

FEDERAL RESERVE BANK  
OF NEW YORK

AT 8230  
December 6, 1977

**Amendment to the Rules Regarding Delegation of Authority**

*To All Member Banks, and Others Concerned,  
in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System has amended its Rules Regarding Delegation of Authority to delegate to the Director of its Division of Banking Supervision and Regulation the authority to approve a State member bank's proposed subordinated debt issue as an addition to the bank's capital.

A copy of the amendment, effective November 16, 1977, is enclosed.

PAUL A. VOLCKER,  
*President.*



# Board of Governors of the Federal Reserve System

## RULES REGARDING DELEGATION OF AUTHORITY

### AMENDMENT

*AGENCY:* Board of Governors of the Federal Reserve System.

*ACTION:* Final rule.

*SUMMARY:* The Board of Governors has delegated the authority to approve a State member bank's proposed subordinated debt issue as an addition to the bank's capital. The Director of the Division of Banking Supervision and Regulation has been assigned responsibility for the performance of this function.

*EFFECTIVE DATE:* Immediately [November 16, 1977].

*FOR FURTHER INFORMATION, CONTACT:* Jack M. Egerton, Assistant Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202/452-3408).

*SUPPLEMENTARY INFORMATION:* A proposed subordinated debt issue of a State member bank is exempt from the reserve requirements imposed by the Board's Regulation D and interest rate limitations imposed by Regulation Q when the debt issue satisfies certain requirements established by the Board's regulations and has been approved by the Board as an addition to the capital structure of the issuing bank. In order to expedite and facilitate the performance of certain of the Board's supervisory and regulatory functions over State member banks, the Board has delegated the authority to approve a subordinated debt issue of a State member bank as an addition to its capital structure. The Director of the Division of Banking Supervision and Regulation has been assigned the responsibility for performance of this function. This authority may be exercised by the Director when (1) the terms of the proposed debt issue meet the requirements of Regulations D and Q and the Board's guideline criteria (1976 BULLETIN 603, 604); (2) the appropriate Reserve Bank recommends ap-

proval; and (3) no significant policy issue is raised by the proposed issue as to which the Board has not expressed its view.

The provisions of section 553 of Title 5, United States Code, relating to notice and public participation and deferred effective date, are not followed in connection with the adoption of this amendment because the changes involved are procedural in nature and do not constitute substantive rules subject to the requirements of that section.

Pursuant to section 11(k) of the Federal Reserve Act (12 U.S.C. § 248(k)), paragraph (c) of section 265.2 of this Part is amended by adding subparagraph (25) 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) To approve a State member bank's proposed subordinated debt issue as an addition to the bank's capital structure if all of the following conditions are met:

i) The terms of the proposed debt issue satisfy the requirements of §§ 204.1(f) (3) (i) and 217.1(f) (3) (i) of this part (Regulations D and Q) and the Board's guideline criteria for approval of subordinated debt as an addition to capital.

ii) The appropriate Reserve Bank recommends approval.

iii) No significant policy issue is raised by the proposed issue as to which the Board has not expressed its view.

For these Rules to be complete, retain:

- 1) Printed pamphlet, as amended September 1, 1977.
- 2) Amendments effective September 27, 1977, October 5, 1977, and October 6, 1977.
- 3) This slip sheet.

PRINTED IN NEW YORK

[Enc. AT 8230]