

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank 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 February 12, 2007.

A. Federal Reserve Bank of Atlanta (Andre Anderson, Vice President) 1000 Peachtree Street, NE., Atlanta, Georgia 30303:

1. *ATB Management, LLC*, Birmingham, Alabama; to become a bank holding company by acquiring control of ATB Holdings, LLC, Birmingham, Alabama, and thereby indirectly acquiring Alabama Trust Bank, N.A., Sylacauga, Alabama.

B. Federal Reserve Bank of Kansas City (Donna J. Ward, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *Country Bank Shares, Inc.*, Milford, Nebraska; to acquire 100 percent of the voting shares of Mid-Nebraska Company, Inc., and thereby indirectly acquire Kearney State Bank and Trust Company, both in Kearney, Nebraska.

Board of Governors of the Federal Reserve System, January 12, 2007.

Robert deV. Frierson,
Deputy Secretary of the Board.

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FEDERAL RESERVE SYSTEM

[Docket No. OP-1259]

Policy on Payments System Risk

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Policy Statement.

SUMMARY: The Board has adopted several revisions to Part I of its Policy on Payments System Risk (PSR policy) addressing risk management in payments and settlement systems. Specifically, the Board has (1) incorporated into the PSR policy the Recommendations for Central Counterparties (Recommendations for CCP) as the Board's minimum standards for central counterparties, (2) clarified the purpose of Part I of the policy and revised its scope with regard to central counterparties, and (3) established an expectation that systemically important systems subject to the Board's authority disclose publicly self-assessments against the Core Principles for Systemically Important Payment Systems (Core Principles), Recommendations for Securities Settlement Systems (Recommendations for SSS), or Recommendations for CCP, as appropriate, demonstrating the extent to which these systems meet the principles or minimum standards.

EFFECTIVE DATE: January 19, 2007. The Board expects each systemically important payments and settlement system subject to its authority to complete and publish its initial self-assessment by December 31, 2007.

FOR FURTHER INFORMATION CONTACT: Jeff Stehm, Deputy Associate Director (202/452-2217), Division of Reserve Bank Operations and Payment Systems, or Jennifer Lucier, Financial Services Project Leader (202/872-7581), Division of Reserve Bank Operations and Payment Systems; for the hearing impaired only: Telecommunications Device for the Deaf, 202/263-4869.

SUPPLEMENTARY INFORMATION:

I. Background

On June 22, 2006, the Board requested comment on proposed revisions to Part I of the PSR policy, which addresses risk management in payments and settlement systems.¹ The key aspects of

the proposal included the (1) incorporation of the Recommendations for CCP as the Board's minimum standards for central counterparties, (2) the clarification of the purpose of Part I of the policy and revisions to its scope with regard to central counterparties, and (3) the establishment of an expectation that systemically important systems subject to the Board's authority disclose publicly self-assessments against the Core Principles, the Recommendations for SSS, or the Recommendations for CCP, as appropriate.² The proposed changes did not affect Part II of the PSR policy.

The Board proposed these revisions to update the policy to incorporate new international risk management standards for central counterparties. As discussed in more detail in the proposal, at the time the Board last revised Part I of the policy, the Federal Reserve was working with the CPSS and IOSCO to finalize the Recommendations for CCP.³ These recommendations established minimum standards for central counterparty risk management, operational reliability, efficiency, governance, transparency, and regulation and oversight. At the time it incorporated the Core Principles and Recommendations for SSS into the PSR policy, the Board noted it would review the Recommendations for CCP at a later time and determine whether it would be appropriate to incorporate them into its PSR policy. The Board has considered the comments and is incorporating the Recommendations for CCP into the policy to highlight the importance of central counterparties to the financial markets and to demonstrate the Board's desire to encourage the use of the Recommendations for CCP globally in cooperation with other domestic and foreign financial system authorities. In light of this change, the Board has clarified the purpose of Part I of the

² The G-10 central banks' Committee on Payment and Settlement Systems (CPSS) published in 2001 the Core Principles to foster safety and efficiency in the design and operation of systemically important payments systems. The Recommendations for SSS and Recommendations for CCP were developed by the CPSS in conjunction with the Technical Committee of the International Organization of Securities Commissions (IOSCO) in 2001 and 2004, respectively. The Recommendations for SSS set forth minimum standards promoting safety and efficiency in securities settlement systems, while the minimum standards set forth in the Recommendations for CCP focus specifically on central counterparty risk management.

³ Final recommendations were issued in November 2004. In addition to the Federal Reserve, the Securities and Exchange Commission and the Commodity Futures Trading Commission also participated in the development of the Recommendations for CCP. The full report on the Recommendations for CCP is available at <http://www.bis.org/publ/cpss64.htm>.

¹ 71 FR 36800 (June 28, 2006).