

8. The participant must certify that the specifics of the arrangement will allow the participant to comply with all applicable state and federal laws and regulations governing the participant, including, for example, retaining and making accessible records in accordance with the regulations adopted under the Bank Secrecy Act.

9. The participant's primary supervisor(s) must affirmatively state in writing that it does not object to the arrangement.

10. The participant must have in place an adequate audit program to review the arrangement at least annually to confirm that these requirements are being met. In addition, in the case of an arrangement involving a foreign service provider, both the participant and the foreign service provider must have in place an adequate audit program that addresses Fedwire operations. Audit reports in English must be made available to the Federal Reserve and the participant's primary supervisor(s) in the United States.

11. In the case of a service provider located within the United States, the service provider must be subject to examination by the appropriate federal depository institution regulatory agency(ies).³

In the case of a service provider located outside the United States, the service provider must be subject to the supervision of a home country bank supervisor. In its review of a proposed foreign service provider arrangement, the Federal Reserve will consider the extent to which the service provider's home country supervisor (1) oversees banks on a consolidated basis, (2) is familiar with supervising payment systems activities, (3) is willing to examine the Fedwire operations at the service provider, and (4) has demonstrated a willingness to work closely with U.S. banking authorities in addressing supervisory problems. In addition, the home country supervisor, the participant, and the service provider must agree to permit the participant's primary supervisor(s) to conduct on-site reviews of the Fedwire operations at the foreign service provider.⁴ The participant and the service provider must agree to make all policies, procedures, and other documentation

³The U.S. federal depository institution regulatory agency(ies) must be able to examine any aspects of the service provider as may be necessary to assess the adequacy of the operations and financial condition of the service provider.

⁴If a participant proposes to conduct its Fedwire processing at a foreign site outside the home country of the service provider, both the home country and host country supervisors would need to permit the participant's primary supervisor(s) to review the Fedwire operations.

relating to Fedwire operations, including those related to internal controls and data security requirements, available to the Federal Reserve and the participant's primary supervisor(s) in English.

12. The participant and the service provider(s) must execute an agreement with the relevant Reserve Bank(s) incorporating these conditions.

The participant's Federal Reserve Bank is responsible for approving each proposed Fedwire third-party access arrangement. The Directors of the Board's Division of Reserve Bank Operations and Payment Systems and Division of Banking Supervision and Regulation must concur with a proposed arrangement (1) in which the participant is not affiliated through at least 80 percent common ownership with the service provider and where the participant is owned by one of the 50 largest bank holding companies (based on consolidated assets), or (2) in which the service provider is located outside the United States. Approval of a foreign service provider arrangement would be conditioned on satisfactory findings of a review of both the participant's and the foreign service provider's Fedwire policies, procedures, and operations, which would be conducted by the Federal Reserve prior to the commencement of operations.

By order of the Board of Governors of the Federal Reserve System, January 24, 1996.
William W. Wiles,
Secretary of the Board.

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BILLING CODE 6210-01-P

BancTenn Corp. et al.; Formations of; Acquisitions by; and Mergers of Bank Holding Companies

The companies listed in this notice have applied for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842) and § 225.14 of the Board's Regulation Y (12 CFR 225.14) to become a bank holding company or to acquire a bank or bank holding company. The factors that are considered in acting on the applications are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

Each application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank or to the offices of the Board of Governors. Any comment on an application that requests a hearing

must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing.

Unless otherwise noted, comments regarding each of these applications must be received not later than February 23, 1996.

A. Federal Reserve Bank of Atlanta (Zane R. Kelley, Vice President) 104 Marietta Street, N.W., Atlanta, Georgia 30303:

1. *BancTenn Corp.*, Kingsport, Tennessee; and Carter County Bancorp, Inc., Chattanooga, Tennessee; each to acquire a total of 12.495 percent of the voting shares of Cornerstone Community Bank (in organization), Chattanooga, Tennessee.

2. *Community Financial Group, Inc.*, Nashville, Tennessee; to become a bank holding company by acquiring 80 percent of the voting shares of The Bank of Nashville, Nashville, Tennessee.

Board of Governors of the Federal Reserve System, January 24, 1996.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 96-1647 Filed 1-29-96; 8:45 am]

BILLING CODE 6210-01-F

First Bankshares of Las Animas, Inc.; Notice of Proposal to Engage de novo in Permissible Nonbanking Activities

The company listed in this notice has given notice under § 225.23(a)(1) of the Board's Regulation Y (12 CFR 225.23(a)(1)) for the Board's approval under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.21(a) of Regulation Y (12 CFR 225.21(a)) to commence or to engage *de novo*, either directly or through a subsidiary, in a nonbanking activity that is listed in § 225.25 of Regulation Y as closely related to banking and permissible for bank holding companies. Unless otherwise noted, such activities will be conducted throughout the United States.

The notice is available for immediate inspection at the Federal Reserve Bank indicated. Once the notice has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether commencement of the activity can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue