

**FEDERAL RESERVE BANK
OF NEW YORK**

AT CIR No 9795

January 30, 1985

**Technical Amendment to the Board's Rules
Regarding Delegation of Authority**

*To All Commercial Banking Institutions in the Second
Federal Reserve District, and Others Concerned:*

Printed on the reverse side is the text of a technical amendment to the Rules Regarding Delegation of Authority of the Board of Governors of the Federal Reserve System. The amendment, which has been reprinted from the *Federal Register*, authorizes Reserve Banks to approve certain applications arising under the Bank Service Corporation Act.

Questions regarding this matter may be directed to our Domestic Banking Applications Department (Tel. No. 212-791-7091).

E. GERALD CORRIGAN,
President.

(OVER)

FEDERAL RESERVE SYSTEM

12 CFR Part 265

[Docket No. R-0535]

Delegation of Authority to Reserve Banks To Approve Applications Under the Bank Service Corporation Act

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: This amendment to the Rules Regarding Delegation of Authority authorizes Reserve Banks to approve applications under the Bank Service Corporation Act ("BSC Act") (12 U.S.C. 1861 *et seq.*). The Board is amending its Rules to allow Reserve Banks to approve BSC Act applications generally under the same terms and conditions utilized by Reserve Banks in approving applications under section 4(c)(8) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. 1843(c)(8)).

EFFECTIVE DATE: The amendment is effective on all applications pending on December 14, 1984, and on all future applications.

FOR FURTHER INFORMATION CONTACT: Sidney M. Sussan, Assistant Director, Division of Banking Supervision and Regulation (202/452-2638) or Michael J. O'Rourke, Attorney, Legal Division (202/452-3288).

SUPPLEMENTARY INFORMATION: The Board's Rules currently contain no provisions delegating to the Reserve Banks the authority to approve applications arising under the BSC Act. The Board is authorized to approve applications by bank service corporations ("BSCs") to engage only in activities authorized for state member banks to perform directly (except deposit taking) or those activities determined by the Board, by regulation, to be permissible for a bank holding company under section 4(c)(8) of the BHC Act (again, except deposit taking and, in addition, subject to federal and state branch banking law). Many such applications are of a routine nature, raising no substantive issues that would require Board consideration. Accordingly, the Board is amending its Rules of Delegation to permit Reserve Banks to approve BSC Act applications that raise no significant issues. Such applications will be processed at the Reserve Bank level generally under the same terms and conditions as the closely analogous applications by bank holding companies to engage in

permissible nonbanking activities under the BHC Act, subject to minor modifications necessitated by the terms of the BSC Act.

The amendment to the Board's Rules of Delegation will expedite applications processing and will decrease the number of Board cases that do not present significant issues. Moreover, an application being processed under the delegated rule could be brought to the Board if the circumstances warrant.

Regulatory Flexibility Act Analysis. Pursuant to section 605(b) of the Regulatory Flexibility Act (Pub. L. No. 96-354, 5 U.S.C. 601 *et seq.*), the Board certifies that the proposed amendment will not have a significant economic impact on a substantial number of small entities. The amendment will ease the application of existing regulations and does not have any particular effect on small entities.

Public Comment. The provisions of section 553 of Title 5, United States Code, relating to notice, public participation, and deferred effective date have not been followed in connection with the adoption of this amendment because the change to be effected is procedural in nature and does not constitute a substantive rule subject to the requirements of that section. The Board's expanded rulemaking procedures have not been followed because the amendment is a technical one and because it relieves a burden that could obstruct necessary and prompt action that would be in the public interest.

List of Subjects in 12 CFR Part 265

Authority delegations (Government agencies), Banks, Banking.

PART 265—[AMENDED]

Pursuant to its authority under the Bank Service Corporation Act and section 11(k) of the Federal Reserve Act, the Board of Governors is amending 12 CFR Part 265, its Rules Regarding Delegation of Authority, by revising § 265.2(a)(2), the introductory text of § 265.2(f)(22), and § 265.2(f)(22)(vi)(A) to read as follows:

§ 265.2 Specific functions delegated to Board Employees and to Federal Reserve Banks.

(a) * * *
 (2) Under the provisions of sections 18(c) and 18(c)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c) and 1828(c)(4)), sections 3(a), 4(c)(8) and 4(c)(14) of the Bank Holding Company Act (12 U.S.C. 1842(a), 1843(c) (8) and

(14)), sections 5(a), 5(b) and 7(d) of the Bank Service Corporation Act (12 U.S.C. 1865(a), 1865(b) and 1867(d)), the Change in Bank Control Act (12 U.S.C. 1817(j)) and section 25 and 25(a) of the Federal Reserve Act (12 U.S.C. 601-604a and 611 *et seq.*), and §§ 225.14, 225.23, and 225.41-43 of Regulation Y (12 CFR 225.14, 225.23, and 225.41-43), §§ 211.3(a), 211.4(c), 211.5(c) and 211.34 of Regulation K (12 CFR 211.3(a), 211.4(c), 211.5(c) and 211.34), to furnish reports on competitive factors involved in a bank merger to the Comptroller of the Currency and the Federal Deposit Insurance Corporation and to take actions the Reserve Bank could take except for the fact that the Reserve Bank may not act because a director or senior officer of any holding company, bank, or company involved in the transaction is a director of a Federal Reserve Bank or branch.

* * * * *
 (f) * * *
 (22) Under the provisions of section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)), sections 3(a) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1842(a) and 1843(c)(8)), sections 5(a), 5(b) and 7(d) of the Bank Service Corporation Act (12 U.S.C. 1865(a), 1865(b) and 1867(d)), and §§ 225.14 and 225.23 of Regulation Y (12 CFR 225.14 and 225.23), to approve applications requiring prior approval of the Board, and under the provisions of 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, unless one or more of the following conditions is present:

* * * * *
 (vi) With respect to nonbank acquisitions:
 (A) The nonbanking activities involved do not clearly fall within activities that the Board has designated as permissible for bank holding companies under § 225.25(b) of Regulation Y; or

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 Board of Governors of the Federal Reserve System, December 14, 1984.
 William W. Wiles,
 Secretary of the Board.

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