bank, Columbus, Ohio, a wholly owned subsidiary of Huntington Bancshares, Incorporated.

Termination of Enforcement Actions

The Federal Reserve Board announced on January 28, 2005, the termination of the enforcement actions listed below. The Federal Reserve's enforcement action web site, www.federalreserve.gov/boarddocs/enforcement, reports the terminations as they occur.

- Citizens Deposit Bank and Trust Company, Vanceburg, Kentucky
  Written agreement dated September 29, 2000
  Terminated October 29, 2004

- Southern Commercial Bank, St. Louis, Missouri
  Written agreement dated June 10, 2003
  Terminated December 29, 2004

- BANKFIRST Corporation, Sioux Falls, South, Dakota
  Written agreement dated April 23, 2003
  Terminated January 6, 2005

On February 16, 2005, the Federal Reserve Board announced the termination of the following enforcement actions.

- Metamora Bancorp, Inc., Metamora, Ohio, and The Metamora State Bank, Metamora, Ohio
  Written agreement dated December 10, 2002
  Terminated January 31, 2005

- Independent Southern Bancshares, Inc., Employee Stock Ownership Trust and Independent Southern Bancshares, Inc., Brownsville, Tennessee
  Written agreement dated September 6, 2000
  Terminated August 18, 2004

- Banco Atlantico, S.A., Barcelona, Spain, and Banco Atlantico, S.A. New York Agency, New York, New York
  Written agreement dated June 3, 1999
  Terminated August 20, 2004

On February 23, 2005, the Federal Reserve Board announced the termination of the enforcement action below.

- Rurban Financial Corp., Defiance, Ohio, and The State Bank and Trust Company, Defiance, Ohio
  Written agreement dated July 5, 2002
  Terminated February 17, 2005

Changes in Board Staff

The Board of Governors approved on January 19, 2005, the following officer actions in the Division of Consumer and Community Affairs (DCCA) in conjunction with a reorganization of the division to enhance effectiveness:

Tonda Price was promoted to associate director for Consumer Compliance Supervision. She joined the Board in 1983 and was employed in the Division of Information Technology. Ms. Price joined DCCA as a manager in 1993 and was promoted to assistant director in 2002. She holds a BS in mathematics and economics from Norfolk State College and an MBA from the New York Institute of Technology.

Terri Johnsen was appointed associate director for Analysis and Communications. Ms. Johnsen joined the Board's staff in 1998 as a senior community affairs analyst and was promoted to manager in 1999. Before joining the Board, Ms. Johnsen was manager of the consumer compliance examination function at the Federal Reserve Bank of Kansas City. Ms. Johnsen has a BA in English and an MPA, both from the University of Kansas. She is also a graduate of the Stonier Graduate School of Banking.

Suzanne Killian was appointed assistant director for Consumer Compliance Supervision Oversight. Ms. Killian joined the Board in 1993 and was employed in the Board's Office of Inspector General before moving to DCCA as a manager in 1998. Ms. Killian has a BS in accounting from Bloomsburg University.

Adrienne D. Hurt assumed the position of associate counsel and adviser and has responsibility for projects in the consumer protection area and provides technical assistance and expertise to other Board and

Systemwide functions. She reports to the director. Ms. Hurt joined the Board in 1983. She was appointed to the official staff as assistant director in 1998 and promoted to associate director in 2002. Ms. Hurt has a law degree from the American University.

Irene (Shawn) McNulty assumed the position of senior adviser and has responsibility for a variety of supervision projects. She reports to the deputy director. Ms. McNulty joined the Board in 1980 and was employed in DCCA as a consumer examination analyst. Before joining the Board, she worked at the Federal Reserve Bank of Dallas as a consumer examination analyst. Ms. McNulty has a BBA from Southern Methodist University. She is also a graduate of the Stonier Graduate School of Banking.

The Division of Consumer and Community Affairs announced a new structure on January 31, 2005. The division has three branches reflecting the major functions performed by staff. These branches are: Regulations, Consumer Compliance Supervision, and Analysis and Communications.

The Board of Governors approved on January 31, 2005, the following officer actions in the Division of Reserve Bank Operations and Payment Systems (RBOPS).

Jeffrey Marquardt was promoted to deputy director, with continuing responsibility for the division's Cash, Retail Payments, Wholesale Payments, Fiscal Agency, Clearance and Settlement Systems, and Payments System Studies programs, and new responsibility for the Payment System Risk program. Mr. Marquardt joined the Board in 1981 as an economist in the Division of International Finance. He was appointed as assistant director in RBOPS in 1991 and was promoted to associate director in 2001. Mr. Marquardt received a BA from Michigan State University and an MA and PhD in economics from the University of Wisconsin. He also has a JD from the University of Wisconsin.

Paul Bettge was promoted to senior associate director with responsibility for Federal Reserve Bank Financial Accounting, Planning and Control, Human Resources, Oversight Coordination, and Audit Review programs. Mr. Bettge joined the Board in 1982. He became the manager of the Financial Accounting program in 1989 and the manager of the division's Payment System Risk program in 1993. Mr. Bettge was appointed assistant director in 1997 and associate director in 2000. Mr. Bettge has a BBA in accounting and an MBA in finance from the College of William and Mary. He is also a certified public accountant.

Ken Buckley was promoted to associate director to reflect the range of his responsibilities for the division's Information Technology, Building Planning, and Protection programs. Mr. Buckley joined the Board in 1988 as manager of the division's Communications program. He was appointed assistant director in 1999. Mr. Buckley received a BA in mathematics from William Preston College, an MS in biometry from the Medical College of Virginia, and an MS in computer science from Virginia Polytechnic Institute.

Jack Walton was promoted to associate director with new responsibility for the Fiscal Agency program, as well as continuing responsibility for the division's Retail Payments and Wholesale Payments programs. Mr. Walton joined the Board in 1977 as an economist in the Division of Research and Statistics and worked in RBOPS and the Division of Monetary Affairs before returning to RBOPS in 1992 as the manager of the ACH section. He was appointed assistant director in 2001. Mr. Walton received a BA in economics from Rockhurst College and an MA in economics from the University of Maryland.

Dorothy LaChapelle was promoted to deputy associate director with continuing responsibility for the division's Federal Reserve Bank Financial Accounting and Planning and Control programs. Ms. LaChapelle joined the Board in the Division of Information Technology in 1977. She became manager of RBOPS's Planning and Control section in 1999. Ms. LaChapelle was appointed assistant director in 2003. She has a BS in business administration from George Mason University.

Gregory Evans was appointed assistant director with responsibility for the division's Federal Reserve Bank Financial Accounting program. Mr. Evans joined the Board in 1988. He became manager of the division's Federal Reserve Bank Financial Accounting program in 1994. Before joining the Board, Mr. Evans was an internal auditor with the Detroit Branch of the Federal Reserve Bank of Chicago and a staff accountant with the public accounting firm Arthur Anderson. He received his BA in accounting from Michigan State University.

Michael Lambert was appointed assistant director with responsibility for the division's Cash program. Mr. Lambert joined the Board in 1984 and worked in the Division of Personnel, the Division of International Finance, and the Division of Banking Supervision and Regulation before joining RBOPS in 1999. He was appointed manager of the division's Cash section in 2002. Mr. Lambert holds a BA in biology from Western Maryland College and an MA in economics from George Mason University.

The Board of Governors approved on February 1, 2005, the following officer actions in the Legal Division in conjunction with a reorganization of the division:

Richard M. Ashton was promoted to deputy general counsel, Litigation and System Operations. He supervises the Litigation and Legal Services, Enforcement, and Monetary and Consumer Affairs sections of the Legal Division. Mr. Ashton joined the Board in 1976 as a staff attorney. He was appointed assistant general counsel in 1982, and associate general counsel responsible for the Litigation and Enforcement section in 1985. Mr. Ashton holds a JD from the Catholic University Law School.

Kathleen O'Day was promoted to deputy general counsel, Banking Regulation and Policy. She supervises the Banking Regulation and Policy group, which handles all domestic and international bank regulatory applications and policy matters as well as international trade matters. Ms. O'Day joined the Board in 1978 as an attorney in the Legal Division. She was appointed assistant general counsel over the division's International section in 1991, and was promoted to associate general counsel in 1992. Ms. O'Day received her JD from the Boston College Law School.

Stephanie Martin was named associate general counsel, Monetary and Consumer Affairs to recognize her expanded responsibilities in the area of consumer affairs. Ms. Martin joined the Legal Division in 1987 as a staff attorney. She was appointed to the official staff in 2001 as assistant general counsel for the Monetary and Reserve Bank Affairs section and was promoted to associate general counsel in 2003. Ms. Martin received her JD from the Harvard University Law School.

Ann E. Misback was promoted to associate general counsel, International Banking Regulation, Trade, and Policy. Ms. Misback joined the Board in 1992 as a senior attorney in the Legal Division, and was appointed to the official staff in 2000 as assistant general counsel in the International Banking section. Ms. Misback earned her JD from the Georgetown University Law Center.

Katherine H. Wheatley was promoted to associate general counsel, Litigation and Legal Services. Ms. Wheatley joined the Board in 1989 as an attorney in the Legal Division's Litigation and Enforcement section. She was appointed to the official staff as assistant general counsel in 1994. Ms. Wheatley received her JD from the Harvard University Law School.

Kieran Fallon was appointed assistant general counsel, Legislation and Special Projects. Mr. Fallon joined the Legal Division in 1995 as an attorney in the Banking Structure section. He was promoted to senior attorney in 1998 and to counsel later that year. Mr. Fallon was promoted to senior counsel in 1999, and to managing senior counsel in 2003. Before joining the Board, Mr. Fallon worked for the law firm of Morrison and Foerster. He received his JD from the New York University Law School.

Stephen Meyer was appointed assistant general counsel, Enforcement. Mr. Meyer joined the Legal Division in 1992 as a senior attorney in the Litigation and Enforcement section. He was promoted to senior counsel in 1998 and to managing senior counsel in 1999. Before joining the Board, Mr. Meyer was assistant director of the Manipulation and Trade Practices Unit at the Commodity Futures Trading Commission, and worked as an attorney at the Federal Trade Commission. Mr. Meyer received his JD from the New York University Law School.

Patricia Robinson was appointed assistant general counsel, Domestic Banking Regulation and Policy. Ms. Robinson joined the Legal Division in 1993 as an attorney in the Banking Structure section. She was promoted to senior attorney in 1995 and to senior counsel in 1998. Ms. Robinson was promoted to managing senior counsel in 2003. Before joining the Board, Ms. Robinson was an associate with the law firm of Sidley and Austin, and the law firm of McKenna, Conner, and Cuneo, where she handled a variety of bank regulatory matters. She earned her JD from the Georgetown University Law Center.

The Board of Governors approved on February 1, 2005, the appointment of Steven M. Roberts as an adviser in the Division of Banking Supervision and Regulation. Mr. Roberts reports to Herbert A. Biern, senior associate director, Enforcement, and will develop an enhanced, comprehensive, compliance risk program for the Federal Reserve's supervision function.

Until recently, Mr. Roberts served as the partner in charge of the financial services regulatory practice for KPMG, LLP, Washington, D.C. Before that, he was assistant to the Chairman of the Board of Governors, under Former Chairman Paul Volcker, and earlier was senior economist in the Division of Research and Statistics. Mr. Roberts was also chief economist for the U.S. Senate Committee on Banking, Housing, and Urban Affairs. Mr. Roberts holds a PhD and

Master of economics from Purdue University and a BS in economics from Rutgers University.

The Board of Governors approved on February 7, 2005, the appointment of Robert M. Pribble as special assistant to the Board in the Congressional Liaison Program.

Mr. Pribble joined the Office of Board Members as a congressional liaison assistant in 2003. Before joining the Board, he worked for the law firm of Wilmer, Cutler, and Pickering as a senior legislative analyst and for KPMG Peat Marwick as a manager. Mr. Pribble holds a BA in political science from Indiana University.

The Board of Governors approved on February 15, 2005, the promotion of Margaret M. Shanks to associate secretary of the Board and her appointment as the Board's ombudsman under the Riegle Community Development and Regulatory Improvement Act of 1994.

Ms. Shanks is responsible for overseeing the Records Management Program, Freedom of Information Office, and Federal Reserve Directors Program. As ombudsman, she is responsible for acting as a facilitator and mediator to ensure that complaints about Board or Reserve Bank regulatory actions are addressed in a fair and timely manner.

Ms. Shanks joined the Board in 1991 as a senior attorney in the Legal Divison and was appointed assistant secretary of the Board in 2001. She received her undergraduate degree from DePaul University and her JD degree from Loyola University–Chicago.

Revision to the Money Stock Data

Measures of the money stock and components were revised in February 2005 to incorporate the results of the annual seasonal factor review. Data in tables 1.10 and 1.21 in the *Statistical Supplement to the Federal Reserve Bulletin* reflect these changes beginning with the February 2005 issue.

Seasonally adjusted measures of the monetary stock and components incorporate revised seasonal factors produced from not-seasonally-adjusted data through December 2004. Monthly seasonal factors were estimated using the X-12-ARIMA procedure. The revisions to seasonal factors lowered M2 and M3 growth rates in the first two quarters of 2004, and raised them in the third and fourth quarters.

Historical data, updated each week, are available through the Federal Reserve Board's web site at www.federalreserve.gov/releases/ with the H.6 statistical release. Current and historical data are also on the Economic Bulletin Board of the U.S. Department of Commerce. For paid electronic access to the Economic Bulletin Board, call STAT-USA at 1-800-782-8872 or 202-482-1986.

1. Monthly seasonal factors used to construct M1, January 2004–March 2006

Year and month	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1]	
				Total	At banks
2004—January	.9971	.9960	.9993	1.0040	1.0347
February	.9991	.9998	.9717	.9838	.9954
March	.9988	.9968	1.0006	1.0125	1.0172
April	.9992	.9889	1.0083	1.0273	1.0267
May	.9998	.9921	.9882	.9975	.9879
June	.9999	1.0122	1.0014	1.0092	1.0008
July	1.0020	1.0299	1.0019	.9974	.9883
August	.9996	1.0207	.9944	.9981	.9855
September	.9975	1.0031	.9898	.9870	.9797
October	.9993	.9925	.9898	.9848	.9819
November	1.0008	.9825	.9988	.9851	.9785
December	1.0078	.9865	1.0532	1.0134	1.0222
2005—January	.9967	.9968	.9990	1.0035	1.0335
February	.9987	1.0004	.9710	.9833	.9963
March	.9983	.9973	1.0021	1.0134	1.0197
April	.9995	.9889	1.0091	1.0257	1.0255
May	.9990	.9910	.9904	.9987	.9866
June	.9995	1.0098	1.0023	1.0091	1.0028
July	1.0029	1.0290	1.0032	.9981	.9876
August	.9996	1.0188	.9938	.9987	.9874
September	.9980	1.0027	.9899	.9866	.9803
October	.9988	.9924	.9875	.9848	.9805
November	1.0018	.9831	.9980	.9856	.9783
December	1.0082	.9877	1.0512	1.0122	1.0204
2006—January	.9962	.9966	.9999	1.0039	1.0329
February	.9985	.9993	.9712	.9833	.9968
March	.9988	.9976	1.0022	1.0130	1.0213

1. Seasonally adjusted other checkable deposits at thrift institutions are derived as the difference between total other checkable deposits, seasonally adjusted, and seasonally adjusted other checkable deposits at commercial banks.

2. Monthly seasonal factors used to construct M2 and M3, January 2004–March 2006

Year and month	Savings and MMDA deposits[1]	Small-denomination time deposits[1]	Large-denomination time deposits[1]	Money market mutual funds		RPs	Eurodollars
				In M2	In M3 only		
2004—January	.9900	1.0013	.9919	1.0051	1.0261	.9922	1.0028
February	.9910	1.0011	.9898	1.0073	1.0215	1.0139	1.0189
March	.9968	1.0008	.9955	1.0120	1.0117	1.0173	1.0260
April	1.0067	1.0004	1.0019	1.0047	.9910	.9983	1.0269
May	1.0009	.9993	1.0164	.9901	.9852	1.0166	1.0227
June	1.0023	.9982	1.0107	.9917	.9903	1.0267	.9844
July	1.0033	.9984	1.0046	.9939	.9871	.9917	.9785
August	1.0024	.9987	1.0010	1.0022	.9945	.9960	.9837
September	1.0042	.9994	.9995	.9983	.9854	.9910	.9856
October	1.0018	1.0000	.9942	.9949	.9868	.9779	.9946
November	1.0033	1.0009	.9938	.9980	1.0029	.9896	.9939
December	.9979	1.0009	.9999	1.0036	1.0160	.9914	.9852
2005—January	.9894	1.0012	.9922	1.0040	1.0241	.9894	1.0029
February	.9892	1.0012	.9898	1.0061	1.0222	1.0127	1.0169
March	.9952	1.0012	.9958	1.0103	1.0113	1.0162	1.0244
April	1.0087	1.0008	1.0024	1.0043	.9916	.9976	1.0258
May	1.0001	.9996	1.0161	.9909	.9871	1.0145	1.0223
June	1.0029	.9984	1.0103	.9929	.9905	1.0272	.9834
July	1.0055	.9984	1.0048	.9942	.9887	.9944	.9780
August	1.0029	.9985	1.0016	1.0031	.9952	.9968	.9853
September	1.0045	.9990	.9990	.9995	.9860	.9945	.9875
October	1.0016	.9997	.9944	.9948	.9878	.9823	.9974
November	1.0038	1.0006	.9933	.9974	1.0012	.9880	.9932
December	.9982	1.0009	.9997	1.0030	1.0135	.9885	.9849
2006—January	.9867	1.0013	.9926	1.0035	1.0223	.9877	1.0029
February	.9884	1.0014	.9898	1.0054	1.0229	1.0115	1.0157
March	.9955	1.0014	.9961	1.0098	1.0113	1.0155	1.0233

1. Seasonal factors are applied to deposit data at both commercial banks and thrift institutions.

3. Weekly seasonal factors used to construct M1, December 6, 2004–April 3, 2006

Week ending	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1]	
				Total	At banks
2004—December 6	1.0025	.9788	.9677	.9950	.9779
13	1.0048	.9829	.9444	.9732	.9660
20	1.0081	.9871	1.0633	1.0059	1.0181
27	1.0155	.9912	1.1530	1.0438	1.0777
2005—January 3	1.0067	.9954	1.1345	1.0611	1.0745
10	1.0014	.9960	.9802	.9951	1.0235
17	.9970	.9967	.9861	.9862	1.0193
24	.9925	.9973	.9690	.9958	1.0355
31	.9900	.9979	1.0050	1.0129	1.0420
February 7	.9981	.9989	.8952	.9762	.9943
14	.9999	.9999	.9554	.9627	.9742
21	.9995	1.0008	.9931	.9843	.9978
28	.9971	1.0018	1.0406	1.0099	1.0189
March 7	1.0020	1.0002	.9345	1.0048	.9987
14	.9991	.9985	.9664	.9916	.9915
21	.9979	.9968	1.0039	1.0068	1.0188
28	.9959	.9952	1.0752	1.0372	1.0583
April 4	1.0001	.9935	1.0223	1.0334	1.0267
11	1.0031	.9913	.9356	1.0026	.9925
18	.9993	.9891	1.0033	1.0245	1.0238
25	.9963	.9868	1.0464	1.0388	1.0584
May 2	.9963	.9846	1.0773	1.0382	1.0332
9	1.0015	.9872	.9057	.9818	.9641
16	.9983	.9899	.9813	.9810	.9648
23	.9975	.9925	1.0120	.9973	.9921
30	.9993	.9951	1.0433	1.0214	1.0121
June 6	1.0010	.9978	.9370	1.0057	.9880
13	1.0002	1.0044	.9601	.9872	.9726
20	.9985	1.0111	1.0018	1.0078	1.0036
27	.9979	1.0178	1.0798	1.0312	1.0388
July 4	1.0046	1.0245	1.0239	1.0154	1.0056
11	1.0059	1.0266	.9275	.9761	.9590
18	1.0026	1.0287	.9949	.9828	.9764
25	1.0002	1.0308	1.0402	1.0036	1.0028

3.—Continued

Week ending	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1]	
				Total	At banks
August 1	.9994	1.0330	1.0615	1.0278	1.0117
8	1.0048	1.0275	.9086	.9926	.9655
15	1.0011	1.0220	.9625	.9782	.9603
22	.9981	1.0165	1.0072	.9945	.9895
29	.9950	1.0110	1.0792	1.0201	1.0246
September 5	1.0021	1.0055	.9653	.9982	.9901
12	.9987	1.0041	.9299	.9646	.9560
19	.9973	1.0026	.9928	.9768	.9742
26	.9957	1.0011	1.0627	1.0011	1.0013
October 3	.9967	.9996	1.0213	1.0095	.9892
10	1.0028	.9965	.9050	.9567	.9470
17	.9991	.9933	.9582	.9666	.9652
24	.9971	.9900	1.0133	.9933	.9966
31	.9954	.9868	1.0636	1.0135	1.0138
November 7	1.0023	.9854	.9190	.9782	.9615
14	1.0021	.9840	.9374	.9565	.9459
21	1.0006	.9827	.9843	.9840	.9817
28	1.0036	.9813	1.1265	1.0138	1.0143
December 5	1.0027	.9799	1.0093	1.0001	.9885
12	1.0052	.9838	.9427	.9733	.9703
19	1.0080	.9877	1.0533	1.0021	1.0127
26	1.0152	.9916	1.1409	1.0386	1.0652
2006—January 2	1.0070	.9955	1.1383	1.0611	1.0748
9	1.0019	.9960	.9915	.9935	1.0235
16	.9966	.9964	.9938	.9901	1.0189
23	.9928	.9969	.9822	1.0003	1.0382
30	.9902	.9974	1.0060	1.0174	1.0440
February 6	.9971	.9978	.8952	.9830	1.0007
13	.9998	.9987	.9552	.9605	.9730
20	1.0001	.9996	.9913	.9801	.9936
27	.9964	1.0005	1.0374	1.0063	1.0194
March 6	1.0011	1.0014	.9333	1.0061	1.0045
13	.9995	.9994	.9653	.9909	.9958
20	.9985	.9974	1.0050	1.0065	1.0188
27	.9971	.9953	1.0750	1.0354	1.0555
April 3	.9989	.9933	1.0431	1.0368	1.0332

1. Seasonally adjusted other checkable deposits at thrift institutions are derived as the difference between total other checkable deposits, seasonally adjusted, and seasonally adjusted other checkable deposits at commercial banks.

4. Weekly seasonal factors used to construct M2 and M3, December 6, 2004–April 3, 2006

Week ending	Savings and MMDA deposits[1]	Small-denomination time deposits[1]	Large-denomination time deposits[1]	Money market mutual funds		RPs	Eurodollars
				In M2	In M3 only		
2004—December 6	1.0106	1.0012	.9962	1.0029	1.0095	.9943	.9814
13	1.0122	1.0009	1.0023	1.0081	1.0281	1.0012	.9814
20	.9977	1.0005	1.0024	1.0068	1.0176	.9885	.9772
27	.9801	1.0008	1.0014	1.0020	1.0173	1.0001	.9893
2005—January 3	.9899	1.0021	.9955	.9941	1.0003	.9595	1.0039
10	1.0096	1.0017	.9955	1.0024	1.0154	.9736	1.0056
17	.9989	1.0012	.9941	1.0072	1.0287	.9902	1.0017
24	.9779	1.0007	.9893	1.0074	1.0359	.9972	1.0022
31	.9642	1.0006	.9886	1.0031	1.0268	1.0097	1.0015
February 7	.9947	1.0011	.9914	1.0046	1.0195	1.0143	1.0023
14	.9964	1.0013	.9915	1.0048	1.0227	1.0212	1.0138
21	.9860	1.0013	.9891	1.0072	1.0246	1.0052	1.0247
28	.9798	1.0011	.9872	1.0078	1.0219	1.0102	1.0266
March 7	1.0066	1.0013	.9907	1.0099	1.0135	1.0123	1.0159
14	1.0088	1.0013	.9953	1.0106	1.0185	1.0183	1.0206
21	.9950	1.0010	.9979	1.0121	1.0115	1.0206	1.0210
28	.9783	1.0011	.9959	1.0106	1.0107	1.0256	1.0378
April 4	1.0108	1.0013	1.0037	1.0057	.9901	.9880	1.0296
11	1.0268	1.0014	1.0023	1.0128	1.0017	.9958	1.0146
18	1.0164	1.0010	1.0001	1.0088	.9928	.9920	1.0212
25	.9899	1.0003	.9990	1.0013	.9890	1.0022	1.0328

4.—Continued

Week ending		Savings and MMDA deposits[1]	Small-denomination time deposits[1]	Large-denomination time deposits[1]	Money market mutual funds		RPs	Eurodollars
					In M2	In M3 only		
May	2	.9841	1.0002	1.0095	.9891	.9808	1.0094	1.0348
	9	1.0139	1.0001	1.0157	.9876	.9816	1.0197	1.0290
	16	1.0111	.9997	1.0186	.9883	.9864	1.0163	1.0194
	23	.9916	.9992	1.0173	.9938	.9942	1.0064	1.0185
	30	.9855	.9992	1.0151	.9939	.9877	1.0156	1.0211
June	6	1.0146	.9990	1.0147	.9937	.9884	1.0242	1.0058
	13	1.0197	.9986	1.0127	.9959	.9967	1.0292	.9896
	20	1.0056	.9980	1.0108	.9940	.9897	1.0310	.9724
	27	.9824	.9978	1.0083	.9910	.9919	1.0336	.9725
July	4	1.0055	.9984	1.0000	.9857	.9783	1.0045	.9753
	11	1.0222	.9988	1.0016	.9938	.9884	.9868	.9754
	18	1.0067	.9985	1.0037	.9946	.9906	.9898	.9756
	25	.9895	.9981	1.0068	.9972	.9951	.9951	.9816
August	1	.9908	.9982	1.0107	.9962	.9864	1.0008	.9814
	8	1.0205	.9985	1.0076	1.0006	.9901	1.0098	.9818
	15	1.0159	.9985	1.0009	1.0018	.9945	1.0044	.9740
	22	.9977	.9984	.9966	1.0067	1.0000	.9835	.9854
	29	.9828	.9986	.9997	1.0051	1.0003	.9915	.9995
September	5	1.0138	.9990	1.0024	1.0004	.9861	.9887	.9882
	12	1.0234	.9991	1.0023	1.0039	.9912	.9950	.9855
	19	1.0055	.9989	.9971	1.0016	.9880	.9981	.9858
	26	.9819	.9989	.9950	.9970	.9852	1.0000	.9917
October	3	.9927	.9995	.9995	.9916	.9743	.9847	.9860
	10	1.0168	1.0000	1.0012	.9948	.9839	.9774	.9912
	17	1.0119	.9999	.9958	.9961	.9893	.9783	.9916
	24	.9903	.9994	.9902	.9963	.9935	.9822	1.0053
	31	.9839	.9994	.9885	.9936	.9901	.9904	1.0061
November	7	1.0142	1.0001	.9926	.9933	.9898	.9962	.9954
	14	1.0202	1.0005	.9945	.9943	.9969	.9927	.9921
	21	1.0053	1.0007	.9921	.9995	1.0064	.9817	.9931
	28	.9850	1.0008	.9935	1.0011	1.0098	.9810	.9957
December	5	1.0071	1.0010	.9950	1.0024	1.0072	.9886	.9817
	12	1.0134	1.0009	1.0017	1.0072	1.0231	.9989	.9817
	19	.9992	1.0006	1.0026	1.0064	1.0173	.9875	.9774
	26	.9811	1.0008	1.0013	1.0019	1.0147	.9978	.9861
2006—January	2	.9835	1.0017	.9951	.9948	.9995	.9624	1.0011
	9	1.0065	1.0019	.9963	.9999	1.0073	.9677	1.0062
	16	.9977	1.0014	.9959	1.0068	1.0252	.9864	1.0021
	23	.9781	1.0009	.9901	1.0068	1.0327	.9944	1.0031
	30	.9638	1.0007	.9875	1.0029	1.0306	1.0062	1.0011
February	6	.9925	1.0011	.9917	1.0039	1.0218	1.0098	1.0012
	13	.9951	1.0015	.9917	1.0041	1.0224	1.0180	1.0117
	20	.9864	1.0015	.9895	1.0061	1.0257	1.0065	1.0218
	27	.9781	1.0013	.9867	1.0068	1.0229	1.0113	1.0261
March	6	1.0033	1.0015	.9898	1.0089	1.0142	1.0132	1.0132
	13	1.0066	1.0015	.9946	1.0101	1.0185	1.0192	1.0183
	20	.9945	1.0013	.9976	1.0116	1.0116	1.0194	1.0194
	27	.9795	1.0013	.9964	1.0106	1.0115	1.0240	1.0359
April	3	.9996	1.0016	1.0047	1.0064	.9932	.9906	1.0318

1. Seasonal factors are applied to deposit data at both commercial banks and thrift institutions.