

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

December 18, 2002

**BANKING SUPERVISION AND REGULATION:
FINAL REGULATION W, FINAL RULE, AND
REQUEST FOR COMMENT**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Final Regulation W (Docket R-1103)

The Federal Reserve Board published a final Regulation W that comprehensively implements sections 23A and 23B of the Federal Reserve Act. Sections 23A and 23B and Regulation W restrict loans by a depository institution to its affiliates, asset purchases by a depository institution from its affiliates, and other transactions between a depository institution and its affiliates. Regulation W unifies in one public document the Board's interpretations of sections 23A and 23B.

The final Regulation W is effective April 1, 2003.

The Board also is publishing a final rule that rescinds, as of April 1, 2003, the Board's existing formal interpretations of sections 23A and 23B, because they have been incorporated into Regulation W.

Request for Comment (Docket R-1135)

In addition, the Board is seeking public comment on a proposed rule that would prevent a depository institution from using an exemption in Regulation W for the purchase of extensions of credit from an affiliate if purchases made under the exemption exceeded 100 percent of the institution's capital.

Comment is requested by January 13, 2003. All of the above notices are available on the Board's web site at <http://www.federalreserve.gov/boarddocs/press/bcreg/2002/20021127/default.htm>.

E-Notification

The Federal Reserve Bank of San Francisco will notify depository institutions by e-mail of new Banking Supervision and Regulation circular letters recently posted on the Twelfth District Federal Reserve Bank web site. We will discontinue hardcopy mailings of circular letters after December 30, 2002. We will e-mail a summary of the letter as well as a link to the full text of the letter and its attachments to view and print. To subscribe to this free service, simply visit our web site at <http://www.frbsf.org/banking/> and click on the E-Notification logo.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>. Paper copies of the Board's notices are available from our Corporate Services Department. To request copies to be sent by mail, please call (415) 974-2060.

For additional information about Regulation W, please contact our Legal Department at (415) 974-2210.