

FEDERAL RESERVE SYSTEM**Notice of Proposals To Engage in Nonbanking Activities or to Acquire Companies That are Engaged in Nonbanking Activities**

Popular, Inc., Hato Rey, Puerto Rico (Notificant), has provided notice pursuant to section 4(c)(8) of the Bank Holding Company Act, 12 U.S.C. § 1843(c)(8) (BHC Act), and section 225.24 of the Board's Regulation Y (12 CFR 225.24), to acquire through its wholly owned subsidiary, Popular Cash Express, Inc., Orlando, Florida, certain assets of Florida Exchange, Ltd., Oak Park, Illinois, and Mirando-J., Inc., Oak Park, Illinois, and thereby engage in the approved and new nonbanking activities. The approved activities are: (1) extending credit, servicing loans, and related activities, pursuant to § 12 C.F.R. 225.28(b)(1) of the Board's Regulation Y; (2) leasing personal and real property, pursuant to § 225.28(b)(3) of the Board's Regulation Y; (3) providing financial and investment advisory services, pursuant to § 225.28(b)(6) of the Board's Regulation Y; (4) providing transactional services, pursuant to § 225.28(b)(7) of the Board's Regulation Y; (5) providing investing and trading services, pursuant to § 12 C.F.R. 225.28(b)(8)(ii) of the Board's Regulation Y; (6) acting as principal, agent or broker for insurance related to extensions of credit, pursuant to § 225.28(b)(11)(i) of the Board's Regulation Y; (7) acting as agent or broker for insurance directly related to an extension of credit as would be sold by a finance company, pursuant to § 225.28(b)(ii) of the Board's Regulation Y; (8) issuing and selling money orders, savings bonds, and traveler's checks, pursuant to § 225.28(b)(13) of the Board's Regulation Y. Notificant also proposes to engage in (1) check cashing services; (2) accepting bill payments; (3) accepting or disbursing change in exchange for currency in a different denomination; and (4) transmitting or wiring money on a worldwide basis. See *Midland Bank, PLC*, 76 Fed. Res. Bull. 860 (1990); and *Norwest Corporation*, 81 Fed. Res. Bull. 974 (1995) and 81 Fed. Res. Bull. 1130 (1995).

In addition, the Notificant proposes to engage, either alone or as an incident to other activities, in the following new nonbanking activities that the Board previously has not determined are closely related to banking under section 4(c)(8) of the BHC Act: (1) selling bus passes, transit tokens, prepaid phone cards, event and attraction tickets, prepaid cellular phone time and other similar forms of alternate media of

value; (2) selling postage stamps and postage-paid envelopes; (3) providing mailboxes and related services; (4) providing notary public services; (5) providing vehicle registration services and selling, distributing and renewing license plates and license tags for motor vehicles; (6) providing photocopying and facsimile transmission services; and (7) entering into arrangements with automobile clubs to promote membership in and services of such clubs. These activities will be conducted worldwide.

Section 4(c)(8) of the Bank Holding Company Act provides that a bank holding company may, with Board approval, engage in any activity that the Board, after due notice and opportunity for hearing, has determined (by order or regulation) to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. A particular activity may be found to meet the "closely related to banking" test if it is demonstrated that banks generally have provided the proposed activity, that banks generally provide services that are operationally or functionally similar to the proposed activity so as to equip them particularly well to provide the proposed activity, or that banks generally provide services that are so integrally related to the proposed activity as to require their provision in a specialized form. *National Courier Ass'n v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975). In addition, the Board may consider any other basis that may demonstrate that the activity has a reasonable or close relationship to banking or managing or controlling banks. Board Statement Regarding Regulation Y, 49 FR 794, 806 (1984).

In publishing the proposal for comment, the Board does not take a position on issues raised by the proposal. Notice of the proposal is published solely to seek the views of interested persons on this issues presented by the notice and does not represent a determination by the Board that the proposal meets, or is likely to meet, the standards of the BHC Act. Any comments or requests for hearing should be submitted in writing and received by William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, not later than December 5, 1997. Any request for a hearing on this notice must, as required by section 262.3(e) of the Board's Rules of Procedure (12 CFR 262.3(e)), be accompanied by a statement of the reasons why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of

fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

This notice may be inspected at the office of the Board of Governors or the Federal Reserve Bank of New York.

Board of Governors of the Federal Reserve System, November 7, 1997.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 97-29910 Filed 11-13-97; 8:45 am]

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FEDERAL RESERVE SYSTEM**Docket No. R-0989****Policy Statement on Payments System Risk; Modification to the Time Credits are Posted to Federal Reserve Accounts for Checks Drawn on Local Federal Reserve Banks for Purposes of Measuring Daylight Overdrafts**

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Policy Statement.

SUMMARY: The Board has modified the daylight overdraft measurement rules to accommodate an earlier afternoon presentment deadline for checks drawn on local Federal Reserve Banks.

EFFECTIVE DATE: November 14, 1997.

FOR FURTHER INFORMATION CONTACT: Myriam Payne, Senior Financial Services Analyst (202/452-3219), or Stacy Panigay, Financial Services Analyst (202/452-2934), Division of Reserve Bank Operations and Payment Systems; for the hearing impaired *only*: Telecommunications Device for the Deaf, Diane Jenkins (202/452-3544).

SUPPLEMENTARY INFORMATION:**Background**

When the Board modified the Payments System Risk Reduction policies in 1992 (57 FR 47093, October 14, 1992), it adopted a set of "posting rules" which comprise a schedule for the intraday timing of debits and credits to institutions' Federal Reserve accounts for different types of payments. With the implementation of these rules along with the imposition of fees for daylight overdrafts, the Board was interested in inducing behavioral changes to control risk and increase efficiency in the payments system. Under the daylight overdraft measurement rules that became effective on October 14, 1993, depository institutions that deposit in separately sorted cash letters Checks Drawn on Local Federal Reserve Banks

(i.e., Federal Funds checks), U.S. Treasury Checks, Postal Money Orders, and U.S. Savings Bonds Deposited under the EZ-Clear Program by 4 p.m. ET receive credit for these items at 5 p.m. ET.

Analysis of Federal Funds Checks Presentment Deadline

The Board believes that establishing a consistent presentment deadline for Federal Funds checks in all Federal Reserve districts will help reduce the routine use of Federal Funds checks.¹ Federal Funds checks are an inappropriate means of providing regular access to an institution's Federal Reserve account and their routine use is contrary to the Federal Reserve's strategy of promoting efficient and effective methods of payment. In almost all cases where Federal Funds checks are used as the payment instrument, the transaction could have been made through a more secure and efficient method, such as a funds transfer network. To discourage the use of Federal Funds checks and encourage depository institutions' use of more efficient means of payment, a 3 p.m. local time presentment deadline for Federal Funds checks will be implemented.

Policy Statement on Payments System Risk

The Federal Reserve Board has adopted the following changes to the "Federal Reserve System Policy Statement on Payments System Risk," under the heading "I. Federal Reserve Policy":

Modified Procedures for Measuring Daylight Overdrafts

Post at 5:00 p.m. Eastern Time:

- Treasury checks, postal money orders, and EZ-Clear Savings Bond redemptions in separately sorted deposits. These items must be deposited by 4:00 p.m. Eastern Time.
- Local Federal Reserve Bank checks. These items must be presented before 3:00 p.m. Eastern Time.
- Processed manual letters of credit.

+/- Same-day ACH transactions. These transactions include ACH return items, check truncation items, and flexible settlement items.

¹ Federal Funds checks are drafts drawn by a depository institution against its account at a Federal Reserve Bank. These funds represent immediately available funds when presented for payment, and thus, when used, the checks are most often used to settle same-day securities transactions, interbank transfers, international transactions, real estate transactions, payments to state and local governments, Federal Reserve Bank transactions and for other situations where a bank check is required for legal reasons.

Post after the close of Fedwire funds transfer system:

+/- All other non-Fedwire transactions. These transactions include the following: local Federal Reserve Bank checks presented after 3:00 p.m. Eastern Time but before 3:00 p.m. local time; noncash collection; credits for U.S. Treasury and government agency definitive security interest and redemption payments if the coupons or securities are received on or after the maturity date; Treasury Tax and Loan (TT&L) calls; subscriptions for SLGS; currency and coin shipments; small-dollar credit adjustments; all debit adjustments; and small-dollar check collections. Discount window loans and repayments are normally posted after the close of Fedwire as well; however, in unusual circumstances a discount window loan may be posted earlier in the day with repayment 24 hours later, or a loan may be repaid before it would otherwise become due.

By order of the Board of Governors of the Federal Reserve System, November 7, 1997.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 97-29962 Filed 11-13-97; 8:45 am]

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FEDERAL RESERVE SYSTEM

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: Board of Governors of the Federal Reserve System.

TIME AND DATE: Approximately 10:45 a.m., Wednesday, November 19, 1997, following a recess at the conclusion of the open meeting.

PLACE: Marriner S. Eccles Federal Reserve Board Building, 20th and C Streets, N.W., Washington, D.C. 20551.

STATUS: Closed.

MATTERS TO BE CONSIDERED:

1. Personnel actions (appointments, promotions, assignments, reassignments, and salary actions) involving individual Federal Reserve System employees.
2. Any matters carried forward from a previously announced meeting.

CONTACT PERSON FOR MORE INFORMATION: Joseph R. Coyne, Assistant to the Board; 202-452-3204.

SUPPLEMENTARY INFORMATION: You may call 202-452-3206 beginning at approximately 5 p.m. two business days before the meeting for a recorded announcement of bank and bank holding company applications scheduled for the meeting; or you may

contact the Board's Web site at <http://www.bog.frb.fed.us> for an electronic announcement that not only lists applications, but also indicates procedural and other information about the meeting.

Dated: November 12, 1997.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 97-30108 Filed 11-12-97; 10:40 am]

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FEDERAL RESERVE SYSTEM

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: Board of Governors of the Federal Reserve System.

TIME AND DATE: 10:00 a.m., Wednesday, November 19, 1997.

PLACE: Marriner S. Eccles Federal Reserve Board Building, C Street entrance between 20th and 21st Streets, N.W., Washington, D.C. 20551.

STATUS: Open.

MATTERS TO BE CONSIDERED:

Discussion Agenda:

1. Proposed 1998-1999 Federal Reserve Board budget.
2. Proposed 1998-1999 budget for the Office of Inspector General.
3. Any items carried forward from a previously announced meeting.

Note: This meeting will be recorded for the benefit of those unable to attend. Cassettes will be available for listening in the Board's Freedom of Information Office, and copies may be ordered for \$6 per cassette by calling 202-452-3684 or by writing to: Freedom of Information Office, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

CONTACT PERSON FOR MORE INFORMATION: Joseph R. Coyne, Assistant to the Board; 202-452-3204.

SUPPLEMENTARY INFORMATION: You may call 202-452-3206 for a recorded announcement of this meeting; or you may contact the Board's Web site at <http://www.bog.frb.fed.us> for an electronic announcement. (The Web site also includes procedural and other information about the open meeting.)

Dated: November 12, 1997.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 97-30109 Filed 11-12-97; 10:40 am]

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