FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 77-108
September 27, 1977

RULES REGARDING DELEGATION OF AUTHORITY

TO ALL MEMBER BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Enclosed is a copy of the Rules Regarding Delegation of Authority of the Board of Governors of the Federal Reserve System, as amended effective September 1, 1977 (the effective date indicated on page 3 of the pamphlet is incorrect).

Member banks and others who maintain Regulations Binders should file the pamphlet in their binders. The pamphlet dated September 30, 1975 and all amendments should be removed from your binders and destroyed.

Any questions concerning Rules Regarding Delegation of Authority should be directed to Robert Smith, III, Assistant Vice President and Secretary, Ext. 6207.

Additional copies of this amendment will be furnished upon request to the Secretary's Office of this Bank, Ext. 6267.

Sincerely yours,

Robert H. Boykin

First Vice President

Enclosure

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-492-4403 (intrastate) and 1-800-527-4970 (interstate). For calls placed locally, please use 651 plus the extention referred to above.

BOARD OF GOVERNORS
of the
FEDERAL RESERVE SYSTEM

RULES REGARDING DELEGATION OF AUTHORITY

(12 CFR 265)

As amended effective September 1, 1977

Any inquiry relating to this regulation should be addressed to the Federal Reserve Bank of the Federal Reserve District in which the inquiry arises.

CONTENTS

STATUTORY AUTHORITY

This regulation is issued under authority of section 11(k) of the Federal Reserve Act (12 U.S.C. 248(k)), which reads as follows:

Sec. 11. The Board of Governors of the Federal Reserve System shall be authorized and empowered:

* * * * *

(k) To delegate, by published order or rule and subject to the Administrative Procedure Act, any of its functions, other than those relating to rulemaking or pertaining principally to monetary and credit policies, to one or more hearing examiners, members or employees of the Board, or Federal Reserve Banks. The assignment of responsibility for the performance of any function that the Board determines to delegate shall be a function of the Chairman. The Board shall, upon the vote of one member, review action taken at a delegated level within such time and in such manner as the Board shall by rule prescribe.

RULES REGARDING DELEGATION OF AUTHORITY*

(12 CFR 265)

As amended effective June 10, 1977

SECTION 265.1—DELEGATION OF FUNCTIONS GENERALLY

Pursuant to the provisions of section 11(k) of the Federal Reserve Act (12 U.S.C. 248(k)), the Board of Governors of the Federal Reserve System delegates authority to exercise those of its functions described in this Part, subject to the limitations and guidelines herein prescribed. The Chairman of the Board of Governors assigns the responsibility for the performance of such delegated functions to the persons herein specified. A delegee may submit any matter to the Board for determination if the delegee considers such submission appropriate because of the importance or complexity of the matter.

SECTION 265.1a—SPECIFIC FUNCTIONS DELEGATED TO BOARD MEMBERS

(a) **Any Board member designated by the Chairman** is authorized:

(1) Under section (a)(6) of the Freedom of Information Act (5 U.S.C. § 552) and Part 261 of this Chapter (Rules Regarding Availability of Information) to review and make a determination with respect to an appeal of denial of access to records of the Board made in accordance with the procedures prescribed by the Board.

(2) To approve, after receiving the recommendations of the Director of the Division of Banking Supervision and Regulation and the General Counsel, amendments to any notice of charges, proposed order to cease and desist, or temporary cease-and-desist order, previously approved by the Board of Governors pursuant to the Financial Institutions Supervisory Act, 12 U.S.C. §§ 1818(b), (c) (Federal Deposit Insurance Act, §§ 8(b) and (c)).

(b) **Any Board member** is authorized, when requested by the Secretary of the Board, to act upon any request to the Board filed with the Secretary pursuant to section 263.10(e) of the Board's Rules of Practice for Formal Hearings (12 CFR 263) for special permission to appeal from a ruling of the presiding officer at any hearing conducted pursuant to such rules on any motion ruled upon by such presiding officer (provided, that if such special permission is granted the merits of the appeal shall thereupon be presented to the Board for decision). Notwithstanding the provisions of section 265.3 hereof, the denial of such special permission pursuant to this paragraph shall be subject to review by the Board only upon the request of a member of the Board made within two days following the denial. No person claiming to be adversely affected by such denial shall have any right to petition the Board or any Board member for review or reconsideration of such action.

SECTION 265.2—SPECIFIC FUNCTIONS DELEGATED TO BOARD EMPLOYEES AND TO FEDERAL RESERVE BANKS

(a) **The Secretary of the Board** (or, in the Secretary's absence, the Acting Secretary) is authorized:

(1) Under the provisions of Part 261 of this chapter, to make available, upon request, information in the records of the Board.

(2) Under the provisions of section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. 1842), to approve the formation of a bank holding company through the acquisition by a company of a controlling interest in the voting shares of one or more banks, if all of the following conditions are met:

(i) the Reserve Bank could approve such formation under subparagraph (22) of paragraph (f) of this section, except for the fact that condi-

*This text corresponds to the Code of Federal Regulations, Title 12, Chapter II, Part 265, cited as 12 CFR 265. The words "this Part," as used herein, mean Rules Regarding Delegation of Authority.

tion (iv) of that subparagraph has not been met because one of the following policy issues has been raised with respect to such formation:

(a) a director or senior officer of a bank which would become a subsidiary of the holding company proposed to be formed or a director or senior officer of the holding company proposed to be formed, is a director of a Federal Reserve Bank or branch.

(b) a director or senior officer of a bank which would become a subsidiary of the holding company proposed to be formed, or a director or senior officer of the holding company proposed to be formed, is a member of the Federal Advisory Council.

(c) an individual (or group of individuals) who is a principal in the holding company proposed to be formed is already a principal in another bank holding company.

(d) the Board has made a general determination that another policy issue raised by the proposal does not require Board consideration, but nevertheless makes it inappropriate for a Reserve Bank to approve the proposal.

(ii) all relevant divisions of the Board's staff recommend approval.

(3) Under the provisions of section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. 1842), to approve the acquisition by a bank holding company of a controlling interest in the voting shares of an additional bank, if all of the following conditions are met:

(i) the Reserve Bank could approve such acquisition under subparagraph (23) of paragraph (f) of this section, except for the fact that condition (iv) of that subparagraph has not been met because one of the following policy issues has been raised with respect to such acquisition:

(a) a director or senior officer of the holding company, of any subsidiary bank of the holding company or of any bank sought to be acquired, is a director of a Federal Reserve Bank or branch.

(b) a director or senior officer of the holding company, of any subsidiary bank of the holding company or of any bank sought to be acquired, is a member of the Federal Advisory Council.

(c) the Board has made a general determination that another policy issue raised by the proposal does not require Board consideration, but nevertheless makes it inappropriate for a Reserve Bank to approve the proposal.

(ii) all relevant divisions of the Board's staff recommend approval.

(4) Under the provisions of section 18(c) of the Federal Deposit Insurance Act (12 U.S.C 1828(c)), to approve a merger, consolidation, acquisition of assets or assumption of liabilities, where the resulting bank is a State member bank, if all of the following conditions are met:

(i) the Reserve Bank could approve such merger, consolidation, acquisition of assets or assumption of liabilities under subparagraph (28) of paragraph (f) of this section, except for the fact that condition (iv) of that subparagraph has not been met because one of the following policy issues has been raised with respect to such transaction:

(a) a director or senior officer of any bank involved in such transaction is a director of a Federal Reserve Bank or branch.

(b) a director or senior officer of any bank involved in such transaction is a member of the Federal Advisory Council.

(c) the Board has made a general determination that another policy issue raised by the proposal does not require Board consideration, but nevertheless makes it inappropriate for a Reserve Bank to approve the proposal.

(ii) all relevant divisions of the Board's staff recommend approval.

(5) Under the provisions of section 3(a)(5) of the Bank Holding Company Act (12 U.S.C. 1842), to approve the merger or consolidation of a bank holding company with any other bank holding company, if all of the following conditions are met:

(i) the Reserve Bank could approve such merger or consolidation under subparagraph (30) of paragraph (f) of this section, except for the fact that condition (iv) of that subparagraph has not been met because one of the following policy issues has been raised with respect to such merger of consolidation:

(a) a director or senior officer of any of the holding companies or of any of the subsidiary banks of the holding companies involved in such merger or consolidation is a director of a Federal Reserve Bank or branch.

(b) a director or senior officer of any of the holding companies or of any of the subsidiary banks of the holding companies involved in such merger or consolidation is a member of the Federal Advisory Council.

(c) the Board has made a general de-

termination that another policy issue raised by the proposal does not require Board consideration, but nevertheless makes it inappropriate for a Reserve Bank to approve the proposal.

(ii) all relevant divisions of the Board's staff recommend approval.

(6) Under the provisions of section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and sections 225.4(a)(1), (2), (3) and (9)(ii) of Regulation Y (12 CFR 225.(4a) (1), (2), (3) and (9)(ii)) to approve the acquisition by a bank holding company of an interest in a finance company or an industrial bank, as such terms are respectively defined in subparagraph (31) of paragraph (f) of this section, whether by acquisition of shares or assets, if all of the following conditions are met:

(i) the Reserve Bank could approve such acquisition under subparagraph (31) of paragraph (f) of this section, except for the fact that condition (v) of that subparagraph has not been met because one of the following policy issues has been raised with respect to such acquisition:

(a) a director or senior officer of the holding company, of any subsidiary bank of the holding company or of the finance company or industrial bank to be acquired is a director of a Federal Reserve Bank or branch.

(b) a director or senior officer of the holding company, of any subsidiary bank of the holding company or of the finance company or industrial bank to be acquired is a member of the Federal Advisory Council.

(c) the Board has made a general determination that another policy issue raised by the proposal does not require Board consideration, but nevertheless makes it inappropriate for a Reserve Bank to approve the proposal.

(ii) all relevant divisions of the Board's staff recommend approval.

(7) Under the provisions of section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and section 225.4(a)(9)(iii)(a) of Regulation Y (12 CFR 225.4(a)(9)(iii)(a)) to approve the acquisition or, as an incident to a bank holding company formation pursuant to section 3(a)(1) of the Act, the retention by a bank holding company of shares or assets of a company that acts as insurance agent or broker in offices at which the holding company or its subsidiaries are otherwise engaged in business (or in an office adjacent thereto) with respect to any insurance sold in a community that has a population not exceeding 5,000, if all of the following conditions are met:

(i) the Reserve Bank could approve such acquisition or retention under subparagraph (32) of paragraph (f) of this section, except for the fact that condition (iv) of that subparagraph has not been met because one of the following policy issues has been raised with respect to such acquisition or retention:

(a) a director or senior officer of the holding company, of any subsidiary bank of the holding company or of the company to be acquired or retained, is a director of a Federal Reserve Bank or branch.

(b) a director or senior officer of the holding company, of any subsidiary bank of the holding company or of the company to be acquired or retained, is a member of the Federal Advisory Council.

(c) the Board has made a general determination that another policy issue raised by the proposal does not require Board consideration, but neverthless makes it inappropriate for a Reserve Bank to approve the proposal.

(ii) all relevant divisions of the Board's staff recommend approval.

(8) Under the provisions of sections 25 and 25(a) of the Federal Reserve Act and Parts 211 and 213 of this chapter (Regulations K and M), to approve the establishment, directly or indirectly, of a foreign branch or agency by a member bank or corporation organized under section 25(a) (an "Edge" corporation) or operating under an agreement with the Board pursuant to section 25 (an "Agreement" corporation) which has already established, or has been authorized to establish, branches in two or more foreign countries, if all of the following conditions are met:

(i) the appropriate Reserve Bank recommends approval.

(ii) all relevant divisions of the Board's staff recommend approval.

(iii) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(9) Under the provisions of sections 25 and 25(a) of the Federal Reserve Act and Parts 211 and 213 of this chapter (Regulations K and M), to grant specific consent to the acquisition, either directly or indirectly, by a member bank or an Edge or Agreement corporation of stock of (i) a company chartered under the laws of a foreign country or (ii) a company chartered under the

laws of a State of the United States that is organized and operated for the purpose of financing exports from the United States, and to approve any such acquisition that may exceed the limitations in section 25(a) of the Federal Reserve Act based on such a corporation's capital and surplus, if all of the following conditions are met:

(a) The appropriate Reserve Bank recommends approval.

(b) All relevant divisions of the Board's staff recommend approval.

(c) No significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(d) Such acquisition does not result, either directly or indirectly, in the acquisition by such bank or corporation of effective control of any such company except that this condition need not be met if (1) the company is to perform nominee, fiduciary, or other services incidental to the activities of a foreign branch or affiliate of such bank or corporation, or (2) the stock is being acquired by such bank or corporation from its parent bank or bank holding company, or subsidiary Edge or Agreement corporation, as the case may be, and such selling parent or subsidiary holds such stock with the consent of the Board pursuant to Parts 211, 213, or 225 of this chapter (Regulations K, M, and Y).

(10) Under the provisions of sections 25 and 25(a) of the Federal Reserve Act and Parts 211 and 213 of this chapter (Regulations K and M), to permit an Edge or Agreement corporation to exceed the limitations in § 211.9(b) and (c) of this chapter (Regulation K),[1] if all of the following conditions are met:

(i) the appropriate Reserve Bank recommends approval.

(ii) all relevant divisions of the Board's staff recommend approval.

(iii) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(11) Under sections 25 and 25(a) of the Federal Reserve Act and Parts 211 and 213 of this chapter (Regulations K and M), to approve, under section 211.4 of this chapter (Regulation K), the issuance by an Edge or Agreement corporation or a subsidiary thereof of debentures, bonds, promissory notes (with a maturity of more than one year), or similar obligations, if all of the following conditions are met:

(i) the appropriate Reserve Bank recommends approval.

(ii) all relevant divisions of the Board's staff recommend approval.

(iii) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(12) Under the provisions of section 4(c)(13) of the Bank Holding Company Act (12 U.S.C. 1843), and section 225.4(f) of Part 225 of this chapter (Regulation Y), to grant specific consent to the ownership or control, either directly or indirectly, by a bank holding company of voting shares of a company chartered under the laws of a foreign country, if all of the following conditions are met:

(i) the appropriate Reserve Bank recommends approval.

(ii) all relevant divisions of the Board's staff recommend approval.

(iii) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(iv) such acquisition does not result, either directly or indirectly, in the acquisition by such bank holding company of control of any such company (other than a company performing nominee, fiduciary, or other banking services incidental to the activities of a direct or indirect foreign subsidiary of such corporation).

(13) Under the provisions of sections 262.2(a) and (b) of the Board's Rules of Procedure, to extend, when appropriate, the time period provided for public participation with respect to proposed regulations of the Board of Governors.

(14) Under the provisions of section 6621 of the Internal Revenue Code (26 U.S.C. 6621), to determine and report to the Secretary of Treasury or his delegate, the average predominant prime rate quoted by commercial banks to large businesses.

(15) To grant or deny requests for the extension of any time period provided in any notice, order, rule or regulation of the Board relating to the filing of information, comments, opposition, briefs, exceptions or other matters, in connection with any application, request or petition for the approval, authority, determination, or permission

[1] Subject, of course, to the limitations in section 25(a) relating to aggregate liabilities outstanding on debentures, bonds, and promissory notes.

of, or any other action by the Board sought by any person. Notwithstanding the provisions of section 265.3 hereof, no person claiming to be adversely affected by any action of the Secretary on any such request shall have the right to petition the Board or any Board member for review or reconsideration of such action.

(16) Under the provisions of Section 11(i) of the Federal Reserve Act (12 U.S.C. 248(i)) to conform references to administrative positions or units in outstanding rules and regulations of the Board to changes in the administrative structure of the Board.

(17) Pursuant to the requirement of the Privacy Act (5 U.S.C. § 552a(p)), to approve future Annual Reports on the Privacy Act from the Board of Governors to the Office of Management and Budget for inclusion in the President's annual consolidated report to the Congress.

(b) **The General Counsel of the Board** (or, in the General Counsel's absence, the Acting General Counsel) is authorized:

(1) Under the provisions of section 2(g) of the Bank Holding Company Act (12 U.S.C. 1841(g)), to determine whether a company that transfers shares to any of the types of transferees specified therein is incapable of controlling the transferee.

(2) Under the provisions of section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)), to determine that a company engaged in activities of a financial, fiduciary, or insurance nature falls within the exemption described therein permitting retention or acquisition of control thereof by a bank holding company.

(3) Under the provisions of sections 1101–1103 and section 6158 of the Internal Revenue Code (26 U.S.C. 1101–1103 and 6158), to make certifications (prior and final) for Federal tax purposes with respect to distributions pursuant to the Bank Holding Company Act.

(4) Under the provisions of section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 222.4(a) of this chapter (Regulation Y), to issue an order for a hearing to be conducted for the purpose of determining whether a company engaged in activities of a financial, fiduciary, or insurance nature falls within the exemption described therein permitting retention or acquisition of control thereof by a bank holding company.

(5) Pursuant to the provisions of Part 261 of this chapter, to make available information of the Board of the nature and in the circumstances described in § 261.6(b) and § 261.7 of that Part.

(6) Pursuant to Part 263.6(d) of this chapter, to designate Board staff attorneys as Board counsel in any proceeding ordered by the Board to be conducted in accordance with Part 263 of this chapter.

(c) **The Director of the Division of Banking Supervision and Regulation** (or, in the Director's absence, the Acting Director) is authorized:

(1) Under the provisions of the seventh paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 325), to select or to approve the appointment of Federal Reserve Bank examiners, assistant examiners, and special examiners.

(2) Under the provisions of the nineteenth paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 625) and § 211.9(e) of this chapter (Regulation K), to require submission and publication of reports by an "Edge Act" corporation.

(3) Under the provisions of section 5 of the Bank Holding Company Act (12 U.S.C. 1844), after having received clearance from the Bureau of the Budget (where necessary) and in accordance with the law of Administrative Procedure (5 U.S.C. 553), to promulgate registration, annual report, and other forms for use in connection with the administration of such Act.

(4) Under the provisions of section 12(g) of the Securities Exchange Act (15 U.S.C. 78*l*(g)):

(i) to accelerate the effective date of a registration statement filed by a member State bank with respect to its securities;

(ii) to accelerate termination of the registration of such a security that is no longer held of record by 300 persons; and

(iii) to extend the time for filing a registration statement by a member State bank.

(5) Under the provisions of section 12(d) of the Securities Exchange Act (15 U.S.C. 78*l*(d)), to accelerate the effective date of an application by a member State bank for registration of a security on a national securities exchange.

(6) Under the provisions of section 12(f) of the Securities Exchange Act (15 U.S.C. 78*l*(f)), to issue notices with respect to an application by

a national securities exchange for unlisted trading privileges in a security of a member State bank.

(7) Under the provisions of section 12(h) of the Securities Exchange Act (15 U.S.C. 78*l*(h)), to issue notices with respect to an application by a member State bank for exemption from registration.

(8) Under the provisions of § 206.5(f) and (i) of this chapter (Regulation F), to permit the mailing of proxy and other soliciting materials by a member State bank before the expiration of the time prescribed therein.

(9) Under the provisions of §§ 206.41, 206.42, and 206.43 (Instructions as to Financial Statements 9, 4, and 3, respectively) of this chapter (Regulation F), to permit the omission of financial statements from reports by a member State bank and/or to require other financial statements in addition to, or in substitution for, the statements require therein.

(10) To exercise the functions described in subparagraph (4) of paragraph (f) of this section in cases in which the conditions specified therein as prerequisites to exercise of such functions by the Federal Reserve Banks are not present or in which, even though such conditions are present, the appropriate Federal Reserve Bank considers that nevertheless it should not take action on the member bank's request, and to exercise the functions described in subparagraphs (1), (2), and (7) of paragraph (f) of this section in cases in which the appropriate Federal Reserve Bank considers that it should not take action to approve the member bank's request.

(11) Under sections 25 and 25(a) of the Federal Reserve Act and Parts 211 and 213 of this chaper (Regulations K and M), to approve increases and reductions in the capital stock and amendments to the articles of association of a corporation organized under section 25(a) and *additional* investments by a member bank in the stock of a corporation operating under an agreement with the Board pursuant to section 25.

(12) To exercise the functions described in subparagraphs (15) (i) and (ii) of paragraph (f); and to exercise the functions described in subparagraph (15) (iii) of paragraph (f) in those cases in which the appropriate Federal Reserve Bank concludes that, because of unusual considerations, or for other good cause, it should not take action.

(13) Under the provisions of the seventh paragraph of section 25 of the Federal Reserve Act (12 U.S.C. 602), to require submission of a report of condition respecting any foreign bank in which a member bank holds stock acquired under the provisions of § 213.4 of this chapter (Regulation M).

(14) Under the twelfth paragraph of section 13 of the Federal Reserve Act (39 Stat. 754), to permit any member bank to accept drafts or bills of exchange drawn upon it for the purpose of furnishing dollar exchange.

(15) Under the provisions of section 4(b) of the Federal Deposit Insurance Act (12 U.S.C. 1814(b)), to certify to the Federal Deposit Insurance Corporation that, with respect to the admission of a State-chartered bank to Federal Reserve membership, the factors specified in section 6 of that Act (12 U.S.C. 1816) were considered.

(16) Under section 18(c)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(4)), to furnish to the Comptroller of the Currency and the Federal Deposit Insurance Corporation reports on competitive factors involved in a bank merger required to be approved by one of those agencies if each of the appropriate departments or divisions of the appropriate Federal Reserve Bank and the Board of Governors is of the view that the proposed merger either would have no adverse competitive effects or would have only slightly adverse competitive effects, and if no member of the Board has indicated an objection prior to the forwarding of the report to the appropriate agency.

(17) Under the provisions of section 17(A)(c)(2) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78 q – 1), to accelerate the effective date of a registration statement filed by a member State bank or a subsidiary thereof, a bank holding company, or a subsidiary of a bank holding company which is a bank as defined in section 3(a)(6) of that Act other than a bank specified in clause (i) or (iii) of section 3(a)(34)(B) of that Act (15 U.S.C. 78c) with respect to its transfer agent activities.

(18) Under the provisions of section 17A (c)(3)(C) of the Securities Exchange Act of 1934, as amended, (15 U.S.C. § 78q-1(c)(3)(C)) to withdraw or cancel the transfer agent registration of a member State bank or a subsidiary thereof, a bank holding company, or a subsidiary bank of a bank holding company that is a bank as defined in section 3(a)(6) of the Act (other than a bank

specified in clause (i) or (iii) of section 3(a)(34)(B) of the Act (15 U.S.C. § 78c(3)(a)(34)(B)) that has filed a written notice of withdrawal with the Board or upon a finding that such transfer agent is no longer in existence or has ceased to do business as a transfer agent.

(19) Under the provisions of §§ 207.2(f), 220.2(e), and 221.3(d) of this chapter (Regulations G, T, and U, respectively) to approve issuance of the list of OTC margin stocks and to add, omit, or remove any stock in circumstances indicating that such change is necessary or appropriate in the public interest.

(20) Under the provisions of § 207.4(a)(2)(ii) of this chapter (Regulation G) to approve repayments of the "deficiency" with respect to stock option or employee stock purchase plan credit in lower amounts and over longer periods of time than those specified in the regulation.

(21) Pursuant to the provisions of Part 261 of this chapter, to make available reports and other information of the Board acquired pursuant to Parts 207, 220, 221, and 224 (Regulations G, T, U, and X) of the nature and in circumstances described in § 261.6(a)(2) and (3) of Part 261.

(22) Pursuant to the provisions of section 11(a) of the Federal Reserve Act (12 U.S.C. 248(a)) and sections 17(c), 17(g), and 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78q(c), 78q(g), and 78w) to issue examination or inspection manuals, registration, report, agreement, and examination forms, guidelines, instructions or other similar materials for use in connection with the administration of sections 7, 8, 15B, and 17A(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78g, 78h, 78o-4, and 78q-1).

(23) With the prior concurrence of the appropriate Federal Reserve Bank and the General Counsel of the Board, to act to refuse an application to the Board to stay, modify, terminate or set aside any effective cease and desist order previously issued by the Board pursuant to section 8(b) of the Federal Deposit Insurance Act or any written agreement between the Board or the Reserve Bank and a bank holding company or any nonbanking subsidiary thereof or a State member bank (12 U.S.C. § 1818(b)).

(24) Pursuant to section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) (i) to grant or deny requests for waiver of examination and waiting period requirements for municipal securities principals and municipal securities representatives under Municipal Securities Rulemaking Board Rule G-3, (ii) to grant or deny requests for a determination that a natural person or municipal securities dealer subject to a statutory disqualification is qualified to act as a municipal securities principal or municipal securities representative or municipal securities dealer under Municipal Securities Rulemaking Board Rule G-4, and (iii) to approve or disapprove clearing arrangements under Municipal Securities Rulemaking Board Rule G-8, in connection with the administration of Municipal Securities Rulemaking Board rules for municipal securities dealers for which the Board is the appropriate regulatory agency under section 3(a)(34) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)). (15 U.S.C. 78w and 12 U.S.C. 248.)

(d) **The Director of the Division of Federal Reserve Bank Operations** (or, in the Director's absence, the Acting Director) is authorized:

(1) Under the provisions of the sixteenth paragraph of section 4 of the Federal Reserve Act (12 U.S.C. 304), to classify member banks for the purposes of electing Federal Reserve Bank class A and class B directors, giving consideration to

(i) the statutory requirement that each of the three groups shall consist as nearly as may be of banks of similar capitalization and

(ii) the desirability that every member bank have the opportunity to vote for a class A or a class B director at least once every three years.

(2) To approve or disapprove proposed remodeling or renovation of existing Reserve Bank or Branch buildings or additions to such buildings where the cost of such remodeling, renovation or addition will be in excess of one hundred thousand dollars ($100,000), provided that the cost of each project approved by the Director may not be in excess of two hundred and fifty thousand dollars ($250,000).

(e) **The Director of the Division of Personnel** (or, in the Director's absence, the Acting Director) is authorized, under the provisions of the twenty-first paragraph of section 4 of the Federal Reserve Act (12 U.S.C. 306), to approve the appointment of assistant Federal Reserve agents (including representatives and alternate representatives of such agents).

(f) **Each Federal Reserve Bank** is authorized, as to member banks or other indicated organizations headquartered in its district or under subparagraph (25) of this paragraph as to its officers or under paragraph (f) (34) as to its own facilities:

(1) Under the provisions of the third paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 321), section 5155 of the Revised Statutes (12 U.S.C. 36), and § 208.8 of this chapter (Regulation H), to approve the establishment by a State member bank of a domestic branch if the proposed branch has been approved by the appropriate State authority and if the Reserve Bank is satisfied that approval is warranted after giving consideration to:

(i) the bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management;

(ii) the ability of bank's management to cope successfully with existing or foreseeable problems, and to staff the proposed branch without any significant deterioration in the overall management situation;

(iii) the convenience and needs of the community;

(iv) the competitive situation (either actual or potential);

(v) the prospects for profitable operations of the proposed branch within a reasonable time, and the ability of the bank to sustain the operational losses of the proposed branch until it becomes profitable; and

(vi) the reasonableness of bank's investment in bank premises after the expenditure for the proposed branch.

(2) Under the provisions of the sixth paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 324) and the provisions of section 5199 of the Revised Statutes (12 U.S.C. 60), to permit a State member bank to declare dividends in excess of net profits for the calendar year combined with the retained net profits of the preceding two years, less any required transfers to surplus or a fund for the retirement of any preferred stock, if the Reserve Bank is satisfied that approval is warranted after giving consideration to:

(i) the bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management; and

(ii) the bank's capitalization after payment of the proposed dividend.

(3) Under the provisions of the tenth paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 328), to approve or deny applications by State banks for waiver of the required six months' notice of intention to withdraw from Federal Reserve membership.

(4) Under the provisions of the eleventh paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 329), to permit a State member bank to reduce its capital stock if its capitalization thereafter will be:

(i) in conformity with the requirements of Federal law, and

(ii) adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management.

(5) Under the provisions of the seventeenth paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 334), to extend the time, for good cause shown, within which an affiliate of a State member bank must file reports.

(6) Under the provisions of the seventh paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 372), to permit a member bank to accept commercial drafts in an aggregate amount at any one time up to 100 per cent of its capital and surplus.

(7) Under the provisions of section 24A of the Federal Reserve Act (12 U.S.C. 371d), to permit a State member bank to invest in bank premises in an amount in excess of its capital stock, if the Reserve Bank is satisfied that approval is warranted after giving consideration to:

(i) the bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management: *And provided*, That

(ii) upon completion of the proposed investment, the bank's aggregate investment (direct and indirect) in bank premises plus the indebted-

ness of any wholly-owned bank premises subsidiary will not exceed 40 per cent of its total capital funds (including capital notes and debentures) plus reserves other than valuation reserves.

(8) Under the provisions of the ninth paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 615), to extend the time in which an "Edge Act" corporation must divest itself of stock acquired in satisfaction of a debt previously contracted.

(9) Under the provisions of the twenty-second paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 628), to extend the period of corporate existence of an "Edge Act" corporation.

(10) Under the provisions of section 5(a) of the Bank Holding Company Act (12 U.S.C. 1844(a)), to extend the time within which a bank holding company must file a registration statement.

(11) Under the provisions of section 4(a) of the Bank Holding Company Act (12 U.S.C. 1843(a)), to extend the time within which a bank holding company must divest itself of interests in nonbanking organizations.

(12) Under the provisions of section 4(c)(2) of the Bank Holding Company Act (12 U.S.C. 143(c)), to extend the time within which a bank holding company must divest itself of interests in a nonbanking organization acquired in satisfaction of a debt previously contracted.

(13) Under the provisions of section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)), to require reports under oath to determine whether a company is complying with the provisions of such Act and the Board's regulations promulgated thereunder.

(14) Under the provisions of § 208.11(c) of this chapter (Regulation H), to extend the time within which a member bank that has given notice of intention to withdraw from membership must surrender its Federal Reserve Bank stock and its certificate of membership.

(15) Under the provisions of §§ 216.5(b), 216.5(d), and 216.6 of this chapter (Regulation P), with respect to State member banks only:

(i) to require reports on security devices;

(ii) to require special reports; and

(iii) to determine, in view of the provisions of §§ 216.3 and 216.4, whether security devices and procedures are deficient in meeting the requirements of Part 216, to determine whether such requirements should be varied in the circumstances of a particular banking office, and to require corrective action.

(16) Under § 208.10(a) of this chapter (Regulation H), for good cause shown, to extend the time for publication of reports of condition, such extensions not ordinarily to be for more than 10 days except in very unusual circumstances beyond control of the reporting bank.

(17) Under the provisions of § 207.1(b) of this chapter (Regulation G), to approve applications for termination of registration by persons who are registered pursuant to § 207.1(a).

(18) Under the provisions of the second paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 612), and § 211.3 of this chapter (Regulation K), to approve amendments to the Articles of Association of any "Edge Act" corporation to reflect the following:

(i) any increase in the capital stock of such corporation where all additional shares are to be acquired by existing shareholders;

(ii) any change in the location of the home office of such corporation within the city where such corporation is presently located; and

(iii) any change in the number of members of the Board of Directors of such corporation.

(19) Under § 225.4(d) of this chapter (Regulation Y),

(i) to notify a bank holding company that has informed it of a proposed acquisition of a going concern that, because the circumstances surrounding the application indicate that additional information is required or that the acquisition should be considerd by the Board, the acquisition should not be consummated until specifically authorized by the Reserve Bank or by the Board.

(ii) to permit a bank holding company that has informed it of a proposed acquisition of a going concern to make the acquisition before the expiration of the 45-day period referred to in that paragraph, because exigent circumstances justify consummation of the acquisition at an earlier time.

(20) Under § 225.4(b)(1) of this chapter (Regulation Y), and subject to § 265.3 if a person submitting adverse comments that the Reserve Bank has decided are not substantive files a petition for review by the Board of that decision,

(i) to permit a bank holding company that has furnished it with a copy of a duly pub-

lished notice of a proposal to engage *de novo* in activities specified in § 225.4(a) (or retain shares in a company established *de novo* and engaging in such activities) if its evaluation of the considerations specified in section 4(c) (8) of the Bank Holding Company Act leads it to conclude that the proposal can reasonably be expected to produce benefits to the public.

(ii) to notify a bank holding company that has furnished it with a duly published notice of the kind described in subdivision (i) of this subparagraph that the proposal should not be consummated until specifically authorized by the Reserve Bank or by the Board or that the proposal should be processed in accordance with the procedures of § 225.4(b) (2).

(iii) to permit a bank holding company that has furnished it with a duly published notice of the kind described in subdivision (i) of this subparagraph to consummate the proposal before the expiration of the 45-day period referred to in § 225.4(b) (1), because exigent circumstances justify consummation at an earlier time.

(21) Under § 225.4(c) (2) of this chapter (Regulation Y) to permit or stay a proposed *de novo* modification or relocation of activities engaged in by a bank holding company on the same basis as *de novo* proposals under subparagraph (20) of this paragraph.

(22) Under the provisions of section 3(a) (1) of the Bank Holding Company Act (12 U.S.C. 1842), to approve the formation of a bank holding company through the acquisition by a company of a controlling interest in the voting shares of one or more banks, if all of the following conditions are met:

(i) no member of the Board has indicated an objection prior to the Reserve Bank's action.

(ii) all relevant departments of the Reserve Bank recommended approval.

(iii) no substantive objection to the proposal has been made by a bank supervisory authority, the United States Department of Justice, or a member of the public.

(iv) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(v) considerations relating to the convenience and needs of the communities to be served are consistent with or lend weight toward approval of the application.

(vi) in the event any debt incurred by the holding company to purchase shares of any bank involved in the proposal:

(a) an agreed plan for amortization of the debt within a reasonable time exists, such period normally not exceeding 12 years.

(b) the interest rate on any loan to purchase the bank shares will be comparable with other stock collateral loans by the lender to persons of comparable credit standing.

(c) no compensating balances, specifically attributable to the loan, will be deposited in the lending institution and the amount of any correspondent account which the proposed subsidiary bank will maintain with the lending institution should not exceed the amount necessary to compensate the lending bank for correspondent services rendered by it to the proposed subsidiary bank(s).

(vii) the Reserve Bank determines that the managerial and financial resources, including the equity to debt relationships, of Applicant, it's existing subsidiaries, and any proposed subsidiary bank, are adequate, or will be adequate within a reasonable period of time after consummation of the proposal, and any debt service requirements to which the holding company may be subject are such as to enable it to maintain the capital adequacy of any proposed subsidiary bank in the foreseeable future.

(viii) if Applicant or any of Applicant's existing or proposed nonbanking subsidiaries compete in the same geographic and product market as any proposed subsidiary bank, the resulting organization will control no more than 10 per cent of that product or service line after consummation of the proposal.

(ix) total nonbank gross revenues of Applicant and its subsidiaries do not exceed 20 per cent of total operating income of the proposed banking subsidiaries.

(x) if Applicant engages, or is to engage, in nonbanking activities requiring the Board's approval under section 4(c) (8) of the Act, the Reserve Bank must also have delegated authority to approve the section 4(c) (8) activities.

(xi) if the proposal involves the acquisition of the controlling stock of only one bank, and any debt is incurred by the holding company to purchase shares of the bank, the amount of the loan does not exceed 75 per cent of the purchase price of the shares of the proposed subsidiary bank.

(xii) if the proposal involves the acquisition of the controlling stock of more than one bank, the following additional conditions must be met:

(a) in the event any debt is incurred by the holding company to purchase shares of any proposed subsidiary bank(s), the total amount of the debt does not exceed 20 per cent of the equity capital accounts of the holding company.

(b) the Applicant will control no more than 15 per cent of total deposits in commercial banks in the State.

(xiii) neither Applicant nor the bank(s) to be acquired has entered into or proposes to enter into any agreement with any director, officer, employee or shareholder of the bank(s) that contains any condition that limits or restricts in any manner the right of such persons to compete with Applicant or any of Applicant's existing or proposed subsidiaries.

(23) Under the provisions of section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. 1842), to approve the acquisition by a bank holding company of additional shares in a bank that are to be acquired through exercise of rights received, on a pro rata basis, by the bank's shareholders.

(24) Under the provisions of section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. 1842), to approve the acquisition by a bank holding company of a controlling interest in the voting shares of an additional bank, if all of the following conditions are met:

(i) no member of the Board has indicated an objection prior to the Reserve Bank's action.

(ii) all relevant departments of the Reserve Bank recommend approval.

(iii) no substantive objection to the proposal has been made by a bank supervisory authority, the United States Department of Justice, or a member of the public.

(iv) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(v) considerations relating to the convenience and needs of the communities to be served are consistent with or lend weight toward approval of the application.

(vi) in the event any debt is incurred by the holding company to purchase shares of any bank involved in the proposal:

(a) an agreed plan for amortization of the debt within a reasonable time exists, such period normally not exceeding 12 years.

(b) the interest rate on any loan to purchase the bank shares will be comparable with other stock collateral loans by the lender to persons of comparable credit standing.

(c) no compensating balances, specifically attributable to the loan, will be deposited in the lending institution and the amount of any correspondent account which the proposed subsidiary bank will maintain with the lending institution should not exceed the amount necessary to compensate the lending bank for correspondent services rendered by it to the proposed subsidiary bank.

(vii) the Reserve Bank determines that the managerial and financial resources, including the equity to debt relationships, of Applicant, its existing subsidiaries, and any proposed subsidiary bank, are adequate, or will be adequate within a reasonable period of time after consummation of the proposal, and any debt service requirements to which the holding company may be subject are such as to enable it to maintain the capital adequacy of any existing or proposed subsidiary bank in the foreseeable future.

(viii) if Applicant or any of Applicant's existing or proposed nonbanking subsidiaries compete in the same geographic and product market as any proposed subsidiary, the resulting organization will not control more than 10 per cent of that product or service line after consummation of the proposal.

(ix) total nonbank gross revenues of Applicant and its subsidiaries do not exceed 20 per cent of total operating income of the company's existing or proposed bank subsidiaries.

(x) if Applicant engages, or is to engage, in nonbanking activities requiring the Board's approval under section 4(c)(8) of the Act, the Reserve Bank must also have delegated authority to approve the section 4(c)(8) activities.

(xi) in the event any debt is incurred by Applicant to purchase shares of the bank, the resulting total acquisition debt of the holding company will not exceed 20 per cent of the company's equity capital accounts after consummation of the proposal.

(xii) Applicant is not one of the dominant banking organizations in the State, and, unless the proposed subsidiary is a proposed new bank, Applicant will control no more than 15 per cent

of the total deposits in commercial banks in the State after consummation of the proposal.

(xiii) if the bank to be acquired is an existing bank and if no banking offices of Applicant's existing subsidiary bank are located in the same market as the proposed subsidiary, the proposed subsidiary has no more than $25 million in total deposits or controls no more than 15 per cent of deposits in commercial banks in the market.

(xiv) if the bank to be acquired is an existing bank and if any of Applicant's existing subsidiary banks compete in the same market as the proposed subsidiary, Applicant will control no more than 10 per cent of total deposits in commercial banks in the market after consummation.

(xv) if the bank to be acquired is a proposed new bank, bank subsidiaries of Applicant will not hold in the aggregate more than 20 per cent of the total deposits in commercial banks in the relevant market area and Applicant will not be one of the dominant banking organizations in the State.

(xvi) Applicant has a proven record of furnishing to its subsidiaries, when needed, special services, management, capital funds and general guidance.

(xvii) neither Applicant nor the bank to be acquired has entered into or proposes to enter into any agreement with any director, officer, employee or shareholder of the bank that contains any condition that limits or restricts in any manner the right of such persons to compete with Applicant or any of Applicant's existing or proposed subsidiaries.

(25) To set the salaries of its officers below the level of Senior Vice Presidents (Salary Group A), excluding the General Auditor, within officer salary ranges approved and guidelines subsequently issued by the Board of Governors.

(26) Under the provisions of the first paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 325) to approve applications for membership in the Federal Reserve System if the Reserve Bank is satisfied with respect to each of the following criteria:

(i) the financial history and condition of the applying bank and the general character of its management;

(ii) the adequacy of its capital structure in relation to the character and condition of its assets and to its existing and prospective deposit liabilities and other corporate responsibilities and its future earnings prospects;

(iii) the convenience and needs of the community to be served by the bank; and

(iv) whether its corporate powers are consistent with the purposes of the Federal Reserve Act and the Federal Deposit Insurance Act.

(27) Under the provisions of section 5(c) of the Bank Holding Company Act, as amended (12 U.S.C. 1844(c)), to grant to a bank holding company a 90-day extension of time in which to file an annual report; and for good cause shown an additional extension of time, not to exceed 90 days, may be granted.

(28) Under the provisions of section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)), to approve a merger, consolidation, acquisition of assets or assumption of liabilities, where the resulting bank is a State member bank, if all of the following conditions are met:

(i) no member of the Board has indicated an objection prior to the Reserve Bank's action.

(ii) all relevant departments of the Reserve Bank recommended approval.

(iii) no substantive objection to the proposal has been made by a bank supervisory authority, the United States Department of Justice, or a member of the public.

(iv) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(v) if the banks do not have offices in the same market, the bank to be acquired has no more than $25 million in total deposits or controls no more than 15 per cent of the total deposits [2] in commercial banks in the market.

(vi) if the banks compete in the same banking market, the resulting bank will control no more than 10 per cent of total deposits [3] in commercial banks in the market.

(vii) neither of the merging or consolidating banks is a dominant banking organization in the State and the resulting institution will control no more than 15 per cent of the total deposits in

[2] If either of the proponent banks is a subsidiary of a holding company and the parent company has another bank subsidiary operating in the market of the bank to be acquired, deposits of such offices should be included in the computation of market shares.

[3] See footnote 2, above.

commercial banks in the State after consummation of the proposal.[4]

(viii) the Reserve Bank determines that the managerial and financial resources, including the equity capital accounts of the resulting bank, are adequate, or will be adequate within a reasonable period of time after the proposal is consummated.

(ix) considerations relating to the convenience and needs of the communities to be served are consistent with, or lend weight toward, approval of the application.

(x) no bank involved in this proposal has entered into or proposes to enter into any agreement with any director, officer, employee or shareholder of either bank that contains any condition that limits or restricts in any manner the right of such persons to compete with the resulting institution.

(29) Under the provisions of section 3(a) of the Bank Holding Company Act (12 U.S.C. 1842), to approve by a letter of notification without compliance with section 262.3(h) of the Board's Rules of Procedure, the retention of shares of bank stock acquired in a fiduciary capacity (with sole voting rights) for a two-year period from the date of such acquisition, provided that the Applicant undertakes unconditionally to dispose of such shares or its sole discretionary voting rights with respect to such shares within two years from the date of such acquisition.

(30) Under the provisions of section 3(a) (5) of the Bank Holding Company Act (12 U.S.C. 1842), to approve the merger or consolidation of a bank holding company with any other bank holding company, if all of the following conditions are met:

(i) no member of the Board has indicated an objection prior to the Reserve Bank's action.

(ii) all relevant departments of the Reserve Bank recommended approval.

(iii) no substantive objection to the proposal has been made by a bank supervisory authority, the United States Department of Justice, or a member of the public.

(iv) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(v) considerations relating to the convenience and needs of the communities to be served are consistent with or lend weight toward approval of the application.

(vi) in the event any debt is incurred by the resulting or surviving holding company to effect the merger or consolidation:

(a) an agreed plan for amortization of the debt within a reasonable time exists, such period normally not exceeding 12 years.

(b) the interest rate on any loan involved will be comparable with other stock collateral loans by the lender to borrowers of comparable credit standing.

(c) no compensating balances, specifically attributable to the loan, will be deposited in the lending institution and the amount of any correspondent account which the subsidiary banks of the resulting or surviving company will maintain with the lending institution should not exceed the amount necessary to compensate the lending bank for correspondent services rendered by it to the depositing bank(s).

(d) the total acquisition of the resulting or surviving company will not exceed 20 per cent of such company's equity capital accounts after consummation of the proposal.

(vii) the Reserve Bank determines that the managerial and financial resources, including the equity to debt relationships, of the merging or consolidating companies, and their existing subsidiaries, are adquate, or will be adequate within a reasonable period of time after consummation of the proposal, and any debt service requirements to which the resulting or surviving company may be subject are such as to enable it to maintain the capital adequacy of any existing or proposed subsidiary bank in the foreseeable future.

(viii) if either of the merging or consolidating companies or any of their subsidiaries compete in the same geographic and product market as the other merging or consolidating company or any of its subsidiaries, the resulting or surviving organization will not control more than 10 per cent of that product or service line after consummation of the proposal.

(ix) if the merging or consolidating bank holding companies do not have subsidiary banking offices in the same market, the resulting or surviving bank holding company will not acquire

[4] If either of the proponent banks is a subsidairy of a holding company, the deposits of the other subsidiary banks of the holding company should be included in determining whether the resulting institution will control more than 15 per cent of the total deposits in commercial banks in the State.

a subsidiary bank with more than $25 million in deposits or with more than 15 per cent of the total deposits in commercial banks in the market.

(x) if any subsidiary bank(s) of either of the merging or consolidating companies competes in the same market as any subsidiary bank(s) of the other merging or consolidating company, the resulting or surviving company will control no more than 10 per cent of total deposits in commercial banks in the market after consummation of the proposal.

(xi) neither merging nor consolidating company is one of the dominant banking organizations in the State, and the resulting or surviving company will control no more than 15 per cent of total deposits in commercial banks in the State after consummation of the proposal.

(xii) total nonbank gross revenues of the merging or consolidating companies and their subsidiaries do not exceed 20 per cent of the total operating income of the merging or consolidating companies' bank subsidiaries.

(xiii) if either of the merging or consolidating companies engages, or is to engage, in nonbanking activities requiring the Board's approval under section 4(c) (8) of the Act, the Reserve Bank must also have delegated authority to approve the section 4(c) (8) activities.

(xiv) Applicant has a proven record of furnishing to its subsidiaries, when needed, special services, management, capital funds and general guidance.

(xv) neither bank holding company involved in this proposal nor any of the subsidiary banks of either bank holding company involved in this proposal has entered into or proposes to enter into any agreement with any officer, director, employee or shareholder of the bank(s) involved in this proposal that contains any condition that limits or restricts in any manner the right of such person to compete with the resulting or surviving company or any of its existing or proposed subsidiaries.

(31) Under the provisions of § 4(c) (8) of the Bank Holding Company Act (12 U.S.C. 1843 (c) (8)) and § § 225.4(a)(1), (2), (3) and (9) (ii) of Regulation Y (12 CFR 225.4(a) (1), (2), (3) and (9) (ii)), to approve the acquisition by a bank holding company of an interest in a finance company [5] or an industrial bank,[6] whether by acquisition of shares or assets, provided that the following conditions are met:

(i) no member of the Board has indicated an objection prior to the Reserve Bank's action.

(ii) Applicant does not hold shares of a subsidiary finance company or subsidiary industrial bank or directly engages in such activities itself pursuant to § 4(a) (2) of the Act which may not be retained or engaged in beyond December 31, 1980 without Board approval.

(iii) all relevant departments of the Reserve Bank recommend approval.

(iv) no substantive objection to the proposal has been made by a bank supervisory authority, the United States Department of Justice, or a member of the public.

(v) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(vi) each office of Applicant's existing [7] and proposed [8] subsidiary banks, subsidiary industrial banks and subsidiary finance companies and of Applicant (if Applicant directly engages in such activities) is 25 miles or more distant (in a straight line) from each office of the finance company or industrial bank to be acquired.

(vii) (a) the maximum in assets of finance companies and industrial banks acquired under delegated authority in any calendar year [9] does not exceed $15 million; *and*

(b) the maximum size in assets of the finance company or industrial bank to be acquired does not exceed $5 million. (Exception: The maximum size in assets of the finance company or industrial bank to be acquired is $15 million if the aggregate assets of Applicant's existing subsidiary finance companies and industrial banks [10] and of

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[5] A finance company is defined, for purposes of this regulation, as a concern which engages in consumer finance, sales finance and/or second mortgage activities. The acquisition of more than one separately incorporated company when such companies are part of an identifiable unit should be processed under a single acquisition application.

[6] An industrial bank is a State-chartered institution which provides consumer credit and accepts limited types of deposits; it does not both accept demand deposits and make commercial loans. The term "industrial bank" also encompasses Morris Plan banks for purposes of this regulation.

[7] The definition of an existing subsidiary also includes, for purposes of this regulation, a bank or company for which the acquisition has been approved by the Federal Reserve System but not yet consummated.

[8] A proposed subsidiary is defined for purposes of this regulation as a bank or company for which an application for acquisition has been submitted to the Federal Reserve System.

[9] For the year 1974, the maximum figure is $8 million.

the finance company or industrial bank to be acquired do not exceed $50 million.)

(viii) total assets of the finance company or industrial bank to be acquired will not exceed 10 per cent of the total consolidated assets of Applicant after consummation.

(ix) the sale of credit-related insurance by the finance company or industrial bank to be acquired is limited to the sale, under individual or group policies, of credit life insurance,[11] credit accident and health insurance, and property damage insurance protecting collateral.[12]

(x) the activities of the firm to be acquired are clearly permissible under § 4(c)(8) of the Act and § § 225.4(a)(1), (2), (3) and (9)(ii) of Regulation Y.

(xi) neither Applicant, Applicant's subsidiaries, nor the finance company or industrial bank to be acquired has entered into or proposes to enter into any agreement with any director, officer, employee or shareholder of the finance company or industrial bank that contains any condition limiting or restricting in any manner the right of such person to compete with Applicant or any of Applicant's existing or proposed subsidiaries.

(xii) the Reserve Bank determines that consummation of the proposal can reasonably be expected to result in benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

(32) Under the provisions of § 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and §225.4(a)(9)(iii)(a) of Regulation Y (12 CFR 225.4(a)(9)(iii)(a)) to approve the acquisition or, as an incident to a bank holding company formation pursuant to § 3(a)(1) of the Act, the retention by a bank holding company of shares or assets of a company that acts as insurance agent or broker in offices at which the holding company or its subsidiaries are otherwise engaged in business (or in an office adjacent thereto) with respect to any insurance sold in a community that has a population not exceeding 5,000, provided that the following conditions are met:

(i) no member of the Board has indicated an objection prior to the Reserve Bank's action.

(ii) all relevant departments of the Reserve Bank recommend approval.

(iii) no substantive objection to the proposal has been made by a bank supervisory authority, the United States Department of Justice, or a member of the public.

(iv) no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(v) neither Applicant, Applicant's subsidiaries, nor the company to be acquired has entered into or proposes to enter into any agreement with any director, officer, employee or shareholder of the company that contains any condition that limits or restricts in any manner the right of such person to compete with applicant or any of applicant's existing or proposed subsidiaries.

(vi) the Reserve Bank determines that consummation of the proposal can reasonably be expected to result in benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

(33) Under the provisions of § 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)), to approve the acquisition by any bank holding company of additional voting shares of a bank in which such bank holding company owns 25 per cent or more of any class of voting securities, if the proposal generally is in conformity with the conditions specified in section 265.2(f)(24) of this part. (12 U.S.C. 248(k) and 12 U.S.C. 1844(b)).

(34) Under the provisions of sections 3 and 11j of the Federal Reserve Act (12 U.S.C. § 521 and 248(j)), to undertake remodeling, renovation of or addition to its existing buildings or those of its branches provided the expenditure for such

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[10] If Applicant itself directly engages in finance company or industrial bank activities, the assets related to such activities should be included in a determination of aggregate assets.

[11] Applications involving level term credit life insurance may not be acted upon by the Reserve Bank under delegated authority.

[12] If a finance company or industrial bank otherwise falling within these guidelines has a subsidiary engaged in the underwriting, as reinsurer, of credit life and credit accident and health insurance in connection with extensions of credit by the finance company or industrial bank or if a finance company or industrial bank acts as agent for the sale of types of credit-related insurance other than designated herein, the application may not be acted upon by the Reserve Bank under delegated authority.

purpose does not exceed one hundred thousand dollars ($100,000) within a single budget year.

(35) Under § 213.4(a) of this chapter (Regulation M) to extend the time in which a member bank must divest itself of stock or other evidences of ownership in a foreign bank acquired in satisfaction of a debt previously contracted.

(36) With the prior approval of both the Director of the Board's Division of Banking Supervision and Regulaton and the General Counsel of the Board, to enter into a written agreement with a bank holding company or any nonbanking subsidiary thereof or with a State member bank concerning the correction of an unsafe or unsound practice in conducting the business of such bank holding company, nonbanking subsidiary or State member bank and concerning the correction of any violation of law, rule or regulation incident to such an unsafe or unsound practice. (12 U.S.C. 248(a), 321, 324, 325, 330, 1844; 12 CFR § 208.8).

(g) **The Director of the Division of International Finance** (or, in the Director's absence, the Acting Director) is authorized, under the provisions of the sixth paragraph of section 14 of the Federal Reserve Act (12 U.S.C. 358) to approve the establishment of foreign accounts with the Federal Reserve Bank of New York.

(h) **The Director of the Division of Consumer Affairs** (or, in the Director's absence, the Acting Director) is authorized:

(1) Pursuant to the provisions of section 11(a) of the Federal Reserve Act (12 U.S.C. 248(a)), sections 108(b), 621(c), and 704(b) of the Consumer Credit Protection Act (15 U.S.C. 1607(b), 1681s(c) and 1691c(b)), section 305(c) of the Home Mortgage Disclosure Act (12 U.S.C. 2804(c)), section 18(f)(3) of the Federal Trade Commission Act (15 U.S.C. 57a(f)(3)), and section 808(c) of the Civil Rights Act of 1968 (42 U.S.C. 3608(c)), to issue examination or inspection manuals, report, agreement, and examination forms, guidelines, instructions or other similar materials for use in connection with

(i) sections 1 through 709 (excluding sections 201 through 500) of the Consumer Credit Protection Act (15 U.S.C. 1601-1691f),

(ii) sections 301 through 310 of the Home Mortgage Disclosure Act (12 U.S.C. 2801-2809),

(iii) sections 18(f)(1)-(3) of the Federal Trade Commission Act (15 U.S.C. 57a(f)(1)-(3)), and

(iv) section 805 of the Civil Rights Act of 1968 (42 U.S.C. 3605); and rules and regulations issued thereunder.

(2) Pursuant to sections 123 and 171(b) of the Truth in Lending Act (15 U.S.C. § § 1633 and 1666j) and the Board's Regulation Z, 12 C.F.R. § 226.12, to grant, but not deny or revoke, exemptions to States from the requirements of Chapters 2 and 4 of the Truth in Lending Act (15 U.S.C. § § 1631-1644 and 1666), where State law imposes substantially similar requirements and there is adequate provision for enforcement.

(3) Pursuant to section 703(b) of the Consumer Credit Protection Act (15 U.S.C. 1691b(b)), to call meetings of and consult with the Consumer Advisory Council established under that section, to approve the agenda for such meetings, and to accept any resignation from Consumer Advisory Council members.

(i) **The Secretary of the Federal Open Market Committee** (or, in his absence, the Deputy Secretary) is authorized:

To approve for inclusion in the Board's annual report to Congress records of policy actions of the Federal Open Market Committee.

(j) **The Director of the Division of Federal Reserve Bank Examinations and Budgets** (or, in the Director's absence, the Acting Director) is authorized:

(1) Under the provisions of the third paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 413), to apportion credit among the Reserve Banks for unfit notes that are destroyed, giving consideration to the net number of notes of each denomination that were issued by each Reserve Bank during the preceding calendar year.

(2) Under the provisions of §§ 216.5(b), 216.5(d), and 216.6 of this chapter (Regulation P), with respect to Federal Reserve Banks and branches

(i) to require reports on security devices;

(ii) to require special reports; and

(iii) to determine, in view of the provisions of §§ 216.3 and 216.4, whether security devices and procedures are deficient in meeting the requirements of Part 216, to determine whether such requirements should be varied in the circumstances of a particular banking office, and to require corrective action.

(3) To approve or disapprove supplementary budget requests and special incentive programs to improve operations or reduce costs, provided that the Board has previously approved the budget of

the requesting Reserve Bank and provided that the supplemental request adheres to the Board's general expense guidelines and such guidelines as the Board may have imposed in approving the Reserve Bank's budget and provided that the amount approved by the Director may not exceed in any budgetary year one hundred thousand dollars ($100,000) for each Reserve Bank and seven hundred fifty thousand dollars ($750,000) for all Reserve Banks in the System.

SECTION 265.3—REVIEW OF ACTION AT DELEGATED LEVEL

Any action taken at a delegated level shall be subject to review by the Board only if such review is requested by a member of the Board either on his own initiative or on the basis of a petition for review by any person claiming to be adversely affected by the action. Any such petition for review must be received by the Secretary of the Board not later than the fifth day after the date of such action. Notice of any such review shall be given to the person with respect to whom such action was taken and be received by such person not later than the close of the tenth day following the date of such action. Upon receipt of such notice, such person shall not proceed further in reliance upon such action until such person is notified of the outcome of review thereof by the Board.