

holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States. Additional information on all bank holding companies may be obtained from the National Information Center website at www.ffiec.gov/nic/.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than January 7, 2002.

A. Federal Reserve Bank of San Francisco (Maria Villanueva, Consumer Regulation Group) 101 Market Street, San Francisco, California 94105-1579;

1. *CBA Bancshares, Inc.*, Minneapolis, Minnesota; to become a bank holding company by acquiring 100 percent of the voting shares of Community Bank of Arizona, Wickenburg, Arizona.

Board of Governors of the Federal Reserve System, December 7, 2001.

Robert deV. Frierson,

Deputy Secretary of the Board.

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FEDERAL RESERVE SYSTEM

Notice of Proposals to Engage in Permissible Nonbanking Activities or to Acquire Companies that are Engaged in Permissible Nonbanking Activities

The companies listed in this notice have given notice under section 4 of the Bank Holding Company Act (12 U.S.C. 1843) (BHC Act) and Regulation Y (12 CFR Part 225) to engage *de novo*, or to acquire or control voting securities or assets of a company, including the companies listed below, that engages either directly or through a subsidiary or

other company, in a nonbanking activity that is listed in § 225.28 of Regulation Y (12 CFR 225.28) or that the Board has determined by Order to be closely related to banking and permissible for bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

Each notice is available for inspection at the Federal Reserve Bank indicated. The notice also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act. Additional information on all bank holding companies may be obtained from the National Information Center website at www.ffiec.gov/nic/.

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than December 27, 2001.

A. Federal Reserve Bank of Minneapolis (JoAnne F. Lewellen, Assistant Vice President) 90 Hennepin Avenue, Minneapolis, Minnesota 55480-0291:

1. *Provincial Corp.*, Lakeville, Minnesota; to engage *de novo*, through AmericEd Financial Services, LLC, Lakeville, Minnesota, in the origination and sale of government guaranteed student loans, pursuant to § 225.28(b)(1) of Regulation Y.

Board of Governors of the Federal Reserve System, December 7, 2001.

Robert deV. Frierson,

Deputy Secretary of the Board.

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FEDERAL RESERVE SYSTEM

[Docket Nos. R-1107, R-1108, R-1109, and R-1110]

Policy Statement on Payments System Risk

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Policy statement.

SUMMARY: The Board has revised its Policy Statement on Payments System Risk (PSR policy) to modify the net debit cap calculation for U.S. branches and agencies of foreign banks, to modify the time electronic check presentments are posted to depository institutions' Federal Reserve accounts for purposes of measuring daylight overdrafts, and to incorporate, with minor modifications, its interim policy that allows certain depository institutions to pledge

collateral to the Federal Reserve in order to access additional daylight overdraft capacity above their net debit caps. These changes to the policy should benefit the few financially healthy institutions that have been constrained by their net debit caps by increasing their daylight overdraft capacity and should remove a potential impediment to the use of electronic check presentment. The Board has also removed provisions from the PSR policy that are now addressed in the Reserve Banks' Automated Clearing House operating circular. Finally, the Board has decided to retain the \$50 million limit on the value of book-entry securities transfers.

DATES: The revised PSR policy is effective December 10, 2001 with the following exceptions: (1) revisions to the criteria used to determine the U.S. capital equivalency measure for foreign banking organizations will take effect on February 21, 2002 and (2) the modification to post electronic check presentments to depository institutions' Federal Reserve accounts at 1 p.m. local time will take effect on April 1, 2002.

FOR FURTHER INFORMATION CONTACT: Paul Bettge, Associate Director (202/452-3174), Stacy Coleman, Manager (202/452-2934), or Connie Horsley, Senior Financial Services Analyst (202/452-5239), Division of Reserve Bank Operations and Payment Systems.

SUPPLEMENTARY INFORMATION:

I. Background

The Board recently conducted a review of its PSR policy to evaluate the effectiveness of its daylight credit policies, recognizing that significant changes have occurred in the banking, payments, and regulatory environment in the past few years. The Board's daylight credit policies addressed net debit caps, capital measures, the daylight overdraft fee, the book-entry securities transfer limit, interaffiliate transfers, third-party access to Fedwire, counseling, ex post and real-time monitoring, and the posting rules.¹ In addition, the Board evaluated further changes to the rate charged on average daily daylight overdrafts in depository institutions' Federal Reserve accounts.²

¹ As part of its review, the Board rescinded its policies on Fedwire third-party access effective April 9, 2001 (66 FR 19165, April 13, 2001) and interaffiliate transfers effective January 1, 2002 (66 FR 30198, June 5, 2001).

² In October 1992, the Board approved charging a fee for daylight overdrafts, which was to be phased in as 24 basis points in 1994, 48 basis points in 1995, and 60 basis points in 1996 (57 FR 47084, October 14, 1992). In March 1995, however, the Board decided to raise the daylight overdraft fee to