

FEDERAL RESERVE BANK  
OF NEW YORK

*At Cir No. 8279*  
February 15, 1978

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

*To All Member Banks, Bank Holding Companies,  
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 each Federal Reserve Bank the authority to grant extensions of the two-year time period within which a bank or company must dispose of bank shares acquired in the course of securing or collecting a debt previously contracted.

A copy of the amendment, effective January 26, 1978, 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:** In order to expedite and facilitate performance of certain of its functions, the Board of Governors has delegated to each Federal Reserve Bank the authority to grant extensions of the two-year time period within which a company or bank must dispose of bank shares acquired in satisfaction of a debt previously contracted.

**EFFECTIVE DATE:** January 26, 1978

**FOR FURTHER INFORMATION CONTACT:** Robert E. Mannion, Associate General Counsel (202-452-3274), or Jennifer J. Johnson, Attorney (202-452-3584), Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

**SUPPLEMENTARY INFORMATION:** The Federal Reserve Reform Act, which was signed by the President on November 16, 1977, amended section 2 (a) (5) (D), and 3 (a) of the Bank Holding Company Act (12 U.S.C. §§ 1841 (a) (5) (D), 1842 (a) ) by granting the Board the authority to extend the time period within which a company or bank must dispose of bank shares acquired in satisfaction of a debt previously contracted. The Board has, by the instant amendment, delegated its authority in this regard to the Federal Reserve Banks.

The provisions of 5 U.S.C. § 553 relating to notice and public participation and deferred effective date are not followed in connection with the adoption of this amendment because the change involved herein is procedural in nature and does not constitute a substantive rule subject to the requirements of such section. The amendment is effective immediately.

In order to accomplish this delegation, 12 C.F.R. Part 265 is amended by adding new § 265.2 (f) (37) 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 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:

\* \* \*

**(37) Under the provisions of sections 2 (a) (5) (D) and 3 (a) of the Bank Holding Company Act (12 U.S.C. §§ 1841 (a) (5) (D), 1842 (a) ), to extend the time within which a company or a bank must divest itself of bank shares acquired in satisfaction of a debt previously contracted.**

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For these Rules to be complete, retain:

- 1) Printed pamphlet, as amended September 1, 1977.
- 2) Amendments effective September 27, 1977, October 5, 1977, October 6, 1977, and November 16, 1977.
- 3) This slip sheet.

PRINTED IN NEW YORK