Federal Register
Vol. 48, No. 52
Wednesday, March 16, 1983

Presidential Documents

Title 3—

The President

Proclamation 5031 of March 14, 1983

National P.O.W.–M.I.A. Recognition Day, 1983

By the President of the United States of America

A Proclamation

Since the earliest days of our Nation, America's men and women have answered the call to duty. In each of our country's conflicts, our prisoners of war have endured extreme hardships and have been required to make great sacrifices. But even when facing the most extreme adversity, they have proudly defended American ideals. Their burden has been magnified when they were subject to mistreatment, torture, or death in violation of fundamental moral standards and international codes of conduct.

Our country is also acutely aware of the deep suffering experienced by the families of our servicemen held captive or missing in action. These families have faced a haunting uncertainty and awesome silence that tear at their hearts and earns the deep esteem of their countrymen.

American P.O.W.'s and M.I.A.'s are heroes who have gone beyond courage and beyond duty to an honored place in the souls of their fellow Americans. They symbolize the kind of singular sacrifice and devotion that has repeatedly proven instrumental in shaping our Nation's destiny. This country will never forget nor fail to honor those who have so courageously garnered our highest regard.

By Joint Resolution, the Congress has designated April 9, 1983, as National P.O.W.–M.I.A. Recognition Day. On this day, I firmly believe that we should recognize the special debt all Americans owe to our fellow citizens who gave up their freedom in the service of our country and to the families who have undergone a great travail.

We shall continue to remember our missing servicemen. Our Nation must never forget them. Resolution of their fate is, and will remain, a matter of the highest national priority. On April 9, 1983, a P.O.W.–M.I.A. Flag will fly over the White House, the Departments of State and Defense, and the Veterans Administration as a symbol of our unswerving commitment to resolving the fate of all servicemen still missing.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby designate Saturday, April 9, 1983, as National P.O.W.–M.I.A. Recognition Day, a day dedicated to all former American prisoners of war, to those still missing, and to their families. I call on all Americans to join in honoring those who have been held captive in war and their loved ones.

I call upon State and local officials and private organizations to observe this day with appropriate ceremonies and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of March, in the year of our Lord nineteen hundred and eighty-three, and of the Independence of the United States of America the two hundred and seventh.

Ronald Reagan

[FR Doc. 83-7020
Filed 3-15-83; 10:57 am]
Billing code 3195-01-M

Rules and Regulations

Federal Register
Vol. 48, No. 52
Wednesday, March 16, 1983

FEDERAL TRADE COMMISSION

16 CFR Part 13

[Docket C-3106]

McCaffrey and McCall, Inc.; Prohibited Trade Practices, and Affirmative Corrective Actions

AGENCY: Federal Trade Commission.

ACTION: Consent Order.

SUMMARY: In settlement of violations of federal law prohibiting unfair acts and practices and unfair methods of competition, this consent agreement requires a New York City advertising agency, among other things, to cease misrepresenting in advertisements that the Black Pro Shaver or any other drug or device will cure or minimize "razor bumps." The company is required to have a reasonable basis for advertising representations relating to the efficacy, performance or benefit of any drug, device or other product; is barred from making statements which are inconsistent with reliable scientific or medical evidence; and prohibited from misrepresenting the extent or results of product testing. The order also requires that the company maintain specific records for a period of three years and provide its sales and advertising personnel with a copy of the order.

DATE: Complaint and order issued March 7, 1983.[1]

FOR FURTHER INFORMATION CONTACT: FTC/PA, Wallace S. Snyder, Washington, D.C. 20580. (202) 724-1499.

SUPPLEMENTARY INFORMATION: On Thursday, September 24, 1981, there was published in the Federal Register, 46 FR 47085, a proposed consent agreement with analysis In the Matter of McCaffrey and McCall, Inc., a corporation, for the purpose of soliciting public comment. Interested parties were given sixty (60) days in which to submit comments, suggestions or objections regarding the proposed form of order.

A comment was filed and considered by the Commission. The Commission has ordered the issuance of the complaint in the form contemplated by the agreement, made its jurisdictional findings and entered its order to cease and desist, as set forth in the proposed consent agreement, in disposition of this proceeding.

The prohibited trade practices, and/or corrective actions, as codified under 16 CFR Part 13, are as follows: Subpart—Advertising Falsely or Misleadingly: § 13.170 Qualities or properties of product or service; § 13.190 Results; § 13.205 Scientific or other relevant facts; § 13.210 Scientific tests. Subpart—Corrective Actions and/or Requirements; § 13.533 Corrective actions and/or requirements; § 13.533-45 Maintain records. Subpart—Misrepresenting Oneself and Goods—Goods; § 13.1710 Qualities or properties; § 13.1730 Results; § 13.1740 Scientific or other relevant facts. Subpart—Neglecting, Unfairly or Deceptively, To Make Material Disclosure; § 13.1863 Limitations of product; § 13.1895 Scientific or other relevant facts.

List of Subjects in 16 CFR Part 13

Advertising, Electric razors, Trade practices.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45, 52)

Benjamin I. Berman,
Acting Secretary.

[FR Doc. 83-6794 Filed 3-15-83; 8:45 am]
BILLING CODE 6750-01-M

16 CFR Part 13

[Docket C-3105]

North American Philips Corporation; Prohibited Trade Practices, and Affirmative Corrective Actions

AGENCY: Federal Trade Commission.

ACTION: Consent Order.

SUMMARY: In settlement of alleged violations of federal law prohibiting unfair acts and practices and unfair methods of competition, this consent agreement requires a New York City corporation, among other things, to cease misrepresenting that the Black Pro Shaver or any other drug or device will cure or minimize "razor bumps." The company is required to have a reasonable basis for representations relating to the efficacy, performance or benefit of any drug, device or other product; is barred from making statements which are inconsistent with reliable scientific or medical evidence; and prohibited from misrepresenting the extent or results of product testing. The order also requires that the company maintain specific records for a period of three years and provide its sales and advertising personnel with a copy of the order.

DATE: Complaint and order issued March 7, 1983.[1]

FOR FURTHER INFORMATION CONTACT: FTC/PA, Wallace S. Snyder, Washington, D.C. 20580. (202) 724-1499.

SUPPLEMENTARY INFORMATION: On Thursday, Sept. 24, 1981, there was published in the Federal Register, 46 FR 47088, *correction*, 46 FR 49910, a proposed consent agreement with analysis in the Matter of North American Philips Corporation, a corporation, for the purpose of soliciting public comment. Interested parties were given sixty (60) days in which to submit comments, suggestions or objections to the proposed form of order.

A comment was filed and considered by the Commission. The Commission has ordered the issuance of the complaint in the form contemplated by the agreement, made its jurisdictional findings and entered its order to cease and desist, as set forth in the proposed consent agreement, in disposition of this proceeding.

The prohibited trade practices and/or corrective actions, as codified under 16 CFR Part 13, are as follows: Subpart—Advertising Falsely or Misleadingly: § 13.170 Qualities or properties of product or service; § 13.190 Results; § 13.205 Scientific or other relevant facts; § 13.210 Scientific test. Subpart—Corrective Actions and/or Requirements: § 13.533 Corrective actions and/or requirements; 13.533-45 Maintain records. Subpart—Misrepresenting Oneself and Goods—Goods: § 13.1710 Qualities or properties; § 13.1730 Results; § 13.1740 Scientific or other relevant facts. Subpart—

[1] Copies of the Complaint and the Decision and Order filed with the original doucment.

[1] Copies of the Complaint and the Decision and Order filed with the original document.

Neglecting, Unfairly or Deceptively, To Make Material Disclosure: § 13.1863 Limitations of product; § 13.1895 Scientific or other relevant facts.

List of Subjects in 16 CFR Part 13

Electric shavers, Trade practices.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46 Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45, 52)

Benjamin I. Berman,

Acting Secretary.

[FR Doc. 83-6793 Filed 3-15-83; 8:45 am]

BILLING CODE 6750-01-M

16 CFR Part 232

Guides for Advertising Radiation Monitoring Instruments

AGENCY: Federal Trade Commission.

ACTION: Final revision of guides.

SUMMARY: In response to a request by the Federal Emergency Management Agency (FEMA), the Federal Trade Commission has decided to revise its "Guides for Advertising Radiation Monitoring Instruments" to reflect the new name of the agency responsible for establishing criteria applicable to the "Guides".

EFFECTIVE DATE: March 8, 1983.

FOR FURTHER INFORMATION CONTACT: FTC/PC, Lewis Franke, Washington, D.C. 20580. (202) 376-2891.

SUPPLEMENTARY INFORMATION: On November 8, 1967 the Commission published its "Guides for Advertising Radiation Monitoring Instruments". 32 FR 15533 (1967). Throughout the "Guides" reference is made to "Official OCD Criteria" or "Criteria for Radiation Instruments for Use by the General Public as published by the Office of Civil Defense".

By letter of November 24, 1982 the Federal Emergency Management Agency (FEMA) requested that the Commission revise the "Guides" to show the new name and address of the agency responsible for publishing the "Criteria". The Commission decided to grant the request and amends the "Guides" as of March 16, 1983.

List of Subjects in 16 CFR Part 232

Advertising, Civil defense, Radiation protection.

PART 232—[AMENDED]

§ 232.0-1 [Amended]

Section 232.0-1(e) of the Guides is amended by striking the term "OCD" and substituting therefor the term "Federal Emergency Management Agency (FEMA)". The words "Office of Civil Defense, Department of Defense, Washington, D.C. 20301" are stricken and substituted therefor are the words "Federal Emergency Management Agency, Washington, D.C. 20472". Footnote 1 is amended by striking the words "Office of Civil Defense, Department of Defense, Washington, D.C. 20301" and substituting therefor "Federal Emergency Management Agency, Washington, D.C. 20472".

§§ 232.1, 232.2 and 232.6 [Amended]

Sections 232.1, 232.2, and 232.6 are modified by striking the term "OCD" and substituting therefor the term "FEMA".

By the Commission.

Benjamin I. Berman,

Acting Secretary.

[FR Doc. 83-6607 Filed 3-15-83; 8:45 am]

BILLING CODE 6750-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 210, 231, 240 and 241

[Release Nos. 33-6458; 34-19570; FR-11; File No. S7-940]

Revision of Financial Statement Requirements and Industry Guide Disclosure for Bank Holding Companies

AGENCY: Securities and Exchange Commission.

ACTION: Final rules.

SUMMARY: The Commission announces the adoption of final rules which amend Article 9 of Regulation S-X regarding financial statements filed for bank holding companies. The amendments to Article 9 are being adopted to (1) eliminate rules which are duplicative of generally accepted accounting principles ("GAAP"), (2) integrate and simplify the rules, (3) reflect current financial reporting practices, and (4) improve financial reporting generally. In addition, certain related amendments to the Guides for Statistical Disclosure by Bank Holding Companies have been adopted in order to incorporate a number of disclosures which have been eliminated from the requirements of Article 9. The Commission is also amending the proxy rules to eliminate the interim rule that requires only substantial compliance with Article 9 in annual reports to shareholders. Consequently, bank holding companies that are required to comply with the Commission's proxy rules will be required to include in annual reports to shareholders financial statements prepared in accordance with the requirements of Regulation S-X.

EFFECTIVE DATE: The rules adopted herein are applicable to financial statements for fiscal years ending on or after December 31, 1983, although earlier application of these rules in their entirety is permitted. Upon adoption of these rules, where comparative financial statements are presented, all reported periods should conform with the rules adopted herein.

FOR FURTHER INFORMATION CONTACT: Marc D. Oken (202-272-2157), Edmund Coulson (202-272-2130), or Eugene W. Green (202-272-2161), Office of the Chief Accountant, or Howard P. Hodges, Jr. (202-272-2553), Division of Corporation Finance, Securities and Exchange Commission, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION: The Commission has adopted a comprehensive revision of Article 9 of Regulation S-X (17 CFR Part 210), which governs the form and content of financial statements filed for bank holding companies. This revision, undertaken as part of the Commission's project to coordinate disclosure requirements under the Securities Act of 1933 (15 U.S.C. 77a et seq.) and the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.), is intended to simplify and improve financial reporting requirements. The rules delete certain existing Article 9 requirements that are duplicative of GAAP or that are no longer necessary. The final rules generally reflect current financial reporting practices, except for the income statement presentation of investment securities gains or losses, the disclosure requirements for loans to related parties and parent company financial information. These issues are discussed further below.

Certain disclosure requirements (which were previously included in Article 9 and thus were required in the primary financial statements) have been relocated as part of the Industry Guides for Disclosure by Bank Holding Companies: Securities Act Industry Guide 3 and Exchange Act Industry Guide 3 ("Guide 3").[1] The most significant of these include information about short-term borrowings, disclosure of investment concentrations, and certain details about foreign activities. The Commission has concluded that these disclosures are primarily analytical in nature and thus are similar in character to the other types of disclosures called for by Guide 3.

[1] Items 801 and 802 of Regulation S-K (17 CFR Part 229).

The Commission solicited public comments on the proposed revision of Article 9 and Guide 3 in Release No. 33-6417 (July 9, 1982) (47 FR 32158 (July 26, 1982)). That release contained a detailed discussion of the proposed revisions. Rather than repeat those discussions, this release focuses on the principal differences from the proposal and the bases for such revisions.

The Commission received one hundred and ten letters of comment on the proposals. Most commentators expressed general support for the revisions; however, numerous suggestions were made regarding various aspects of the proposals. The two areas frequently commented on related to the proposed revision of the requirements for reporting investment security transactions and the proposed modification of the disclosure requirements dealing with loans to related parties. The Commission has carefully weighed the views of commentators and has accordingly made certain revisions to the proposed requirements. The views of commentators and the Commission response thereto are discussed below.

Investment Securities Gains or Losses. The proposed rules called for a change in the income statement format to report gains or losses on investment securities as a separate component of income before income tax expense, rather than as a separate item (less applicable taxes) after the caption entitled "income before securities gains or losses." This proposed elimination of the so-called two-step format of reporting income both before and after investment security transactions was commented on by approximately three-fourths of the respondents. A majority of those commentators opposed the proposed change. Objection to the proposed one-step approach was based primarily on the view that the two-step reporting format is a customary presentation which banks have used for many years, and that the inclusion of the effect of investment securities transactions as a part of income from banking operations is inappropriate and will result in a less useful presentation. A few commentators objected for other reasons, indicating that banks should have the ability to restructure their investment portfolio without penalizing current "operating" income with the related losses, or that the proposed change would increase the potential to manage or smooth reported earnings through the timing and selection of securities transactions.

Although the rule met with considerable opposition, a significant number of commentators strongly endorsed the change. Proponents indicated that a uniform net income approach was long overdue and that conforming the reporting format used by bank holding companies to that used by virtually all other entities would eliminate much of the confusion surrounding a bank holding company's actual earnings. These commentators generally agreed with the Commission that there is no conceptual basis for reporting investment transactions in a manner that implies that the gains or losses thereon represent something other than operating earnings. Further, the present reporting was viewed as being inconsistent in that security losses are excluded from operations, while the interest on the replacement security, which generally exceeds the interest on the previous security, is included in operating income. On this point, it was mentioned that the sale of securities generally has the same objective as the sale of mortgage loans and should be classified similarly.

Careful consideration has been given to the comments of respondents, particularly those of users, and the needs of investors. While the Commission understands that some persons believe that income before securities gains or losses provides a better basis upon which to evaluate trends, the Commission continues to believe that the two-step income format promotes the misconception that securities transactions are not part of normal banking operations, and that this format detracts from the importance of net income, which should be of primary importance to investors. Furthermore, there are many other discretionary items (similar to securities transactions) which are included in income before securities gains and losses.

For these reasons, and because of the potential for inappropriate reporting of certain transactions as security gains or losses, the Commission is adopting the one-step income statement format for bank holding companies as proposed, with one change. In response to commentator suggestions that the proposed presentation of securities gains or losses as a separate caption after other income and other expenses retains some of the complexity of the present two-step format, the final rules call for the presentation of investment securities gains and losses as a separate subcategory of other income.

In response to certain commentator suggestions that the one-step format will somehow influence investment policies regarding the content of the investment portfolio and the restructuring thereof (including the potential for registrants to manage earnings through the timing and selection of securities transactions), the Commission wishes to emphasize its belief that the revised reporting format should not have a bearing on prudent decision making. Furthermore, the Commission's existing disclosure requirements require specific disclosures about the content of the investment securities portfolio and the yields thereon. Such disclosures should provide users with the necessary information to evaluate management's investment policies and strategies.

In response to certain commentator suggestions that the one-step format will increase the potential for registrants to manage earnings, the Commission emphasizes the responsibility of bank holding companies, as well as all other registrants, to clearly identify and explain in the Management's Discussion and Analysis the nature and impact of all special, discretionary, or nonrecurring items (such as investment securities gains or losses) having a material effect on reported financial condition, changes in financial condition and results of operations.

The Commission is aware of certain private-sector initiatives to promote the adoption of the one-step income statement for the entire banking industry. This action would complement the Commission's action, which is only applicable to bank holding companies required to file with the Commission.

In addition, the FASB has a project on its agenda as part of its conceptual framework to explore display issues in reporting earnings.[2] This project will deal with, among other things, the purpose of the income statement, the concept of operating performance and how information should be displayed in the income statement (i.e., the reporting of details, subtotals, and which kind of items should be presented separately within the statement). The Commission expects that the outcome of this project (which has been under consideration for some time and is not yet near completion) should result in more useful financial reports for companies in all industries. Thus, the Commission encourages the FASB to aggressively pursue this project and stands ready to reconsider the provisions of Article 9

[2] FASB Exposure Draft, Proposed Statement of Financial Accounting Concepts, "Reporting Income, Cash Flows and Financial Position of Business Enterprises," (November 16, 1981). The comment period on this exposure draft expired May 3, 1982. After reviewing the comments received, the FASB decided that further development of concepts for reporting earnings should be delayed so as to be concurrent with the development of concepts for measurement and recognition criteria.

being adopted today, as well as other provisions of S–X governing the form and content of financial statements, based on its evaluation of the results of the FASB project.

Loans to Related Parties. The requirements regarding related party loan disclosures have been modified from the proposal in two significant ways. First, as proposed, the rules would have increased the range of relatives included as related parties by deleting the "same residence" provision of the existing requirement. In response to comments indicating that the inclusion of distant relatives was impractical and of little significance to investors, and also for purposes of achieving consistency with the revised Item 404 of Regulation S–K,[3] the Commission's final rules apply to members of the "immediate family" only. This revision will encompass more relatives than encompassed by the former rules, but will be significantly less burdensome than the proposal. Second, the proposed requirement that the amount of related party loans include loans to any corporation or organization of which an executive officer, director or principal shareholder of the registrant or any of its significant subsidiaries is an officer (but not a principal shareholder) has been deleted. This change is made in response to comments that the proposed rules would greatly expand the definition of related parties without providing meaningful information to financial statement users.

Certain other changes have been made in an effort to achieve greater consistency with the Commission's recent actions concerning Item 404 of Regulation S–K. The principal change in this respect is an exclusion from the related party loans required to be reported of all indebtedness which in the aggregate did not exceed $60,000 during the latest fiscal year.

Substantial commentary was also received regarding the proposed requirement to compute the weighted average amount of related party loans outstanding during the year and, in some cases, to discuss individual transactions when such weighted average amount significantly exceeded the amount of related party loans at the balance sheet date. In light of these comments, the final rules have been revised to amend this aspect of the proposal; the final rules call for an analysis of the amount of aggregate loans to related parties from the beginning to the end of the period for the latest fiscal year. The Commission believes that this disclosure should adequately inform investors as to the significance of loan transactions with related parties without imposing an undue burden on registrants.

A significant number of commentators suggested that the Commission eliminate all requirements for disclosure of related party loans because banks engage in lending transactions in the ordinary course of business. Many of these commentators suggested that no distinction is necessary for loans to related parties since such transactions are highly regulated and subject to certain legal requirements. Other commentators suggested that specific Commission requirements are unnecessary since GAAP adequately addresses this area under the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 57, "Related Party Disclosures" ("SFAS 57"). The Commission has considered the views of these commentators and continues to believe specific information about loans to related parties is material information for investors and shareholders. Furthermore, analysis of commentator letters indicates some confusion about the applicability of SFAS 57 to bank holding companies, since SFAS 57 contains an exception for certain related party transactions in the ordinary course of business. Therefore, the Commission has determined to retain its specific disclosure requirements to ensure consistent minimum disclosure in this important area.

Cash and Due from Banks. The proposed instruction regarding restricted cash balances has been modified with respect to the reference to Federal Reserve requirements. This change was made in response to statements by commentators that disclosure of such balances at the end of the year would rarely be of interest to investors, particularly since the reserve requirements are based on average balances. These commentators suggested that point in time disclosures are generally not meaningful since they could fluctuate significantly. The final requirements make reference to disclosure of average Federal Reserve balances. They also retain the general requirement to disclose withdrawal and usage restrictions and compensating balance requirements. (See section 203.02.b of the Codification of Financial Reporting Policies for related discussion of disclosures of average restricted balances.)

Short-Term Investments. The rules being adopted for interest-bearing deposits in other banks have been revised in response to the comments. Under the proposal, these deposits would have been presented in a new short-term investment category. Commentators stated that these deposits can have maturities longer than one year and that their risk characteristics differ from those of other short-term investments. Accordingly, the final rules require interest-bearing deposits in other banks to be included as a separate line item following cash and due from banks. In addition, the final rules require Federal funds sold and securities purchased under resale agreements to be shown as a separate caption, with all other short-term investments presented separately. This presentation is consistent with the new Bank Audit Guide which has been approved for issuance by the American Institute of Certified Public Accountants.

Nonperforming Loans. The Commission proposed several minor changes to the Guide 3 requirements involving the determination and reporting of nonperforming loans. Various commentators questioned these modifications as well as some requirements which were retained from the existing rules. Since the Commission plans to consider publishing a separate proposal regarding disclosures about nonperforming loans, no changes from the present requirements regarding nonperforming loans have been made in this release.

Bankers' Acceptances. In the proposing release, the Commission requested comments on the balance sheet presentation of banker's acceptance transactions. Although no changes were proposed to the present requirement to disclose on the balance sheet amounts due from customers on acceptances and banks' acceptances outstanding as assets and liabilities, the Commission noted that some have indicated that the current presentation should be reevaluated to determine whether these transactions should be reported as contingent liabilities.

Response to the inquiry was diverse. Some commentators maintained that acceptances are best characterized as contingent liabilities, while others stated their belief that the present practice is appropriate. A significant number of commentators suggested that this issue should be left to the private sector for resolution.

In the absence of a consensus as to the most appropriate accounting in this area, and considering the complexity of the issues, the Commission has

[3] On December 2, 1982, the Commission adopted final rules regarding disclosure of certain relationships and transactions involving management; Securities Act Release No. 6441 (December 13, 1982) (47 FR 5566).

determined that it will not take any further action at this time. Rather, the Commission encourages industry and accounting groups to continue to consider this issue, and if deemed necessary, to refer the matter to the Financial Accounting Standards Board for resolution.

Parent Company Financial Information. In the proposing release, the Commission requested comments on the need for parent company financial information when consolidated financial statements are presented for bank holding companies. The response to this inquiry indicates that many users and preparers of bank holding company financial statements strongly believe that information provided by separate financial statements of the parent company are necessary for informed decisions since intercompany loans, advances and cash dividends by bank subsidiaries are subject to substantial regulatory restrictions. The Commission believes that these views are valid and that the parent company information should be widely available to assist in making informed investment decisions. Accordingly, the final rules provide that the condensed parent only financial information currently provided in Schedule III (modified to prescribe certain separate disclosures about bank and non-bank subsidiaries which was previously required in a schedule) [4] be presented in the notes to the consolidated financial statements. The effect of the change will be to require parent company financial information in the annual reports to shareholders of bank holding companies.

Other. In addition to various editorial revisions, certain other substantive changes have been made in the final rules:

—The instructions in Article 9 concerning disclosure of the valuation of trading account assets have been deleted since GAAP calls for such assets to be carried at market value.

—A provision was added to Rule 9-03(7) allowing the registrant to use different loan categories than those specified if it results in a more meaningful presentation; this provision currently exists in Article 9 but was not included in the proposal.

—The requirements of Section V-A of Guide 3 regarding the types of deposits have been amended to provide for disclosures of the average rates paid thereon. Also, an instruction was added to allow the use of captions other than those specified for domestic deposits if appropriate. These changes were made in light of the impact of deregulation on the costs and sources of funds, and should provide additional useful information about these funding sources and provide flexibility to appropriately describe the nature of the deposits.[5]

Codification Update

The "Codification of Financial Reporting Policies" announced in Financial Reporting Release No. 1 (April 15, 1982) (47 FR 21028) is updated to:

1. Add the following sentence to the bracketed introduction to Section 401:

In FRR 11, the Commission adopted further revisions to Article 9 to (1) eliminate rules which are duplicative of GAAP, (2) integrate and simplify the rules, (3) reflect current financial reporting practices, and (4) improve financial reporting generally. In addition, certain related amendments to the Guides for Statistical Disclosure by Bank Holding Companies (Industry Guide 3) were adopted in order to incorporate a number of disclosures which were eliminated from the requirements of Article 9. The Commission also amended the proxy rules to require bank holding companies to include in annual reports to shareholders financial statements prepared in accordance with Regulation S-X.

2. Add the section of this release entitled "Investment Securities Gains or losses" to § 401.04.

3. Add the last paragraph of the section of this release entitled "Loans to Related Parties" to § 401.02.

4. Include as § 401.06 the section of this release entitled "Bankers' Acceptances."

5. Include as § 401.07 the section of this release entitled "Parent Company Financial Information."

The Codification is a separate publication issued by the SEC. It will not be published in the **Federal Register**/Code of Federal Regulations system.

List of Subjects in 17 CFR Parts 210, 231 and 241

Accounting, Reporting requirements Securities.

The Commission hereby amends 17 CFR Chapter II as follows

PART 210—FORM AND CONTENT OF AND REQUIREMENTS FOR FINANCIAL STATEMENTS, SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, INVESTMENT COMPANY ACT OF 1940, AND ENERGY POLICY AND CONSERVATION ACT OF 1975

1. By removing §§ 210.9-01 to 210.05 and adding new §§ 210.9-01 to 210.9-07 as follows:

Bank Holding Companies

§ 210.9-01 Application of §§ 210.9-01 to 210.9-07

This article is applicable to consolidated financial statements filed for bank holding companies and to any financial statements of banks that are included in filings with the Commission.

§ 210.9-02 General requirement.

The requirements of the general rules in §§ 210.1 to 210.4 (Articles 1, 2, 3, 3A and 4) should be complied with where applicable.

§ 210.9-03 Balance sheets.

The purpose of this rule is to indicate the various items which, if applicable, should appear on the face of the balance sheets or in the notes thereto.

Assets

1. *Cash and due from banks.* The amounts in this caption should include all noninterest bearing deposits with other banks.

(a) Any withdrawal and usage restrictions (including requirements of the Federal Reserve to maintain certain average reserve balances) or compensating balance requirements should be disclosed (see § 210.5-02-1).

2. Interest-bearing deposits in other banks.

3. *Federal funds sold and securities purchased under resale agreements of similar arrangements.* These amounts should be presented gross and not netted against Federal funds purchased and securities sold under agreement to repurchase as reported in Caption 13.

4. *Trading account assets.* Include securities or any other investments held for trading purposes only.

5. Other short-term investments.

6. *Investment securities* Include securities held for investment only. Disclose the aggregate book value of investment securities; show on the balance sheet the aggregate market value at the balance sheet date. The aggregate amounts should include securities pledged, loaned or sold under repurchase agreements and similar arrangements; borrowed securities and securities purchased under resale agreements or similar arrangements should be excluded.

(a) Disclose in a note the carrying value and market value of securities of (1) the U.S. Treasury and other U.S. Government agencies and corporations; (2) states of the

[4] The requirement to provide information in a schedule about investments in and indebtedness of and to bank subsidiaries, and cash dividends paid by bank subsidiaries was rescinded by Accounting Series Release No. 302 in Securities Act Release No. 6359 (November 6, 1981) (46 FR 56171).

[5] As provided for in General Instruction No. 5 of Industry Guide 3, if information as to average rates paid on domestic deposits or the average balances of the categories of foreign deposits is not reasonably available on an historical basis, a waiver may be granted and thus these disclosures may be provided prospectively.

U.S. and political subdivisions; and (3) other securities.

7. *Loans.* Disclose separately (1) total loans, (2) the related allowance for losses and (3) unearned income.

(a) Disclose on the balance sheet or in a note the amount of total loans in each of the following categories:

(1) Commercial, financial and agricultural

(2) Real estate—construction

(3) Real estate—mortgage

(4) Installment loans to individuals

(5) Lease financing

(6) Foreign

(7) Other (State separately any other loan category regardless of relative size if necessary to reflect any unusual risk concentration).

(b) A series of categories other than those specified in (a) above may be used to present details of loans if considered a more appropriate presentation.

(c) The amount of foreign loans must be presented if the disclosures provided by § 210.9–05 are required.

(d) For each period for which an income statement is required, furnish in a note a statement of changes in the allowance for loan losses showing the balances at beginning and end of the period provision charged to income, recoveries of amounts charged off and losses charged to the allowance.

(e)(1)(i) As of each balance sheet date, disclose in a note the aggregate dollar amount of loans (exclusive of loans to any such persons which in the aggregate do not exceed $60,000 during the latest year) made by the registrant or any of its subsidiaries to directors, executive officers, or principal holders of equity securities (§ 210.1–02) of the registrant or any of its significant subsidiaries (§ 210.1–02), or to any associate of such persons. For the latest fiscal year, an analysis of activity with respect to such aggregate loans to related parties should be provided. The analysis should include the aggregate amount at the beginning of the period, new loans, repayments, and other changes. (Other changes, if significant, should be explained.)

(ii) This disclosure need not be furnished when the aggregate amount of such loans at the balance sheet date (or with respect to the latest fiscal year, the maximum amount outstanding during the period) does not exceed 5 percent of stockholders equity at the balance sheet date.

(2) If a significant portion of the aggregate amount of loans outstanding at the end of the fiscal year disclosed pursuant to (e)(1)(i) above relates to nonperforming loans, so state and disclose the aggregate amount of such nonperforming loans along with such other information necessary to an understanding of the effects of the transactions on the financial statements.

See, Industry Guide 3, Statistical Disclosure by Bank Holding Companies for definition of "nonperforming loans."

(3) Notwithstanding the aggregate disclosure called for by (e)(1) above, if any loans were not made in the ordinary course of business during any period for which an income statement is required to be filed, provide an appropriate description of each such loan (See § 210.4–08(L)(3)).

(4) Definition of terms. For purposes of this rule, the following definitions shall apply:

"Associate" means (i) a corporation, venture or organization of which such person is a general partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities; (ii) any trust or other estate in which such person has a substantial beneficial interest or for which such person serves as trustee or in a similar capacity and (iii) any member of the immediate family or any of the foregoing persons.

"Executive officers" means the president, any vice president in charge of a principal business unit, division or function (such as loans, investments, operations, administration or finance), and any other officer or person who performs similar policymaking functions.

"Immediate Family" means such person's spouse; parents; children; siblings; mothers and fathers-in-law; sons and daughters-in-law; and brothers and sisters-in-law.

"Ordinary course of business" means those loans which were made on substantially the same terms, including interest rate and collateral, as those prevailing at the same time for comparable transactions with unrelated persons and did not involve more than the normal risk of collectibility or present other unfavorable features.

8. *Premises and equipment.*

9. *Due from customers on acceptances.* Include amounts receivable from customers on unmatured drafts and bills of exchange that have been accepted by a bank subsidiary or by other banks for the account of a subsidiary and that are outstanding—that is, not held by a subsidiary bank, on the reporting date. (If held by a bank subsidiary, they should be reported as "loans" under § 210.9–03.7.)

10. *Other assets.* Disclose separately on the balance sheet or in a note thereto any of the following assets or any other asset the amount of which exceeds thirty percent of stockholders equity. The remaining assets may be shown as one amount.

(1) Excess of cost over tangible and identifiable intangible assets acquired (net of amortization).

(2) Other intangible assets (net of amortization).

(3) Investments in and indebtness of affiliates and other persons.

(4) Other real estates.

(a) Disclose in a note the basis at which other real estate is carried. An reduction to fair market value from the carrying value of the related loan at the time of acquisition shall be accounted for as a loan loss. Any allowance for losses on other real estate which has been established subsequent to acquisition should be deducted from other real estate. For each period for which an income statement is required, disclosures should be made in a note as to the changes in the allowances, including balance at beginning and end of period, provision charged to income, and losses charged to the allowance.

11. Total assets.

Liabilities and Stockholders' Equity

Liabilities.

12. *Deposits.* Disclose separately the amounts of noninterest bearing deposits and interest bearing deposits.

(a) The amount of noninterest bearing deposits and interest bearing deposits in foreign banking offices must be presented if the disclosure provided by § 210.0–05 are required.

13. *Short-term borrowing.* Disclosure separately on the balance sheet or in a note, amounts payable for (1) Federal funds purchased and securities sold under agreements to repurchase; (2) commercial paper, and (3) other short-term borrowings.

(a) Disclose any unused lines of credit for short-term financing: (§ 210.5–02.19(b)).

14. *Bank acceptances outstanding.* Disclose the aggregate of unmatured drafts and bills of exchange accepted by a bank subsidiary, or by some other bank as its agent, less the amount of such acceptances acquired by the bank subsidiary through discount or purchase.

15. *Other liabilities.* Disclose separately on the balance sheet or in a note any of the following liabilities or any other items which are individually in excess of thirty percent of stockholders' equity (except that amounts in excess of 5 percent of stockholders' equity should be disclosed with respect to item (4)). The remaining items may be shown as one amount.

(1) Income taxes payable.

(2) Deferred income taxes.

(3) Indebtedness to affiliates and other persons the investments in which are accounted for by the equity method.

(4) Indebtedness to directors, executive officers, and principal holders of equity securities of the registrant or any of its significant subsidiaries (the guidance in § 210.9–03.7(e) shall be used to identify related parties for purposes of this disclosure).

(5) Accounts payable and accrued expenses.

16. *Long-term debt.* Disclose in a note the information required by § 210.5–02.22.

17. *Commitments and contingent liabilities.*

18. *Minority interest in consolidated subsidiaries.* The information required by § 210.5–02.27 should be disclosed if applicable.

Redeemable Preferred Stocks

19. *Preferred stocks subject to mandatory redemption requirements or whose redemption is outside the control of the issuer.* See § 210.5–02.28.

Non-redeemable Preferred Stocks

20. *Preferred stocks which are not redeemable or are redeemable solely at the option of the issuer.* See § 210.6–02.29.

Common Stocks

21. *Common stocks.* See § 210.5–02.30.

Other Stockholders' Equity

22. *Other stockholders' equity.* See § 210.5–02.31.

23. *Total liabilities and stockholders' equity.*

§ 210.9-04 Income statements.

The purpose of this rule is to indicate the various items which, if applicable, should appear on the face of the income statement or in the notes thereto.

1. *Interest and fees on loans.* Include commitment and origination fees, late charges and current amortization of premium and accretion of discount on loans which are related to or are an adjustment of the loan interest rate.

2. *Interest and dividends on investment securities.* Disclosure separately (1) taxable interest income, (2) nontaxable interest income, and (3) dividends.

3. *Trading account interest.*

4. *Other interest income.*

5. *Total interest income.*

6. *Interest on deposits.*

7. *Interest on short-term borrowings.*

8. *Interest on long-term debt.*

9. *Total interest expense.*

10. *Net interest income.*

11. *Provision for loan losses.*

12. *Net interest income after provision for loan losses.*

13. *Other income.* Disclose separately any of the following amounts, or any other item of other income, which exceed one percent of the aggregate of total interest income and other income. The remaining amounts may be shown as one amount, except for investment securities gains or losses which shall be shown separately regardless of size.

(a) Commissions and fees and fiduciary activities.

(b) Commissions, broker's fees and markups on securities underwriting and other securities activities.

(c) Insurance commissions, fees and premiums.

(d) Fees for other customer services.

(e) Profit or loss on transactions in securities in dealer trading account.

(f) Equity in earnings of unconsolidated subsidiaries and 50 percent or less owned persons.

(g) Gains or losses on disposition of equity in securities of subsidiaries or 50 percent or less owned persons.

(h) Investment securities gains or losses. The method followed in determining the cost of investments sold (e.g., "average cost," "first-in, first-out," or "identified certificate) and related income taxes shall be disclosed.

14. *Other expenses.* Disclose separately any of the following amounts, or any other item of other expense, which exceed one percent of the aggregate of total interest income and other income. The remaining amounts may be shown as one amount.

(a) Salaries and employee benefits.

(b) Net occupancy expense of premises.

(c) Goodwill amortization.

(d) Net cost of operation of other real estate (including provisions for real estate losses, rental income and gains and losses on sales of real estate).

(e) Minority interest in income of consolidated subsidiaries.

15. *Income or loss before income tax expense.*

16. *Income tax expense.* The information required by § 210.4-08(h) should be disclosed.

17. *Income or loss before extraordinary items and cumulative effects of changes in accounting principles.*

18. *Extraordinary items, less applicable tax.*

19. *Cumulative effects of changes in accounting principles.*

20. *Net income or loss.*

21. *Earnings per share data.*

§ 210.9-05 Foreign Activities.

(a) *General requirement.* Separate disclosure concerning foreign activities shall be made for each period in which either (1) assets, or (2) revenue, or (3) income (loss) before income tax expense, or (4) net income (loss), each as associated with foreign activities, exceeded ten percent of the corresponding amount in the related financial statements.

(b) *Disclosures.* (1) Disclose total identifiable assets (net of valuation allowances) associated with foreign activities.

(2) For each period for which an income statement is filed, state the amount of revenue, income (loss) before taxes, and net income (loss) associated with foreign activities. Disclose significant estimates and assumptions (including those related to the cost of capital) used in allocating revenue and expenses to foreign activities; describe the nature and effects of any changes in such estimates and assumptions which have a significant impact on interperiod comparability.

(3) The information in paragraph (b) (1) and (2) of this section shall be presented separately for each significant geographic area and in the aggregate for all other geographic areas not deemed significant.

(c) *Definitions.* (1) "Foreign activities" include loans and other revenues producing assets and transactions in which the debtor or customer, whether an affiliated or unaffiliated person, is domiciled outside the United States.

(2) The term "revenue" includes the total of the amount reported at §§ 210.9-04.5 and 210.9-04.13.

(3) A "significant geographic area" is one in which assets or revenue or income before income tax or net income exceed 10 percent of the comparable amount as reported in the financial statements.

§ 210.9-06 Condensed financial information of registrant.

The information prescribed by § 210.12-04 shall be presented in a note to the financial statements when the restricted net assets (§ 210.4-08(e)(3)) of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. The investment in and indebtedness of and to bank subsidiaries shall be stated separately in the condensed balance sheet from amounts for other subsidiaries; the amount of cash dividends paid to the registrant for each of the last three years by bank subsidiaries shall be stated separately in the condensed income statement from amounts for other subsidiaries. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party (i.e., lender, regulatory agency, foreign government, etc.). Where restrictions on the amount of funds which may be loaned or advanced differ from the amount restricted as to transfer in the form of cash dividends, the amount least restrictive to the subsidiary shall be used. Redeemable preferred stocks (§ 210.5-02.28) and minority interests shall be deducted in computing net assets for purposes of this test.

* * * * *

§ 210.9-07 Schedules.

(a) The following schedules, which should be examined by an independent accountant, should be filed unless the required information is not applicable or is presented in the related financial statements.

Schedule I—Indebtedness to Related Parties. The schedule prescribed by § 210.12-05 should be filed for each period for which an income statement is required in support of the amounts required to be reported by § 210.9-03.15(4) unless such aggregate amount does not exceed 5 percent of stockholders' equity at either the beginning or the end of the period.

Schedule II—Guarantees of Securities of Other Issuers. The schedule prescribed by § 210.12-08 should be filed as of the date of the most recent audited balance sheet with respect to any guarantees of securities of other issuers by the person for which the statements are being filed.

2. By revising § 210.12-01 as follows:

Form and Content of Schedules

General

§210.12-01 Application of §§ 210.12-01, to 210.12-29.

These sections prescribe the form and content of the schedules required by §§ 210.5-04, 210.6-10, 210.6-13, 210.6-24, 210.6-34, 210.7-05 and 210.9-07.

PART 231—INTERPRETIVE RELEASES RELATING TO THE SECURITIES ACT OF 1933 AND GENERAL RULES AND REGULATIONS THEREUNDER

3. By revising the Securities Act Industry Guide 3 (Statistical Disclosure by Bank Holding Companies) of Part 231 by adding new Item VII and by revising the general instructions and the remaining items. The full text of the revised industry guide, as proposed, is set out below.

Guide 3—Statistical Disclosure By Bank Holding Companies

General Instructions

1. This Guide applies to the description of business portions of those bank holding company registration statements for which financial statements are required.

2. Information furnished in accordance with this Guide should generally be presented in tabular form in the order appearing below. However, an alternative presentation, such as inclusion of the information in Management's Discussion and Analysis, may be used if in management's opinion such presentation would be more meaningful to investors.

3. When the term "reported period" is used in the Guide, it refers to each of the periods described below:

(a) Each of the last three fiscal years of the registrant, except as is provided in paragraphs (b) and (c) below;

(b) Each of the last five fiscal years of the registrant with respect to Items III and IV, except as is provided in paragraph (c) below;

(c) Each of the last two fiscal years with respect to all items, if the registrant had assets of less than $200,000,000 or net worth of $10,000,000 or less as of the end of its latest fiscal year; and

(d) Any additional interim period necessary to keep the information from being misleading.

The reported period shall not include an additional interim period under paragraph (d) above merely because an income statement is presented for such additional interim period, but the reported period shall include such an additional period if a material change in the information presented or the trend evidenced thereby has occurred.

4. Unless otherwise indicated, averages called for by the Guide are daily averages. Where the collection of data on a daily average basis would involve unwarranted or undue burden or expense, weekly or month-end averages may be used, provided such averages are representative of the operations of the registrant. The basis used for presenting averages need be stated only if not presented on a daily average basis.

5. Some of the information called for by the Guide which is prospective in nature may not be available on a historical basis. The staff should be advised of such situations prior to filing and if the requested information is unavailable and cannot be compiled without unwarranted or undue burden or expense, the requirement that such information be furnished may be waived. If possible, reasonably comparable date should be furnished instead. If certain requested information will not be available with respect to periods to be covered in future filings subject to the Guide, this should also be brought to the staff's attention.

6. The disclosure requirements of the Guide are also applicable to foreign registrants to the extent the requested information is available. If the information is unavailable and cannot be compiled without unwarranted or undue burden or expense, this should be brought to the staff's attention.

Note.—In evaluating the reasonableness of assertions by registrants that the compilation of requested information, such as historical data or daily averages, would involve an unwarranted or undue burden or expense, the staff takes into consideration, among other factors, the size of the registrant, the estimated costs of compiling the data the electronic data, processing capacity of the registrant and efforts in process to obtain the information in future periods.

7. In various places throughout this Guide, disclosure is called for regarding certain "foreign" data. For purposes of this Guide, this information need not be presented unless the registrant is required to make separate disclosures concerning its foreign activities in its consolidated financial statements pursuant to the test set forth in § 210.9-05 of Regulation S-X.

I. Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates and Interest Differential

A. *For each reported period present, average balance sheets.* The format of the average balance sheets may be condensed from the detail required by the financial statements provided that the condensed average balance sheets indicate the significant categories of assets and liabilities, including all major categories of interest-earning assets and interest-bearing liabilities. Major categories of interest-earning assets should include loans, taxable investment securities, non-taxable investment securities, interest-bearing deposits in other banks, Federal funds sold and securities purchased with agreements to resell, other short-term investments, and other (specify if significant). Major categories of interest-bearing liabilities should include savings deposits, other time deposits, short-term debt, long-term debt and other (specify if significant).

B. *For each reported period, present an anlaysis of net interest earnings as follows:*

1. For each major category of interest-earning asset and each major category of interest-bearing liability, the average amount outstanding during the period and the interest earned or paid on such amount.

2. The average yield for each major category of interest-bearing asset.

3. The average rate paid for each major category of interest-bearing liability.

4. The average yield on all interest-earning assets and the average effective rate paid on all interest-bearing liabilities.

5. The net yield on interest-earning assets (net interest earnings divided by total interest-earning assets, with net interest earnings equaling the difference between total interest earned and total interest paid).

6. This analysis may, at the option of the registrant, be presented in connection with the average balance sheet required by paragraph A.

C. *For the latest two fiscal year present (1) the dollar amount of change in interest income and (2) the dollar amount of change in interest expense.* The changes should be segregated for each major category of interest-earning asset and interest-bearing liability into amounts attributable to (a) changes in volume (changes in volume times old rate), (b) changes in rates (change in rate times old volume), and (c) changes in rate-volume (change in rate times the change in volume). The rate/volume variances should be allocated on a consistent basis between rate and volume variance and the basis of allocation disclosed in a note to the table.

Instructions. (1) Explain how nonaccruing loans have been treated for purposes of the analyses required by paragraph B.

(2) In the calculation of the changes in the interest income and interest expense, any out-of-period items and adjustments should be excluded and the types and amounts of items excluded disclosed in a note to the table.

(3) If loan fees are included in the interest income computation, the amount of such fees should be disclosed, if material.

(4) Tax exempt income may be calculated on a tax equivalent basis. A

brief note should describe the extent of recognition of exemption from Federal, state and local taxation and the combined marginal or incremental rate used.

(5) If disclosure regarding foreign activities is required pursuant to General Instruction 7 of this Guide, the information required by paragraph A, B and C of Item I should be further segregated between domestic and foreign activities for each significant category of assets and liabilities disclosed pursuant to paragraph A. In addition, for each reported period, present separately, on the basis of averages, the percentage of total assets and total liabilities attributable to foreign activities.

II. Investment Portfolio

A. As of the end of each reported period, present the book value of investments in obligations of (1) the U.S. Treasury and other U.S. Government agencies and corporations; (2) States of the U.S. and political subdivisions; and (3) other securities including bonds, notes, debentures and stock of business corporations, foreign governments and political subdivisions, intergovernmental agencies and the Federal Reserve Bank.

B. As of the end of the latest reported period, present the amount of each investment category listed above which is due (1) in one year or less, (2) after one year through five years, (3) after five years through ten years, and (4) after ten years. In addition, state the weighted average yield for each range of maturities.

Instruction. State whether yields on tax exempt obligations have been computed on a tax equivalent basis. (See Instruction (4) to Item I.) Any major changes in the tax-exempt portfolio should be discussed hereunder.

C. As of the end of the latest reported period, state the name of any issuer, and the aggregate book value and aggregate market value of the securities of such issuer, when the aggregate book value of such securities exceeds ten percent of stockholders' equity.

Instruction. The term "issuer" has the meaning given in section 2(4) of the Securities Act of 1933, except that debt securities issued by a state of the United States and its political subdivisions and agencies which are payable from and secured by the same source of revenue or taxing authority shall be considered to be securities of a single issuer. This information does not have to be provided for securities of the U.S. Government and U.S. Government agencies and corporations. Consideration should be given to disclosure of risk characteristics of the securities of an issuer and of differences in risk characteristics of different issues of securities of an issuer as may be appropriate.

III. Loan. Portfolio

A. *Types of Loans.* As of the end of each reported period, present separately the amount of loans in each category listed below. Also show the total amount of all loans for each reported period which amounts should be the same as those shown on the balance sheets.

Domestic:

1. Commercial, financial and agricultural;
2. Real estate—construction;
3. Real estate—mortgage;
4. Installment loans to individuals;
5. Lease financing.

Foreign:

6. Governments and official institutions:
7. Banks and other financial institutions;
8. Commercial and industrial;
9. Other loans.

Instructions. A series of categories other than those specified above may be used to present details of loans if considered a more appropriate presentation. Furthermore, additional details of loans by category, or separate disclosure of other loan categories may be necessary or appropriate in some circumstances, to show unusual risk or uncertainties such as a substantial portion of total loans which are concentrated in one or a few industries or foreign countries.

B. *Maturities and Sensitivity to Changes in Interest Rates.* As of the end of the latest fiscal year reported on, present separately the amount of loans in each category listed in paragraph A (except that this information need not be presented for categories 3, 4 and 5, and categories 6 through 9 may be aggregated) which are: (1) Due in one year or less, (2) due after one year through five years and (3) due after five years. In addition present separately the total amount of all such loans due after one year which (a) have predetermined interest rates and (b) have floating or adjustable interest rates.

Instructions. (1) Scheduled repayments should be reported in the maturity category in which the payment is due.

(2) Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts should be reported as due in one year or less.

(3) Determinations of maturities should be based upon contract terms. However, such terms may vary due to the registrant's "rollover policy," in which case the maturity should be revised as appropriate and the rollover policy should be briefly discussed.

C. *Nonperforming Loans.* As of the end of each reported period, state the aggregate amount of loans in each of the following categories for: (a) Loans accounted for on a nonaccrual basis; (b) loans which are contractually past due 90 days or more as to interest or principal payments (but not included in the non-accrual loans in (a) above); (c) loans, the terms of which have been renegotiated to provide a reduction or deferral of interest or principal because of a deterioration in the financial position of the borrower (exclusive of loans in (a) or (b) above); and (d) loans now current where there are serious doubts as to the ability of the borrower to comply with present loan repayment terms. In connection with (d), a separate discussion of the risk elements associated with such loans, including the relative magnitude of such risks, shall be given.

Instructions. (1) Loans in categories 4 and 5 of paragraph A need not be considered for disclosure pursuant to paragraph C unless the total amount which would be excluded exceeds 10 percent of total loans.

(2) A renewal of a loan at maturity on current market terms will not be considered a renegotiation for purposes of clause (c) of paragraph C.

(3) A loan remains in the category described in clause (c) until time as the terms are substantially equivalent to terms on which loans with comparable risks are being made.

(4) If a substantial portion of the loans stated pursuant to paragraph C are concentrated in one or a few industries, separate disclosure of the information required by this paragraph should be provided for such loans.

(5)The registrant may use different criteria and may present quantitative information in a different manner than described above if such presentation more effectively identifies and communicates the present risk elements in the loan portfolio.

IV. Summary of Loan Loss Experience

(A) An analysis of loss experience shall be furnished in the following format for each reported period:

ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES

	Reported period
Balance at beginning of period	$X.
Charge-offs:	
Domestic:	
Commercial, financial and agricultural	X.
Real estate-construction	X.
Real estate-mortgage	X.
Installment loans to individuals	X.
Lease financing	X.
Foreign	X.
	X.
Recoveries:	
Domestic:	
Commercial, financial and agricultural	X.
Real estate-construction	X.
Real estate-mortgage	X.
Installment loans to individuals	X.
Lease financing	X.
Foreign	X.
	X.
Net charge-offs	X.
Additions charged to operations	X.
Balance at end of period	$X.
Ratio of net charge-offs during the period to average loans outstanding during the period	X.

Instructions. (1) The above table is not intended to mandate a specific format for disclosure of this information. Registrants are encouraged to experiment with various disclosure formats in the interest of effective communication of this data; however, all the required information must be given.

(2) For each period presented, describe briefly the factors which influenced management's judgment in determining the amount of the additions to the allowance charged to operating expense. A statement that the amount is based on management's judgment will not be sufficient.

(3) If, in accordance with the instructions to paragraph III–A, information concerning loans has been presented in categories other than those specified in that paragraph, those other categories should be used to present the disclosures called for under this paragraph.

(4) If the registrant is required to present separate data as to its foreign activities pursuant to General Instruction 7 to this Guide, disclosure must be provided as to the changes in the allowance for loan losses applicable to loans related to foreign activities, including the balances at the beginning and end of the periods, charge-offs, recoveries, and additions charged to operations.

B. At the end of each reported period, furnish a breakdown of the allowance for loan losses in the following format:

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

Balance at end of period applicable to	Reported period	
	Amount	Percent of loans in each category to total loans
Domestic	$x	x.
Commercial, financial and agricultural.	x	x.
Real estate-construction	x	x.
Real estate-mortgage	x	x.
Installment loans to individuals	x	x.
Lease financing	x	x.
Foreign	x	x.
Unallocated	x	N/A
	x	$00

Instructions. (1) See instructions (1) and (3) to paragraph A above.

(2) In lieu of the breakdown of the allowance for loan losses by loan category called for above, the registrant may furnish a narrative discussion of the risk elements in the loan portfolio and the factors considered in determining the amount of the allowance for loan losses. The discussion may be extended to risk elements associated with particular loan categories or subcategories. Information should also be furnished as to the approximate anticipated amount of chargeoffs by category during the next full year of operation.

V. Deposits

A. For each reported period, present separately the average amount of and the average rate paid on each of the following deposit categories which are in excess of 10 percent of average total deposits:

Deposits in domestic bank offices:

(1) Noninterest bearing demand deposits.

(2) Interest bearing demand deposits.

(3) Savings deposits.

(4) Time deposits.

Deposits in foreign banking offices:

(5) Banks located in foreign countries (including foreign branches of other U.S. banks).

(6) Foreign governments and official institutions.

(7) Other foreign demand deposits.

(8) Other foreign time and savings deposits.

B. Categories other than those specified for deposits in domestic bank offices above may be used to present the types of domestic deposits if they more appropriately describe the nature of the deposits.

C. If material, the registrant should disclose separately the aggregate amount of deposits by foreign depositors in domestic offices. Identification of the nationality of the depositors is not required.

D. As of the end of the latest reported period, state the amount outstanding of (1) time certificates of deposit in amounts of $100,000 or more and (2) other time deposits of $100,000 or more issued by domestic offices by time remaining until maturity of 3 months or less; over 3 through 6 months; over 6 through 12 months; and over 12 months.

E. As of the end of the latest reported period, state the amount outstanding of time certificates of deposits and other time deposits in amount of $100,000 or more issued by foreign offices. If the aggregate of such certificates of deposit and time deposits in amounts exceeding $100,000 represents a majority of total foreign deposit liabilities, the disclosure need not be given, provided that there is a statement that a majority of deposits were in amounts in excess of $100,000.

VI. Return of Equity and Assets

For each reported period, present the following:

(1) Return on assets (net income divided by average total assets).

(2) Return on equity (net income divided by average equity).

(3) Dividend payout ratio (dividends declared per share divided by net income per share).

(4) Equity to assets ratio (average equity divided by average total assets).

Instructions. (1) If mandatorily redeemable preferred stock is outstanding, furnish the ratios required under (2) and (4) above in a dual presentation including and excluding such stock in the calculations.

(2) Registrants should supply any other ratios which they deem necessary to explain their operations.

VII. Short-Term Borrowings

For each reported period, present the following information for each category of short-term borrowings reported in the financial statements pursuant to § 210.9–04.11:

(1) The amounts outstanding at the end of the reported period, the weighted average interest rate thereon, and the general terms thereof;

(2) The maximum amount of borrowings in each category outstanding at any month-end during each reported period;

(3) The approximate average amounts outstanding during each reported period and the approximate weighted average interest rate thereon.

Instruction. This information is not required to be given for any category of short-term borrowings for which the average balance outstanding during the period was less than 30 percent of stockholders' equity at the end of the period.

4. By amending Part 231 by adding this release, Release No. 33-6458 (March 7, 1983) to the list of interpretive releases set forth thereunder.

PART 241—INTERPRETIVE RELEASES RELATING TO THE SECURITIES EXCHANGE ACT OF 1934 AND GENERAL RULES AND REGULATIONS THEREUNDER

5. By conforming Exchange Act Industry Guide 3 [Statistical Disclosure by Bank Holding Companies] to the amendments proposed for Securities Act Industry Guide 3.

6. By amending Part 241 by adding this release, Release No. 34-19570 (March 7, 1983) to the list of interpretive releases set forth thereunder.

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

7. By revising paragraph (b)(1) of § 240.14a-3 to read as follows:

§ 240.14a-3 Information to be furnished to security holders.

* * * * *

(b) * * *

(1) The report shall include, for the registrant and its subsidiaries consolidated, audited balance sheets as of the end of each of the two most recent fiscal years and audited statements of income and changes in financial position for each of the three most recent fiscal years prepared in accordance with Regulation S-X (Part 210 of this chapter), except that the provisions of Article 3 (other than § 210.3-03(e), 210.3-04 and 210.3-20) and Article 11 shall not apply. Any financial statement schedules or exhibits or separate financial statements which may otherwise be required in filings with the Commission may be omitted. Investment companies registered under the Investment Company Act of 1940 need include financial statements only for the last fiscal year except for statements of changes in net assets which are to be filed for the two most recent fiscal years. If the financial statements of the registrant and its subsidiaries consolidated in the annual report filed or to be filed with the Commission are not required to be audited, the financial statements required by this paragraph may be unaudited.

* * * * *

8. By revising paragraph (a)(1) of § 240.14c-3 to read as follows:

§ 240.14c-3 Annual report to be furnished security holders.

(a) * * *

(1) The report shall include, for the registrant and its subsidiaries consolidated, audited balance sheets as of the end of each of the two most recent fiscal years and audited statements of income and changes in financial position for each of the three most recent fiscal years prepared in accordance with Regulation S-X (Part 210 of this chapter), except that the provisions of Article 3 (other than § 210.3-03(e), 210.3-04 and 210.3-20) and Article 11 shall not apply. Any financial statement schedules or exhibits or separate financial statements which may otherwise be required in filings with the Commission may be omitted. Investment companies registered under the Investment Company Act of 1940 need include financial statements only for the last fiscal year except for statements of changes in net assets which are to be filed for the two most recent fiscal years. If the financial statements of the registrant and its subsidiaries consolidated in the annual report filed or to be filed with the Commission are not required to be audited, the financial statements required by this paragraph may be unaudited.

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Authority

These amendments are being adopted pursuant to the authority in Sections 6, 7, 8, 10 and 19(a) [15 U.S.C. 77f, 77g, 77h, 77j, 77s] of the Securities Act of 1933; Sections 12, 13, 15(d) and 23(a) [15 U.S.C. 78l, 78m, 78o(d), 78w] of the Securities Exchange Act of 1934; Sections 5(b), 14 and 20(a) [15 U.S.C. 79e, 79n, 79t] of the Public Utility Holding Company Act of 1935; and Sections 8, 30, 31(c) and 38(a) [15 U.S.C. 80a-8, 80a-29, 80a-30(c), 80a-37(a)] of the Investment Company Act of 1940.

As required by Section 23(a)(2) of the Securities Exchange Act, the Commission has specifically considered the impact that the amendments will have on competition. The Commission finds that compliance with the amendments will not impose a burden on competition.

By the Commission.

George A. Fitzsimmons,
Secretary.

March 7, 1983.

[FR Doc. 83-6832 Filed 3-15-83; 8:45 am]
BILLING CODE 8010-01-M

ENVIRONMENTAL PROTECTION AGENCY

21 CFR Parts 193 and 561

[FAP 1H5321/R139, PH-FRL 2321-8]

Tolerances for Pesticides in Food and in Animals Administered by the Environmental Protection Agency; Dicamba

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: This rule establishes food and feed additive regulations to permit the combined residues of the herbicide dicamba and its metabolite in or on certain food and feed commodities. This regulation to establish maximum permissible levels for the combined residues of the pesticide in or on the commodities was requested, pursuant to a petition, by Velsicol Chemical Corporation.

EFFECTIVE DATE: March 16, 1983.

ADDRESS: Written objections may be submitted to the: Hearing Clerk (A-110), Environmental Protection Agency, Rm. 3708, 401 M St., SW., Washington, D.C. 20460.

FOR FURTHER INFORMATION CONTACT: Robert Taylor, Product Manager (PM) 25, Registration Division (TS-767C), Office of Pesticide Programs, Environmental Protection Agency, Rm. 245, CM#2, 1921 Jefferson Davis Highway, Arlington, VA 22202, (703-557-1800).

SUPPLEMENTARY INFORMATION: EPA issued a notice, published in the **Federal Register** of October 27, 1981 (46 FR 52417), that announced that Velsicol Chemical Corp., 341 East Ohio St. Chicago, Illinois 60611, had filed food/feed additive petition 1H5321 with the EPA. This petition proposed the establishment of a food and a feed additive regulations for the combined residues of the herbicide dicamba (3,6-dichloro-*o*-anisic acid) and its sugarcane metabolite (3,6-dichloro-5-hydroxy-*o*-anisic acid in or on sugarcane molasses at 0.5 ppm.

The petitioner subsequently amended the petition to propose the establishment of food and feed additive regulations for the combined residues of the herbicide dicamba (3,6-dichloro-*o*-anisic acid) and its sugarcane metabolite 3,6-dichloro-5-hydroxy-*o*-anisic acid in or on sugarcane molasses at 2.0 ppm.

No comments were received in response to this notice of filing.

The data submitted in the petition and other relevant material have been evaluated and discussed in a related document [1F2569/R539] establishing