

At Circ. No. 8668(a)

October 25, 1979

Attached are copies of the latest Federal Open Market Committee
Rules:

(a) The Federal Open Market Committee's Rules of Organization,
amended effective August 14, 1979; and

(b) The Federal Open Market Committee's Rules of Procedure,
amended effective August 14, 1979.

Circulars Division
Federal Reserve Bank of New York

At. Cir. no. 8668(a)

FEDERAL OPEN MARKET COMMITTEE



RULES OF ORGANIZATION

As amended effective August 14, 1979



FEDERAL RESERVE BANK OF ST. LOUIS

ST. LOUIS, MISSOURI

1914

RULES OF ORGANIZATION*

As amended effective August 14, 1979

SECTION 1—AUTHORITY

The rules are issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the Federal Register a description of its central and field organization.

SECTION 2—COMPOSITION OF COMMITTEE

(a) **Members.**—The Committee consists of the seven members of the Board of Governors of the Federal Reserve System (the "Board") and five representatives of the Federal Reserve Banks, each of whom is a President or a First Vice President of a Reserve Bank.

(b) **Reserve Bank representatives.**—The representatives of the Federal Reserve Banks, and an alternate for each representative, are elected by the boards of directors of the Reserve Banks in accordance with section 12A of the Federal Reserve Act (12 U.S.C. § 263) for terms of one year commencing on March 1 of each year. Prior to the first meeting of the Committee on or after March 1 of each year, each member of the Committee representing the Federal Reserve Banks shall cause a record of his election and of the election of his alternate to be forwarded to the Secretary of the Committee. If any question is raised as to the election or eligibility of a member or alternate, the Committee determines such question before such member or alternate participates in a meeting of the Committee. In the event a member is absent from a meeting of the Committee, his alternate, in attending the meeting, shall have the same status as the member for whom he is serving. If a member or alternate ceases to be a President or First Vice President of a Reserve Bank, a successor may be chosen in a special election by the boards of directors of the appropriate Reserve Bank or Banks and such successor serves until the next annual election.

(c) **Oath of office.**—Each member of the Committee and each alternate take the same oath of office as that prescribed by statute to be taken by officers of the United States.

SECTION 3—CHAIRMAN AND VICE CHAIRMAN

At its first meeting on or after March 1 of each year, the Committee elects a Chairman and a Vice Chairman from among its membership. The Chairman presides at all meetings of the Committee and performs such other duties as the Committee may require. The Vice Chairman performs the duties of the Chairman in the absence of the Chairman. In the absence of both the Chairman and the Vice Chairman of the Committee, the Vice Chairman of the Board acts as Chairman of the Committee; and, in the absence of the Chairman and the Vice Chairman of the Committee and the Vice Chairman of the Board, the member of the Board present with the longest service as a member of the Board acts as Chairman of the Committee.

SECTION 4—STAFF

(a) **Selection of staff officers.**—At its first meeting on or after March 1 of each year, the Committee selects, from among the officers and employees of the Board and the Federal Reserve Banks, the following staff officers to serve until the first meeting on or after March 1 of the next following year: Secretary, Deputy Secretary, and one or more Assistant Secretaries; General Counsel, Deputy General Counsel, and one or more Assistant General Counsels; Economists, one or more of whom may be designated as Senior or Associate Economists or given titles reflecting their areas of particular specialization; and such other officers as the Committee might wish from time to time.

(b) **Secretary and Deputy and Assistant Secretaries.**—The Secretary keeps minutes of actions and records of discussions at all meetings of the Committee; he maintains a complete record of the actions taken by the Committee upon all questions of policy relating to open market operations; and he records the votes taken in

* The text is not included in the Code of Federal Regulations and therefore may not be cited with a code reference.

connection with the determination of open market policies and the reasons underlying each such action. He has custody of such minutes and records, and he performs such other duties as the Committee may require. In the absence of the Secretary of the Committee, the Deputy Secretary or an Assistant Secretary acts as Secretary pro tem.

(c) **Economists.**—The Economists prepare for the use of the Committee and present to it such information regarding business and credit conditions and domestic and international economic and financial developments as will assist the Committee in the determination of open market policies, and they perform such other duties as the Committee may require.

(d) **General Counsel and Deputy and Assistant General Counsel.**—The General Counsel furnishes such legal advice as the Committee may require. In the absence of the General Counsel, the Deputy General Counsel or an Assistant General Counsel acts as General Counsel pro tem.

(e) **Filling of vacancies.**—At any meeting the Committee may fill any vacancy in the offices described in this section.

(f) **Other staff assistance.**—The services of any officers and employees of the Board and the Federal Reserve Banks are made available and are utilized by the Committee as required.

SECTION 5—MANAGERS

The Committee selects a Manager for Domestic Operations, System Open Market Account; and a Manager for Foreign Operations, System Open Market Account. The foregoing shall be satisfactory to the Federal Reserve Bank selected by the Committee to execute open market transactions for such Account and shall serve at the pleasure of the Committee. The Managers keep the Committee informed on market conditions and on transactions they have made and render such reports as the Committee may specify.

At Circ No. 8668(a)

FEDERAL OPEN MARKET COMMITTEE

RULES OF PROCEDURE

(12 CFR 272)

As amended effective August 14, 1979



1973-74

FEDERAL OPEN MARKET COMMITTEE

RULES OF PROCEDURE

AS AMENDED

AS AMENDED THROUGH 1973



RULES OF PROCEDURE*

(12 CFR 272)

As amended effective August 14, 1979

SECTION 272.1—AUTHORITY

This Part is issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the Federal Register its rules of procedure.

SECTION 272.2—FUNCTIONS OF THE COMMITTEE

The procedures followed by the Committee are designed to facilitate the effective performance of the Committee's statutory functions with respect to the regulation and direction of open market operations conducted by the Federal Reserve Banks and with respect to certain direct transactions between the Reserve Banks and the United States. In determining the policies to be followed in such operations, the Committee considers information regarding business and credit conditions and domestic and international economic and financial developments, and other pertinent information gathered and submitted by its staff and the staffs of the Board of Governors of the Federal Reserve System (the "Board") and the Federal Reserve Banks. Against the background of such information, the Committee takes actions from time to time to regulate and direct the open market operations of the Reserve Banks. Such policy actions ordinarily are taken through the adoption and transmission to the Federal Reserve Banks of regulations, authorizations, and directives.

SECTION 272.3—MEETINGS

(a) **Place and frequency.**—The Committee meets in Washington, D.C., at least four times each year and oftener if deemed necessary. Meetings are held upon the call of the Chairman of the Board or at the request of any three members of the Committee. Notices of calls by the Chairman of the Board to other members are given by the Secretary of the Committee in writing or by telegram. Requests of any three members for the calling of a meeting shall state the time therefor and shall be filed in

writing or by telegram with the Secretary who shall forthwith notify all members of the Committee in writing or by telegram. When the Secretary has sent notices to all members of the Committee that a meeting has been requested by three members and of the time therefor, a meeting is deemed to have been called. If, in the judgment of the Chairman, circumstances require that a meeting be called at such short notice that one or more members cannot be present in Washington, such members may participate in the meeting by telephone conference arrangements.

(b) **Alternates.**—Whenever any member of the Committee representing Federal Reserve Banks shall find that he will be unable to attend a meeting of the Committee, he shall promptly notify his alternate and the Secretary of the Committee in writing or by telegram, and upon receipt of such notice the alternate shall advise the Secretary whether he will attend such meeting.

(c) **Quorum.**—Seven members (including alternates present and acting in the absence of members) constitute a quorum for the transaction of business; but less than a quorum may adjourn from time to time until a quorum is in attendance.

(d) **Attendance at meetings.**—Attendance at Committee meetings is restricted to members and alternate members of the Committee, the Presidents of Federal Reserve Banks who are not at the time members or alternates, staff officers of the Committee, the Managers, and such other advisers as the Committee may invite from time to time.

(e) **Meeting agendas.**—The Secretary, in consultation with the Chairman, prepares an agenda of matters to be discussed at each meeting and the Secretary transmits the agenda to the members of the Committee within a reasonable time in advance of such meeting. In general, the agendas include approval of minutes of actions; reports by the Managers on open market operations since the previous meeting, and ratification by the Committee

* The text corresponds to the Code of Federal Regulations, Title 12, Chapter II, Part 272; cited as 12 CFR 272.

of such operations; reports by Economists on, and Committee discussion of, the economic and financial situation and outlook; Committee discussion of monetary policy and action with respect thereto; and such other matters as may be considered necessary.

SECTION 272.4—COMMITTEE ACTIONS

(a) **Actions at meetings.**—Actions are taken at meetings of the Committee except as described below.

(b) **Actions between meetings.**—Special circumstances may make it desirable in the public interest for Committee members to consider an action to modify an outstanding Committee authorization or directive at a time when it is not feasible to call a meeting. Whenever, in the judgment of the Chairman, such circumstances have arisen, the relevant information and recommendations for action are transmitted to the members by the Secretary, and the members communicate their votes to the Secretary. If the action is approved by a majority of the members, advice to that effect is promptly given by the Secretary to the members of the Committee and to the Reserve Bank selected to execute transactions for the System Open Market Account. All communications of recommended actions and votes under this paragraph shall be in writing or by telegram; provided that, in exceptional cases when that is not feasible, such communications may be made orally, either in person or by telephone, and the Secretary shall cause a written record to be made without delay. An action taken between meetings has the force and effect of an action at a meeting; provided, however, that if a meeting is held before the execution of any operations pursuant to the

action, the action is null and void unless it is ratified and confirmed by the Committee at such meeting.

(c) **Delegations of authority.**—In special circumstances, the Committee may delegate authority to take an action, subject to such instructions or guidelines as the Committee deems proper. Such delegations of authority may be made to the Chairman; to a subcommittee consisting of the Chairman and the Vice Chairman of the Committee and the Vice Chairman of the Board (or in the absence of the Chairman or of the Vice Chairman of the Board the members of the Board designated by the Chairman as alternates, and in the absence of the Vice Chairman of the Committee his alternate); or to any other member or members of the Committee. An action taken pursuant to such a delegation of authority has the force and effect of an action taken by the Committee.

(d) **Effective date.**—Committee action ordinarily is made effective as of the time it is taken because the nature of the subject matter and the action taken is such that the public interest and the proper discharge of the Committee's responsibilities so require. Occasionally, however, the Committee may specify that an action is to be effective at some different time.

SECTION 272.5—NOTICE AND PUBLIC PROCEDURE

There ordinarily is no published notice of proposed action by the Committee or public procedure thereon, as described in section 553 of Title 5 of the United States Code, because such notice and procedure are impracticable, unnecessary, or contrary to the public interest.