

Reserve's authority under the act. It imposes, among other obligations, initial margin requirements and payment rules on securities transactions. Pursuant to Section 8 of the Securities Exchange Act of 1934 and Regulation T, domestic and foreign banks that are not members of the Federal Reserve System are required to file a FR T-1, T-2 with the appropriate Federal Reserve Bank in the event that they wish to extend credit to brokers/dealers using exchange-traded securities as collateral. In addition, the form must be filed by foreign nonmember banks that issue letters of credit used as deposits against borrowings of securities by brokers-dealers. The FR T-1, T-2 requires a domestic or foreign nonmember bank to state that it is a "bank" as defined in section 3(a)(6) of the Securities Exchange Act of 1934, and list the state or country in which it was organized and the location of its principal place of business. No substantive changes are being made to the FR T-1, T-2. However, the phrase "(indicate state for domestic bank or country for foreign bank)" is added to explicitly state this requirement of Regulation T.

**3. Report title:** Statement of Purpose of Extension of Credit by a Creditor (under Regulation T)  
**Agency form number:** FR T-4  
**OMB Docket number:** 7100-0019  
**Frequency:** On occasion  
**Reporters:** Individuals and businesses  
**Annual reporting hours:** 42  
**Estimated average hours per response:** .17

**Number of respondents:** 250  
 Small businesses are affected.

**General description of report:** This information collection is mandatory (15 U.S.C. 78g). Because the FR T-4 is not filed with the Federal Reserve, no issue of confidentiality arises.

**Abstract:** The Federal Reserve adopted Regulation T, "Credit by Brokers and Dealers," in 1934 to regulate extension of credit by and to brokers and dealers; it also covers related transactions within the Federal Reserve's authority under the act. It imposes, among other obligations, initial margin requirements and payment rules on securities transactions. Regulation T presumes that any extension of credit by a broker/dealer to a customer is made for the purpose of purchasing, trading, or carrying securities, and thus is subject to the Board's margin requirements. Customers and creditors are required to complete and retain the FR T-4 in the event that the customer can rebut the presumption and the creditor is thereby permitted to extend credit in excess of

the amount otherwise permitted under Regulation T. The FR T-4 solicits information from borrowers regarding the purpose of each loan, and from creditors identifying collateral. No changes are being made to the FR T-4 reporting form.

**4. Report title:** Statement of Purpose for an Extension of Credit Secured by Margin Stock

**Agency form number:** FR U-1

**OMB Docket number:** 7100-0115

**Frequency:** On occasion

**Reporters:** Individuals and businesses

**Annual reporting hours:** 157,853

**Estimated average hours per response:** .07

**Number of respondents:** 10,637

Small businesses are not affected.

**General description of report:** This information collection is mandatory (15 U.S.C. 78g). Since the FR U-1 is not filed with the Federal Reserve no issue of confidentiality arises.

**Abstract:** In 1936, the Federal Reserve adopted Regulation U, "Credit by Banks for the Purpose of Purchasing or Carrying Margin Stock," as a companion to Regulation T which applies to securities credit extended by brokers/dealers. Regulation U imposes restrictions upon "banks" (as defined in section 221.2(b) of Regulation U) that extend credit for the purpose of buying or carrying margin stock if the credit is secured directly or indirectly by margin stock. Banks may not extend more than the minimum loan value of the collateral securing such credit, as set by the Federal Reserve in section 221.8 of Regulation U. Regulation U requires that a purpose statement be completed and retained in the event that a bank extends credit in an amount exceeding \$100,000 secured directly or indirectly by margin stock.

In all cases, the FR U-1 collects the following loan information from the borrower:

(1) The amount of credit being obtained; and

(2) Whether the loan is to purchase or carry margin stocks and, if not, the purpose of the loan. If the borrower affirms that the purpose of the loan is to purchase or carry margin stocks, the bank provides the following collateral information in Part II:

(3) The number of shares of stock serving as collateral;

(4) The name of the stock (issue);

(5) The market price per share;

(6) The date and source of valuation (not required if market value is obtained from regularly published information in a journal of general circulation or from an automated quotation system);

(7) The total market value per issue; and

(8) The amount of any other collateral securing the loan. No substantive changes are being made to the FR U-1 reporting form. However, (1) the phrase "maximum loan value of margin stock is ... per cent" for items 1 and 2 of Part II is revised to "maximum loan value of margin stock is 50 per cent," and (2) the phrase "or from an automated quotation system." is added to the note below item 3.

**5. Report title:** Written Security

**Program for State Member Banks**

**Agency form number:** FR 4004

**OMB Docket number:** 7100-0112

**Frequency:** Annual

**Reporters:** State member banks

**Annual reporting hours:** 484

**Estimated average hours per response:** 0.5

**Number of respondents:** 968

Small businesses are affected.

**General description of report:** This recordkeeping requirement is mandatory (12 U.S.C. §§ 1882(a), 248(a)(1), and 325). Because written security programs are maintained at state member banks, no issue of confidentiality under the Freedom of Information Act arises.

**Abstract:** The Congress adopted the Bank Protection Act of 1968 (12 U.S.C. 1882) to promulgate rules establishing minimum standards for banks as to the installation, maintenance, and operation of security devices and procedures to discourage robberies, burglaries, and larcenies and to assist in the identification and apprehension of persons who commit such acts.

In response to the passage of the Bank Protection Act (Act), each of the federal financial institution supervisory agencies established minimum standards for security devices and procedures. The requirements established by the Board of Governors of the Federal Reserve System in 1969 for state member banks are contained in Regulation P. In the regulation, the Federal Reserve requires the board of directors of each state member bank to designate a security officer to assume the responsibility for the development, administration, and maintenance of a written security program. The original Act also contained provisions requiring financial institutions to submit periodic reports to their primary federal supervisory agency with respect to the installation, maintenance, and operation of security devices and the development of security procedures.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) includes provisions that amend the Act: eliminating the requirement that each bank submit periodic reports to its regulator, but