

2/20/81

I M P O R T A N T N O T I C E

ATTENTION ALL NONMEMBER BANKS,
SAVINGS & LOANS, AND CREDIT UNIONS:

The Federal Reserve Bank of Dallas is in the process of preparing new binders of Regulations of the Board of Governors of the Federal Reserve System and Bulletins of the Federal Reserve Bank of Dallas which will be forwarded to you in the future. In the interim, it is very important that you retain the enclosed material for the purpose of updating the binders. Upon receipt of your binders, all material should be inserted, making the binders current.

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 81-39
February 20, 1981

RULES REGARDING DELEGATION OF AUTHORITY

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

In our Circular No. 81-20 dated January 23, 1981, you were furnished the text of amendments to Rules Regarding Delegation of Authority effective January 21, 1981. The amendments are in reference to modifications of commitments and conditions, authority to approve applications to acquire failing banks, authority to accept agreements under the Securities Exchange Act of 1934, and authority to approve branch applications. A copy of the amendments, in slip sheet form, is enclosed and should be filed in Volume I of your Regulations Binder. The slip sheet dated August 1980 should be destroyed.

Additional copies of the amendments will be furnished upon request to our Bank and Public Information Department, Ext. 6266.

Sincerely yours,

William H. Wallace

First Vice President

Enclosure

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

RULES REGARDING DELEGATION OF AUTHORITY

AMENDMENTS †

As amended effective January 21, 1981

1. Effective November 28, 1979, section 265.2(c) is amended by adding a new paragraph (25) to read as follows:

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

* * * * *

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

* * * * *

(25) Under the provisions of section 17(c)(3) of the Securities Exchange Act of 1934, as amended, to make available upon request to the Securities and Exchange Commission reports of examination of transfer agents, clearing agencies and municipal securities dealers for which the Board is the appropriate regulatory agency for use by the Commission in the exercise of its supervisory responsibilities under that statute.

2. Effective May 9, 1980, § 265.2 (f) is amended by adding subparagraph (48) to read as follows:

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

* * * * *

(f) Each Federal Reserve Bank is authorized as to a member bank or other indicated organization for which the Reserve Bank is responsible for receiving applications or registration statements; as to its officers under subparagraph (23) of this paragraph; and as to its own facilities under subparagraph (26) of this paragraph:

* * * * *

(48) Under § 212.6 of this chapter (Regulation L relating to changes in circumstances requiring termination of interlocking management official relationships), to grant time for compliance with § 212 of up to an aggregate of 15 months from the date on which the change in circumstances as specified in that section occurs when the additional time appears to be appropriate to avoid undue disruption to the depository organizations involved in the management interlocks.

3. Effective May 19, 1980, section 265.1a(c) is amended to read as follows:

SECTION 265.1a—SPECIFIC FUNCTIONS DELEGATED TO BOARD MEMBERS

* * * * *

(c) Any three Board members designated from time to time by the Chairman (the "Action Committee") are authorized. * * * This delegation of authority shall terminate June 30, 1982.

4. Effective July 1, 1980, section 265.2 is amended by adding subparagraph (26) to read as follows:

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

* * * * *

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

* * * * *

(26) To approve the retirement prior to maturity of capital notes issued by a state member bank pur-

† For this Regulation to be complete as amended January 21, 1981, retain: 1) Printed regulation pamphlet dated September 21, 1979. 2) This slip sheet. Destroy slip sheet dated August 1980.

suant to sections 204.1(f)(3)(i) and 217.1(f)(3)(i) of this Part (Regulations D and Q), provided the Director is satisfied that that bank's capital position will be adequate after the proposed redemption.

5. Effective August 8, 1980, section 265.2 is amended by revising paragraph (h) and by adding two paragraphs to read as follows:

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

* * * * *

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

* * * * *

(4) (i) Pursuant to Section 919 of the Electronic Fund Transfer Act (15 U.S.C. 1693, et seq.) and the Board's Regulation E, 12 CFR Part 205.12, to determine whether the act and regulation preempt state laws that are inconsistent with the act and regulation.

(ii) Pursuant to Section 920 of the Electronic Fund Transfer Act and Regulation E, to grant, but not deny or revoke, exemptions to states from the requirements of the act or regulation, where state law imposes substantially similar requirements and there is adequate provision for enforcement.

6. Effective December 30, 1980, section 265.2 (c) is amended as follows:

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

* * * * *

(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 sections 9 and 25(a) of the Federal Reserve Act (12 U.S.C. §§ 325, 338 and 625), section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)), and section 7(c)(1) of the International Banking Act (12 U.S.C. § 3105(b)(1)), to select or to approve the appointment of Federal Reserve examiners, assistant examiners and special examiners for the purpose of making examinations for or by the direction of the Board.

* * * * *

(27) Under section 25 and 25(a) of the Federal Reserve Act and Part 211 of this chapter (Regulation K), to waive the 60 days' prior notice period for an investment that qualifies for the prior notification procedures set forth in section 211.5(c)(2) of Regulation K (12 C.F.R. 211.5(c)(2)).

(28) Pursuant to section 211.5(c)(2) of this Chapter (Regulation K), to require that an investor file an application for the Board's specific consent.

7. Effective December 30, 1980, section 265.2(f) is amended as follows:

**SECTION 265.2—SPECIFIC FUNCTION
DELEGATED TO BANK EMPLOYEES AND
TO FEDERAL RESERVE BANKS.**

* * * * *

(f) **Each Federal Reserve Bank** is authorized as to a member bank or other indicated organization for which the Reserve Bank is responsible for receiving application or registration statements: as to its officers under subparagraph (23) of this paragraph; and as to its own facilities under subparagraph (26) of this paragraph:

* * * * *

(18) Under the provisions of the second paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 612) and § 211.4(a)(2) of this chapter (Regulation K), to issue to an Edge Corporation a final permit to commence business and to approve amendments to the Articles of Association of any "Edge Corporation to reflect the following:

* * * * *

(iv) any change in the name of such corporation; and

(v) deletion of the requirement that all directors and shareholders of such corporation must be U.S. citizens.

* * * * *

(27) Under section 211.5(e) of this chapter (Regulation K), to extend the time within which an investor must divest itself of interests in a foreign portfolio investment, joint venture or subsidiary acquired in satisfaction of a debt previously contracted.

* * * * *

(45) To extend the time within which an Edge or Agreement Corporation or a member bank or a bank holding company may accomplish a purchase of stock pursuant to section 25 or 25(a) of the Federal Reserve Act or section 4(c)(13) of the Bank

Holding Company Act if no material change has occurred in the general condition of the corporation, the member bank or the bank holding company since such authorization.

* * * * *

(49) Under the provisions of section 5 of the International Banking Act (12 U.S.C. § 3103), to enter into an agreement or undertaking with a foreign bank that such bank shall receive only such deposits at its out-of-home State branch as would be permissible for an Edge Corporation.

(50) Pursuant to section 211.4(c)(2) of this Chapter (Regulation K), to approve an Edge Corporation application to establish a branch that represents the conversion of an Edge Corporation to a branch of another Edge Corporation with the same parent.

(51) Pursuant to section 211.5(c) of this Chapter (Regulation K), to grant prior specific consent to an investor for an investment in its first subsidiary, its first joint venture, and its first portfolio investment, where such investment does not exceed the general consent limitations of section 211.5(c)(1)(i) of this Chapter.

(52) Pursuant to section 211.5(c)(2) of this Chapter (Regulation K), to require that an investor file an application for the Board's specific consent.

8. Effective January 21, 1981, section 265.2 (c) is amended as follows:

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

* * * * *

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

* * * * *

(29) To grant or deny requests for modification, including extension of time, for the performance of a commitment or condition relied on by the Board or its delegee in taking any action under the provisions of the Bank Holding Company Act, the Bank Merger Act, the Change In Bank Control Act of 1978, the Federal Reserve Act or the International Banking Act. In acting on requests hereunder, the Director may take into account changed circumstances and good faith efforts to fulfill the commitments or conditions, and shall consult with the Directors of other interested divisions, where appropriate. The Director may not take any action hereunder that would be inconsistent with or result

in an evasion of the provisions of the Board's original action.

(30) Under the provisions of § 3(a) of the Bank Holding Company Act (12 U.S.C. § 1842(a)) and the Change in Bank Control Act (12 U.S.C. § 1817(j)) to take actions the Reserve Bank could take under paragraphs (f) (22) and (f) (30) of this section if immediate or expeditious action is required to avert failure of a bank or because of an emergency.

9. Effective January 21, 1981, section 265.2 (f) is amended as follows:

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

* * * * *

(f) **Each Federal Reserve Bank** is authorized as to a member bank or other indicated organization for which the Reserve Bank is responsible for receiving applications or registration statements; as to its offices under subparagraph (23) of this paragraph; and as to its own facilities under subparagraph (26) of this paragraph:

(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 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.

* * * * *

(53) Under the provisions of section 8(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78h(a)) concerning extensions of credit to finance securities

transactions, to accept agreements on behalf of the Board from nonmember banks in the form prescribed by the Board.