



FEDERAL RESERVE SYSTEM

12 CFR Part 265

[Docket No. R-1778]

RIN No. 7100-AG37

Rules Regarding Delegation of Authority

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Final rule; correcting amendments.

SUMMARY: The Board is revising its Rules Regarding Delegation of Authority to add delegations of authority previously approved by the Board and make certain technical corrections.

DATE: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Andrew Hartlage, Special Counsel, (202) 452-6483; Amory Goldberg, Senior Counsel, (202) 452-3124; or Leah Kazar, Legal Assistant/Attorney, (202) 452-4638, Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, D.C. 20551. For users of TTY-TRS, please call 711 from any telephone, anywhere in the United States.

SUPPLEMENTARY INFORMATION:

Section 11(k) of the Federal Reserve Act authorizes the Board to delegate, by published order or rule and subject to the Administrative Procedure Act, any of its functions, other than those related to rulemaking or pertaining principally to monetary and credit policies, to one or more administrative law judges, members or staff of the Board, or the Reserve Banks.¹ The Board has delegated authority to Board members (in their individual capacity and as chairs of committees of the Board), Board staff, and the Federal Reserve Banks to take certain actions under the various statutes that the Board administers. The Board's Rules Regarding Delegation

¹ 12 U.S.C. 248(k).

of Authority (delegation rules) implement section 11(k) of the Federal Reserve Act and enumerate the actions that the Board has determined to delegate. By delegating actions that do not raise significant legal, supervisory, or policy issues, the Board can respond more efficiently to applications, requests, and other matters.

The Board published a final rule in 2022 that comprehensively revised the delegation rules.² The Board is amending the delegation rules to publish delegations of authority previously approved by the Board and make certain technical corrections.

List of Subjects in 12 CFR Part 265

Authority delegations (Government agencies); Banks, banking.

Authority and Issuance

For the reasons stated in the preamble the Board of Governors of the Federal Reserve System amends 12 CFR part 265 as follows:

PART 265—RULES REGARDING DELEGATION OF AUTHORITY

1. The authority citation for part 265 continues to read as follows:

12 U.S.C. 248(i) and (k).

Subpart B—Delegations of Authority

2. In § 265.6, in paragraph (d)(1), remove “12 CFR 238.6” and add, in its place, “12 CFR 238.96”.
3. In § 265.7:
 - a. In paragraph (c)(7)(iii), remove “(12 U.S.C. 1843(m)); and” and add, in its place, “(12 U.S.C. 1843(m));”;
 - b. In paragraph (c)(7)(iv), remove “(12 U.S.C. 1843(m));” and add, in its place, “(12 U.S.C. 1843(m)); and”;
 - c. Add paragraph (c)(7)(v);

² Rules Regarding Delegation of Authority, 87 FR 53988 (September 1, 2022).

- d. In paragraph (d)(7)(ii)(B)(3), remove “(§§ 252.146 and 252.158)” and add, in its place, “(12 CFR 252.146 and 252.158)”;
- e. In paragraph (e)(5), remove the words “To exercise the functions described in § 265.20(e)(5), (11), and (12) (reductions in capital, issuance of subordinated debt, and early retirement of subordinated debt)” and add, in their place, the words “To exercise the functions described in §§ 265.20(e)(5) and (11) (reductions in capital and early retirement of subordinated debt)”;
- f. In paragraph (j)(1)(viii), remove the words, “of receipt of receipt” and add, in their place, the words “of receipt”;
- g. In paragraph (k)(1)(ii)(E), remove “and” at the end;
- h. In paragraph (k)(1)(ii)(F), remove “soundness.” and add, in its place, “soundness;”;
- i. Add paragraphs (k)(1)(ii)(G) and (k)(1)(ii)(H);
- j. In paragraph (k)(7)(i), remove “II.A.1.c.ii.(2)” and add, in its place, “II.A.1.c.ii.(2)”;
- k. Add paragraph (k)(8).
- l. The additions read as follows:

§ 265.7 Functions delegated to the Director of the Division of Supervision and Regulation. [Amended]

* * * * *

(c) * * *

(7) * * *

(v) To acquire shares or assets pursuant to section 4(k) of the Bank Holding Company

Act (12 U.S.C. 1843(k)) without prior Board approval up to the following thresholds:

(A) \$25 million in consideration for a single transaction;

(B) \$125 million in consideration over the past 12 months; and

(C) \$400 million in consideration over the entire period the financial holding company is subject to the agreement required by section 4(m) of the Bank Holding Company Act (12 U.S.C. 1843(m)).

* * * * *

(k) * * *

(l) * * *

(ii) * * *

(G) To approve a request by a Board-regulated institution to make or change an election, or a choice of treatment, under § 217.1(g)(2)(ii) of Regulation Q (12 CFR 217.1(g)(2)(ii)); and

(H) To review and adjust estimated total consolidated assets under the definition of “insurance bank holding company” or “insurance savings and loan holding company” in § 217.2 of Regulation Q (12 CFR 217.2) or under § 217.601(b)(2) of Regulation Q (12 CFR 217.601(b)(2)).

* * * * *

(8) *Delegations regarding the Building Block Approach in subpart J of Regulation Q (12 CFR part 217, subpart J).*

(i) [Reserved]

(ii) After consultation with the General Counsel:

(A) To require a supervised insurance organization to exclude all or a portion of a particular company capital element from building block available capital, to approve the inclusion on a permanent or temporary basis of a capital resource in building block available capital, to adjust the building block capital requirement and building block available capital of a supervised insurance organization, or to require a supervised insurance organization to take certain actions to better reflect the risk profile of an inventory company or the supervised insurance organization, under § 217.601(d) of Regulation Q (12 CFR 217.601(d));

(B) To require a supervised insurance organization to apply an alternative treatment to a treatment otherwise required by subpart J of Regulation Q (12 CFR part 217 subpart J) under § 217.601(d)(4) of Regulation Q (12 CFR 217.601(d)(4));

(C) To approve a request to exercise a call option on an instrument under § 217.608(a)(1)(v)(A) or § 217.608(a)(2)(iv)(A) of Regulation Q (12 CFR 217.608(a)(1)(v)(A) or 217.608(a)(2)(iv)(A));

(D) To approve a request to redeem or repurchase an instrument under § 217.608(a)(1)(vi) or § 217.608(a)(2)(v) of Regulation Q (12 CFR 217.608(a)(1)(vi) or 217.608(a)(2)(v)); and

(E) To approve a request to include in building block available capital an instrument issued by a company in a supervised insurance organization under § 217.608(g) of Regulation Q (12 CFR 217.608(g)).

* * * * *

4. In § 265.8:

- a. In paragraph (c)(2), remove “(15 U.S.C. 1693q),” and add, in its place, “(15 U.S.C. 1693q) and”; and
- b. In paragraph (c)(3), remove “(15 U.S.C. 1691d(f))” and add, in its place, “(15 U.S.C. 1691d(f))”.

5. In § 265.10:

- a. Redesignate paragraph (b) as paragraph (c); and
- b. Add new paragraph (b).

The addition reads as follows:

§ 265.10 Functions delegated to the Director of the Division of Monetary Affairs.

* * * * *

(b) *Regulation D.* With the concurrence of the General Counsel, to approve the annual indexation of the reserve requirement exemption amount and low reserve tranche amount under

Regulation D (12 CFR part 204), so long as no change is proposed to any of the formulas by which these amounts are calculated.

* * * * *

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority.

Michele Taylor Fennell,
Deputy Associate Secretary of the Board.

[FR Doc. 2023-25387 Filed: 11/16/2023 8:45 am; Publication Date: 11/17/2023]