

Board of Governors of the Federal Reserve System

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# Rules Regarding Delegation of Authority

12 CFR 265; as amended effective November 17, 2023



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## Subpart A—General Provisions

### Section

- 265.1 Authority, purpose, and scope
- 265.2 Delegation of functions generally
- 265.3 Board review of delegated actions

## Subpart B—Delegations of Authority

### Section

- 265.4 Functions delegated to Board members or staff within the Division of Board Members
- 265.5 Functions delegated to the secretary of the Board
- 265.6 Functions delegated to the general counsel
- 265.7 Functions delegated to the director of the Division of Supervision and Regulation
- 265.8 Functions delegated to the director of the Division of Consumer and Community Affairs
- 265.9 Functions delegated to the director of the Division of International Finance
- 265.10 Functions delegated to the director of the Division of Monetary Affairs
- 265.11 Functions delegated to the director of the Division of Reserve Bank Operations and Payment Systems
- 265.12 Functions delegated to the secretary of the Federal Open Market Committee
- 265.13 Functions delegated to the director of the Division of Financial Stability
- 265.14-265.19 [Reserved]
- 265.20 Functions delegated to Federal Reserve Banks

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

Reserve Act (12 U.S.C. 248(k)), the Board of Governors of the Federal Reserve System (the Board) may delegate, by published order or rule, any of its functions other than those relating to rulemaking or pertaining principally to monetary and credit policies to Board members and employees, Reserve Banks, or administrative law judges. Pursuant to section 11(i) of the Federal Reserve Act (12 U.S.C. 248(i)), the Board may make all rules and regulations necessary to enable it to effectively perform the duties, functions, or services specified in that Act. Other provisions of federal law also may authorize specific delegations by the Board.

(b) This part details the functions that the Board has delegated. Subpart A contains general provisions pertaining to delegations of authority, including review of action taken pursuant to delegated authority. Subpart B contains the specific functions delegated to Board members, Board employees and the Federal Reserve Banks. Except as otherwise indicated in this part, the Board will review a delegated action only if a Board member, at his or her own initiative, requests a review.

**8-103**

## SECTION 265.2—Delegation of Functions Generally

(a) The Board has determined to delegate authority to exercise the functions described in this part.

(b) The Chair of the Board shall assign responsibility for performing such delegated functions.

(c) Where a delegatee must act with the concurrence of a Board employee, or in consultation with a Board employee, that Board employee may subdelegate his or her authority to concur or be consulted on the delegated action to an employee within the same division or office.

**8-102**

## SUBPART A—GENERAL PROVISIONS

### SECTION 265.1—Authority, Purpose, and Scope

(a) Pursuant to section 11(k) of the Federal

**8-104****SECTION 265.3—Board Review of Delegated Actions**

(a) *Request by Board member.* The Board shall review any action taken at a delegated level upon the vote of one member of the Board, either on the member's own initiative or on the basis of a petition for review by any person claiming to be adversely affected by the delegated action.

(b) *Petition for review.* A petition for review of a delegated action must be received by the secretary of the Board not later than the fifth day following the date of the delegated action.

(c) *Notice of review.* The secretary shall give notice of review by the Board of a delegated action to any person with respect to whom the action was taken not later than the tenth day following the date of the delegated action. Upon receiving notice, such person may not proceed further in reliance upon the delegated action until notified of the outcome of the review by the Board.

(d) *By action of a delegatee.* A delegatee may submit any matter to the Board for determination if the delegatee considers it appropriate because of the importance or complexity of the matter.

**8-105****SUBPART B—DELEGATIONS OF AUTHORITY****SECTION 265.4—Functions Delegated to Board Members or Staff within the Division of Board Members**

(a) *Chair.* The Chair is authorized:

(1) *Bank for International Settlements.* To appoint a first and second alternate director to the board of directors of the Bank for International Settlements.

(2) *Term Deposit Facility (TDF).* To authorize TDF test operations with maximum award amounts of up to \$20 billion and with maximum offering rates of up to 5 basis points over the interest on excess reserves rate, to adjust the schedules and other terms and conditions for TDF test operations as necessary, to approve additional

TDF test operations, to determine when TDF test operations should offer term deposits with an early withdrawal feature, and to establish, with respect to term deposits that are offered with an early withdrawal feature, an early withdrawal penalty that includes forfeiture of all interest on any term deposits withdrawn before the expiration of the term plus an additional penalty of 75 basis points at an annual rate applied to the principal over the entire term of the term deposit.

(3) *Disclosures related to emergency lending programs.* To approve:

(i) Periodic reports to Congress under section 13(3)(C)(ii) of the Federal Reserve Act (12 U.S.C. 343(3)(C)(ii)) for the Bank Term Funding Program, Primary Dealer Credit Facility, Money Market Liquidity Facility, Commercial Paper Funding Facility, Paycheck Protection Program Liquidity Facility, Secondary Market Corporate Credit Facility, Municipal Liquidity Facility, Term Asset-Backed Securities Loan Facility, Main Street New Loan Facility, Main Street Expanded Loan Facility, Main Street Priority Loan Facility, Nonprofit Organization New Loan Facility, and Nonprofit Organization Expanded Loan Facility, and to approve technical or minor changes to the scope of information included in such reports; and

(ii) Seven-day reports to Congress under section 13(3)(C)(i) of the Federal Reserve Act (12 U.S.C. 343(3)(C)(i)).

(b) *Chair of the Committee on Supervision and Regulation.* The Chair of the Committee on Supervision and Regulation is authorized:

(1) To act on requests for extensions of state member banks' and bank holding companies' advanced approaches first floor period start dates that are consistent with previous exemptions approved by the Board and that do not raise additional significant policy issues.

(2) [Reserved].

(c) *Chair of the Committee on Federal Reserve Bank Affairs.* The Chair of the Committee on Federal Reserve Bank Affairs is authorized to consider and grant or deny requests

from the Federal Reserve Banks for exceptions to the Board's policies on Federal Reserve Bank directors.

(d) *Individual members.* Any Board member designated by the Chair is authorized:

(1) *Approval of amendments to notice of charges or cease-and-desist orders.* To approve (after receiving recommendations of the director of the Division of Supervision and Regulation and the general counsel) amendments to any notice, temporary order, or proposed order previously approved by the Board in a specific formal enforcement matter (including a notice of charges or removal notice) or any proposed or temporary cease-and-desist order previously approved by the Board under section 8(b) and (c) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b) and (c)).

#### 8-105.1

(2) *Requests for permission to appeal rulings.*

(i) To act, when requested by the secretary, upon any request under section 263.10(e) of the Board's Rules of Practice for Hearings (12 CFR 263.10(e)) for special permission to appeal from a ruling of the presiding officer on any motion made at a hearing conducted under the rules, and if special permission is granted, the merits of the appeal shall be presented to the Board for decision.

(ii) Notwithstanding section 265.3, the denial of special permission to appeal a ruling may be reviewed by the Board only if a Board member requests a review within two days of the denial. No person claiming to be adversely affected by the denial shall have any right to petition the Board or any Board member for review or reconsideration of the denial.

#### 8-105.2

(3) *Extension of time period for final Board action.* To extend for an additional 180 days the 180-day period within which final Board action is required on an application pursuant to section 7(d) of the International Banking Act (12 U.S.C. 3105(d)).

(e) *Exigent circumstances.* The Chair is au-

thorized to determine when an emergency situation exists for purposes of section 2(b)(2) of the Board's Rules of Organization. If the Chair is unavailable or unable to determine that an emergency situation exists, then the Vice Chair is authorized to determine when an emergency situation exists.

#### 8-105.3

(f) *Three-member Action Committee.* Any three Board members designated from time to time by the Chair are authorized:

(1) *Absence of quorum.* To act, upon certification by the secretary of the Board of an absence of a quorum of the Board present in person, by unanimous vote on any matter that the Chair has certified must be acted upon promptly in order to avoid delay that would be inconsistent with the public interest except for matters:

- (i) Relating to rulemaking;
- (ii) Pertaining principally to monetary and credit policies; and
- (iii) For which a statute expressly requires the affirmative vote of more than three Board members.

(2) [Reserved].

(g) *Reports to Congress pursuant to the Small Business Regulatory Enforcement Fairness Act of 1996.* The Assistant to the Board, Congressional Liaison Office, Division of Board Members, is authorized, in consultation with the general counsel, to approve and submit the annual report to Congress describing the status of the Board's compliance with sections 212(a)(1) through (5) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note), pursuant to section 212(a)(6) of the Act.

#### 8-106

SECTION 265.5—Functions Delegated to the Secretary of the Board

The secretary of the Board (or the secretary's delegatee) is authorized:

(a) *Procedure.*

(1) *Extension of time period for public participation in proposed regulations.* To extend, when appropriate under the Board's

Rules of Procedure (12 CFR 262.2(a) and (b)), the time period for public participation with respect to proposed regulations of the Board.

(2) *Extension of time period in notices, orders, rules, or regulations.*

(i) To grant or deny requests to extend any time period in any notice, order, rule, or regulation of the Board relating to filing information, comments, opposition, briefs, exceptions, or other matters, in connection with any application, request, or petition for the Board's approval authority, determination, or permission, or any other action by the Board.

(ii) Notwithstanding section 265.3, no person claiming to be adversely affected by any such extension of time by the secretary shall have the right to petition the Board or any Board member for review or reconsideration of the extension.

(3) *Conforming citations and references in Board rules.*

(i) To conform references to administrative positions or units in Board rules with changes in the administrative structure of the Board and in the government and agencies of the United States.

(ii) To conform citations and references in Board rules with other regulatory or statutory changes adopted or promulgated by the Board or by the government or agencies of the United States.

(4) *Technical corrections in Board rules and regulations.* To make, with the concurrence of the general counsel, technical corrections, such as spelling, grammar, construction, and organization (including making regular updates that are required by law and/or calculated via a formula prescribed by law, removal of obsolete provisions, and consolidation of related provisions), to the Board's rules, regulations, orders, and other records of Board action.

(5) *Procedural motions in administrative cases pending before the Board.* To grant or deny procedural motions arising after an administrative case has been forwarded to the Board for final decision.

#### 8-106.1

(b) *Availability of information.*

(1) *Freedom of Information Act requests.* To make available, upon request, information in Board records and consider requests for confidential treatment of information in Board records under the Freedom of Information Act (5 U.S.C. 552) and under the Board's Rules Regarding Availability of Information (12 CFR part 261).

(2) *Review of denial of access to Board records; Freedom of Information Act and Privacy Act.* To review and determine an appeal of denial of access to Board records under the Freedom of Information Act (5 U.S.C. 552), the Privacy Act (5 U.S.C. 552a), and the Board's rules regarding such access (12 CFR parts 261 and 261a, respectively).

(3) *File reports of rulemakings with Congress and the Government Accountability Office.* To file reports of rulemakings with Congress and the Government Accountability Office pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*).

#### 8-106.2

(c) *Bank holding companies; savings and loan holding companies; change in bank control; mergers.*

(1) *Reports on competitive factors in bank mergers.* To furnish reports on competitive factors involved in a bank merger to the Comptroller of the Currency and the Federal Deposit Insurance Corporation under the provisions of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)); the Bank Holding Company Act (12 U.S.C. 1842(a), 1843(c)(8) and (j)); the Bank Service Company Act (12 U.S.C. 1865(a) and (b)); the Change in Bank Control Act (12 U.S.C. 1817(j)); and the Federal Reserve Act (12 U.S.C. 321 *et seq.*, 601-604a, 611 *et seq.*).

(2) *Reserve Bank director interlocks.* To take actions the Reserve Bank could take except for the fact that the Reserve Bank may not act because a director, senior officer, or principal shareholder of any bank holding company, bank, savings and loan holding company, or company involved in the transaction is a director of that Reserve Bank or branch of the Reserve Bank.

(3) [Reserved].

(4) *Savings and loan holding companies.*

(i) To approve the establishment of a mutual holding company or a subsidiary holding company of a mutual holding company pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and sections 239.3 and 239.11 of Regulation MM (12 CFR 239.3 and 239.11), including issuing a charter, if the following conditions are met:

(A) The appropriate Reserve Bank and relevant divisions of the Board recommend approval; and

(B) No significant policy issue is raised on which the Board has not expressed its view.

(ii) To grant a request to deregister as a savings and loan holding company pursuant to section 10(b)(6) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)(6)) and section 238.4(d) of Regulation LL (12 CFR 238.4(d)).

### 8-106.3

#### (d) *International banking.*

(1) *Acquisition of foreign company or U.S. company financing exports.* To grant, under sections 25 and 25A of the Federal Reserve Act (12 U.S.C. 601 and 604, and 611 *et seq.*) and section 4(c)(13) of the Bank Holding Company Act (12 U.S.C. 1843(c)(13)) and the Board's Regulations K and Y (12 CFR parts 211 and 225), specific consent to the acquisition, either directly or indirectly, by a member bank, an Edge corporation, an agreement corporation, or a bank holding company, of stock of a company chartered under the laws of a foreign country or a company chartered under the laws of a state of the United States that is organized and operated for the purpose of financing exports from the United States, and to approve any such acquisition that may exceed the limitations of section 25A of the Federal Reserve Act (12 U.S.C. 611a, 615(c), and 619) based on the company's capital and surplus, if all of the conditions in paragraphs (d)(1)(i) through (iii) of this section are met:

(i) The appropriate Reserve Bank and all relevant divisions of the Board's staff recommend approval;

(ii) No significant policy issue is raised on which the Board has not expressed its view;

(iii) The acquisition does not result, either directly or indirectly, in the bank, corporation, or bank holding company acquiring effective control of the company, except that this condition need not be met if:

(A) The company is to perform nominee, fiduciary, or other services incidental to the activities of a foreign branch or affiliate of the bank holding company, or corporation; or

(B) The stock is being acquired from the parent bank, parent bank holding company, subsidiary Edge corporation, or subsidiary agreement corporation, as the case may be, and the selling entity holds the stock with the consent of the Board pursuant to Regulation K or Y (12 CFR parts 211 or 225), as applicable.

(2) [Reserved].

### 8-106.4

#### (e) *Member banks.*

(1) *Waiver of penalty for early withdrawals of time deposits.* To permit depository institutions to waive the penalty for early withdrawal of time deposits under section 19(j) of the Federal Reserve Act (12 U.S.C. 371b) and section 204.2 of Regulation D (12 CFR 204.2) if the following conditions are met:

(i) The President declares an area of major disaster or emergency area pursuant to section 301 of the Disaster Relief Act of 1974 (42 U.S.C. 5141);

(ii) The waiver is limited to depositors suffering disaster or emergency related losses in the officially designated area; and

(iii) The appropriate Reserve Bank and all relevant divisions of the Board's staff recommend approval.

(2) [Reserved].

### 8-106.5

(f) *Location of institution.* To determine the Federal Reserve District in which an institution is located pursuant to section 204.3(g)(2)



of Regulation D (12 CFR 204.3(g)(2)) or section 209.2(c) of Regulation I (12 CFR 209.2(c)) if:

- (1) The relevant Federal Reserve Banks and the institution agree on the specific Reserve Bank in which the institution should hold stock or with which the institution should maintain reserve balances; and
- (2) The agreed-upon location does not raise any significant policy issues.

### 8-107

#### SECTION 265.6—Functions Delegated to the General Counsel

The general counsel (or the general counsel's delegatee) is authorized:

##### (a) Procedure.

(1) *Reconsideration of Board action.* Pursuant to section 262.3(k) of the Board's Rules of Procedure (12 CFR 262.3(k)) to determine whether or not to grant a request for reconsideration or whether to deny a request for stay of the effective date of any action taken by the Board with respect to an action as provided in that part.

(2) *Public meetings.* To order, after consulting with the directors of other interested divisions of the Board and the appropriate Reserve Bank, that a public meeting or other proceeding be held in accordance with section 262.25 of the Board's Rules of Procedure (12 CFR 262.25), in connection with any application or notice filed with the Board, and to designate the presiding officer in the proceeding under terms and conditions the general counsel deems appropriate.

(3) *Designation of Board counsel for hearings.* To designate Board staff attorneys as Board counsel in any proceeding ordered by the Board in accordance with section 263.6 of the Board's Rules of Practice for Hearings (12 CFR 263.6).

### 8-107.1

##### (b) Availability of information.

(1) *Board records.* To make available information of the Board of the nature and in the circumstances described in the Board's

Rules Regarding Availability of Information (12 CFR part 261).

(2) *Disclosure to foreign authorities.* To make the determinations required for disclosure of information to a foreign bank regulatory or supervisory authority, and to obtain, to the extent necessary, the agreement of such authority to maintain the confidentiality of such information to the extent possible under applicable law.

### 8-107.2

(3) *Assistance to foreign authorities.* To approve requests for assistance from any foreign bank regulatory or supervisory authority that is conducting an investigation regarding violations of any law or regulation relating to banking matters or currency transactions administered or enforced by such authority, and to make the determinations required for any investigation and collection of information and evidence pertinent to such request. In deciding whether to approve requests for assistance under this paragraph (b)(3), the general counsel shall consider:

(i) Whether the requesting authority has agreed to provide reciprocal assistance with respect to banking matters within the jurisdiction of any appropriate federal banking agency;

(ii) Whether compliance with the request would prejudice the public interest of the United States; and

(iii) Whether the request is consistent with the requirement that the Board conduct any such investigation in compliance with the laws of the United States and the policies and procedures of the Board.

### 8-107.3

(c) *Bank holding companies; savings and loan holding companies; change in bank control; mergers.*

(1) *Control determinations under section 4(c)(8) of the Bank Holding Company Act.* To determine, or issue an order for a hearing to determine, whether a company engaged in financial, fiduciary, or insurance activities falls within the exemption in section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)), permitting re-

tention or acquisition of control thereof by a bank holding company.

(2) *Data processing.* In consultation with the director of the Division of Supervision and Regulation, to review and act on requests for permission by bank holding companies to administer the 49 percent revenue limit on nonfinancial data processing activities on a business-line or multiple-entity basis in appropriate circumstances under section 225.28(b)(14)(ii) of Regulation Y (12 CFR 225.28(b)(14)(ii)).

(3) *Notices under the Change in Bank Control Act.* To revoke acceptance of and return as incomplete a notice filed under the Change in Bank Control Act (12 U.S.C. 1817(j)) or to extend the time during which action must be taken on a notice where the general counsel determines, with the concurrence of the director of the Division of Supervision and Regulation, that the notice is materially incomplete under that Act or Regulation Y (12 CFR part 225), or contains material information that is substantially inaccurate.

#### 8-107.4

(d) *Management interlocks.*

(1) *General exemptions.* After consultation with the director of the Division of Supervision and Regulation, to grant exceptions from the prohibitions of Regulation L (12 CFR part 212) or subpart J of Regulation LL (12 CFR part 238 subpart J) under the general exemption of section 212.6 of Regulation L (12 CFR 212.6) or section 238.96 of Regulation LL (12 CFR 238.96).

(2) *Legacy management interlocks.* After consultation with the director of the Division of Supervision and Regulation, to approve a request to extend a management interlock permissible under section 206 of the Depository Institution Management Interlocks Act (12 U.S.C. 3205).

(e) *Enforcement actions.* With the concurrence of the director of the Division of Supervision and Regulation:

(1) To enter into a cease-and-desist order, removal and prohibition order, or civil money penalty assessment order with a bank holding company or any nonbanking

subsidiary thereof, with a state member bank, with a savings and loan holding company, or with any other person or entity subject to the Board's jurisdiction under section 8(b) or (e) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b) or (e)), when the order has been consented to by the institution or individual subject to the order; or to issue a notice suspending or prohibiting an institution-affiliated party under section 8(g) of the Federal Deposit Insurance Act (12 U.S.C. 1818(g)) when the notice has been consented to by the individual subject to the notice;

(2) To stay, modify, terminate, or suspend an order or notice issued pursuant to paragraph (e)(1) of this section.

(3) To grant consent to a person subject to an order of removal and/or prohibition or suspension notice or order issued by the Board or other federal financial institutions regulatory agency to become an institution-affiliated party of, to otherwise participate in the conduct of the affairs of, or to take an action with respect to any voting rights in, any Board-supervised institution or entity.

(4) To take, or authorize designated persons to take actions permitted under 12 U.S.C. 1818(n), 1820(c), and 12 U.S.C. 1844(f), including administering oaths and affirmations, taking depositions, and issuing, revoking, quashing, or modifying subpoenas duces tecum.

#### 8-107.5

(f) *International banking.*

(1) *After-the-fact applications.* With the concurrence of the director of the Division of Supervision and Regulation, to grant a request by a foreign bank to establish a branch, agency, commercial lending company, or representative office through certain acquisitions, mergers, consolidations, or similar transactions, in conjunction with which:

(i) The foreign bank would be required to file an after-the-fact application for the Board's approval under section 211.24(a)(6) of Regulation K (12 CFR 211.24(a)(6)); or



- (ii) The general counsel may waive the requirement for an after-the-fact application if:
- (A) The surviving foreign bank commits to wind down the U.S. operations of the acquired foreign bank; and
  - (B) The merger or consolidation raises no significant policy or supervisory issues.
- (2) To modify the requirement that a foreign bank that has submitted an application or notice to establish a branch, agency, commercial lending company, or representative office pursuant to section 211.24(a) of Regulation K (12 CFR 211.24(a)) shall publish notice of the application or notice in a newspaper of general circulation in the community in which the applicant or notificant proposes to engage in business, as provided in section 211.24(b)(2) of Regulation K (12 CFR 211.24(b)(2)).
- (3) With the concurrence of the director of the Division of Supervision and Regulation, to grant a request for an exemption under section 4(c)(9) of the Bank Holding Company Act (12 U.S.C. 1843(c)(9)), provided that the request raises no significant policy or supervisory issues that the Board has not already considered.
- (4) To return applications and notices filed under the International Banking Act for informational deficits.
- (5) To determine that an entity qualifies as a “special-purpose foreign government-owned bank” for purposes of section 211.24(d)(3) of Regulation K (12 CFR 211.24(d)(3)).
- (g) *Conflicts of interest waivers.* To issue individual conflicts of interest waivers under 18 U.S.C. 208(b)(1) to employees and officials other than Board members.
- (h) *Deregistration requests.* With the concurrence of the director of the Division of Supervision and Regulation, to determine, pursuant to section 10(a)(1)(D)(ii) of the Home Owners’ Loan Act (12 U.S.C. 1467a(a)(1)(D)(ii)), that a company is not a savings and loan holding company by virtue of its control of a savings association that functions solely in a trust or fiduciary capacity as described in section 2(c)(2)(D) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(D)), where no significant legal, policy, or supervisory issues are raised by the specific proposal.
- (i) *Small entity compliance guides.* In consultation with the director of any other division responsible for drafting the associated rule, as appropriate, to approve and publish small entity compliance guides in accordance with section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note).
- (j) *Internal debt conversion triggers.* In consultation with the director of the Division of Supervision and Regulation, to approve contractual language (“conversion trigger”) required to be included in the eligible internal debt securities (“eligible long-term debt”) issued pursuant to the Board’s total loss-absorbing capacity rule (“TLAC Rule”) by the U.S. intermediate holding companies of foreign global systemically important banking organizations required to be formed under 12 CFR 252.153(a) (“Covered IHCs”), to the extent that such language does not raise any significant legal, policy, or supervisory concerns. The authority delegated to the general counsel in consultation with the director of the Division of Supervision and Regulation to approve conversion triggers is limited to requests that meet the following criteria:
- (1) The conversion trigger does not include any conditions for triggering the conversion other than the issuance of an internal debt conversion order by the Board;
  - (2) The instruments governing the long-term debt and related documents mitigate any impediments to conversion of the long-term debt into equity capital;
  - (3) The conversion trigger provides for the conversion of the long-term debt into common equity tier 1 capital;
  - (4) The conversion trigger requires the conversion of long-term debt in the amount specified by the Board’s internal debt conversion order; and
  - (5) Upon conversion of long-term debt pursuant to the conversion trigger, the converted long-term debt would no longer remain outstanding as a liability of the Covered IHC.

(k) *Section 19 of the Federal Deposit Insurance Act.* With the concurrence of the director of the Division of Supervision and Regulation, to approve or disapprove requests under section 19 of the Federal Deposit Insurance Act (12 U.S.C. 1829) where no significant legal, policy or supervisory issues are raised by the specific proposal.

#### 8-108

#### SECTION 265.7—Functions Delegated to the Director of the Division of Supervision and Regulation

The director of the Division of Supervision and Regulation (or the director's delegatee) is authorized:

(a) *Procedure.*

(1) *Cease-and-desist orders.* To refuse, with the prior concurrence of the appropriate Reserve Bank and the general counsel, an application to the Board to stay, modify, terminate, or set aside any effective cease-and-desist order previously issued by the Board under section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)), or any written agreement between the Board or the Reserve Bank and a bank holding company or any nonbanking subsidiary thereof, a savings and loan holding company or any nondepository subsidiary thereof, or a state member bank.

(2) *Modification of commitments or conditions.* To grant or deny requests for modifying, including extending the time for, performing a commitment or condition relied on by the Board or its delegatee in taking any action under the Bank Holding Company Act, the Home Owners' Loan Act, section 18(c) of the Federal Deposit Insurance Act, the Change in Bank Control Act, the Federal Reserve Act, the International Banking Act, or the Dodd-Frank Wall Street Reform and Consumer Protection Act. In acting on such requests, the director may take into account changed circumstances and good faith efforts to fulfill the commitments or conditions, and shall consult with the directors of other interested divisions where appropriate. The director may not take any action that would be inconsistent

with or result in an evasion of the provisions of the Board's original action.

(3) *Processing extensions.* With the concurrence of the general counsel, to extend the processing periods for the following applications and notices:

(i) The 60-day processing period for an acquisition of a bank or bank holding company filed under section 3 of the Bank Holding Company Act (12 U.S.C. 1842), pursuant to section 225.15(d)(2) of Regulation Y (12 CFR 225.15(d)(2));

(ii) The 60-day processing period for a nonbanking proposal filed under section 4 of the Bank Holding Company Act (12 U.S.C. 1843), pursuant to:

(A) Section 225.24(d)(2) of Regulation Y (12 CFR 225.24(d)(2)); and

(B) Section 4(j)(1)(C) of the Bank Holding Company Act (12 U.S.C. 1843(j)(1)(C)) and section 225.24(d)(3) of Regulation Y (12 CFR 225.24(d)(3));

(iii) The 60-day processing period for an acquisition of a savings association or savings and loan holding company filed under section 10(e) of the Home Owners' Loan Act (12 U.S.C. 1467a(e)), pursuant to section 238.14(g)(2) of Regulation LL (12 CFR 238.14(g)(2));

(iv) The 60-day processing period for a nonbanking proposal filed under section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)), pursuant to:

(A) Section 238.53(f)(2) of Regulation LL (12 CFR 238.53(f)(2)); and

(B) Section 238.53(f)(3) of Regulation LL (12 CFR 238.53(f)(3)); and

(v) For an additional 180 days, the 180-day period within which final Board action is required on an application pursuant to section 7(d) of the International Banking Act (12 U.S.C. 3105(d)).

#### 8-108.1

(4) *Notice of insufficient capital.* To issue, with the concurrence of the general counsel, a notice that a state member bank, bank holding company, or savings and loan holding company has insufficient capital and which directs the bank or company to file with its regional Reserve Bank a capital

improvement plan under subpart E of the Board's Rules of Practice for Hearings (12 CFR part 263, subpart E).

(5) *Obtaining possession or control of securities; extending time period.* To approve, under section 403.5(g) of the Treasury Department regulations (17 CFR 403.5) implementing the Government Securities Act of 1986, as amended (Pub. L. 95-571), the application of a member bank, a state branch or agency of a foreign bank, a foreign bank, or a commercial lending company owned or controlled by a foreign bank, to extend for one or more limited periods commensurate with the circumstances the 30-day time period specified in 17 CFR 403.5(c)(1)(iii), provided that the director of the Division of Supervision and Regulation is satisfied that the applicant is acting in good faith and that exceptional circumstances warrant such action.

#### 8-108.2

(b) *Availability of information.*

(1) *Confidential supervisory information.* To make available information of the Board of the nature and in the circumstances described in section 261.22 of the Board's Rules Regarding Availability of Information (12 CFR 261.22).

(2) *Freedom of Information Act; availability of information.* To make available, under the Board's Rules Regarding Availability of Information (12 CFR part 261), reports and other information of the Board acquired pursuant to the Board's Regulations G, T, U, and X (12 CFR parts 207, 220, 221, 224) of the nature and in circumstances described in section 261.15(a)(4) and (8) of these rules.

#### 8-108.3

(c) *Bank holding companies; savings and loan holding companies; financial holding companies; change in bank control; mergers.*

(1) *Bank holding company and savings and loan holding company registration forms and annual reports.* To promulgate registration forms and annual reports and other forms for use in connection with the Bank Holding Company Act and the Home Owners' Loan Act, after receiving clearance

from the Office of Management and Budget (where necessary), under section 5 of the Bank Holding Company Act (12 U.S.C. 1844) or section 10 of the Home Owners' Loan Act (12 U.S.C. 1467a), and in accordance with 5 U.S.C. 553.

(2) *Emergency action.* To take actions the Reserve Bank could take under this part at section 265.20(c)(2)(ii) if immediate or expeditious action is required to avert failure of a bank or savings association or because of an emergency pursuant to sections 3(a) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1842(a), 1843(c)(8)), section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)), or the Change in Bank Control Act (12 U.S.C. 1817(j)).

(3) *Waiver of notice.* To waive, dispense with, modify or excuse the failure to comply with the requirement for publication and solicitation of public comment regarding a notice filed under the Change in Bank Control Act (12 U.S.C. 1817(j)), with the concurrence of the general counsel, provided a written finding is made that such disclosure would seriously threaten the safety or soundness of a bank holding company, savings and loan holding company, or a bank.

#### 8-108.4

(4) *Notices for addition or change of directors or officers.* Under section 914(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1831i) and subpart H of Regulation Y (12 CFR part 225, subpart H) or subpart H of Regulation LL (12 CFR part 238, subpart H), provided that no senior officer or director or proposed senior officer or director of the notificant is also a director of the Reserve Bank or a branch of the Reserve Bank:

(i) To determine the informational sufficiency of notices filed pursuant to section 225.72 of Regulation Y (12 CFR 225.72) or section 238.73 of Regulation LL (12 CFR 238.73); and

(ii) To waive the prior notice requirements of that section.

(5) *ERISA violations.* To provide the Department of Labor written notification of possible significant violations of the Em-

ployee Retirement Income Security Act (ERISA) (29 U.S.C. 1001 *et seq.*) by bank holding companies or savings and loan holding companies, in accordance with section 3004(b) of ERISA (29 U.S.C. 1204(b)) and the Interagency Agreement adopted to implement its provisions.

(6) *Appraisal not required.* To determine pursuant to 12 CFR 225.63(a)(13) that the services of an appraiser are not necessary in order to protect federal financial and public policy interests in real estate-related financial transactions or to protect the safety and soundness of an institution.

(7) *Financial holding company corrective action agreements.* With the concurrence of the general counsel, to authorize a financial holding company, or a foreign bank that has elected to be treated as a financial holding company, that is subject to section 4(m) of the Bank Holding Company Act (12 U.S.C. 1843(m)):

(i) To acquire shares of a company pursuant to authority in section 4(k) of the Bank Holding Company Act (12 U.S.C. 1843(k)) in order to continue to engage in the following categories of existing activities which require recurring transactions in the ordinary course:

- (A) Merchant banking,
- (B) Underwriting dealing in, or making a market in securities;
- (C) Sponsoring, organizing, and managing customer-driven investment funds; and
- (D) Hedging risks incurred in ongoing permissible activities;

(ii) To extend the time within which a financial holding company must execute a corrective agreement under section 4(m) of the Bank Holding Company Act (12 U.S.C. 1843(m));

(iii) To extend the time limits in, or otherwise modify, corrective agreements under section 4(m) of the Bank Holding Company Act (12 U.S.C. 1843(m)); and

(iv) To determine not to make public any corrective agreement under section 4(m) of the Bank Holding Company Act (12 U.S.C. 1843(m));

(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)).

(8) *Complementary physical commodity trading activities.* With the concurrence of the general counsel, to approve requests by financial holding companies to engage in complementary physical commodity trading activities, pursuant to section 4(k)(1)(B) of the Bank Holding Company Act (12 U.S.C. 1843(k)(1)(B)), as an activity that is complementary to permissible commodity derivatives activities, provided that the proposal meets the conditions imposed by the Board approving previous requests and the proposal does not raise any significant legal, policy, or supervisory issues.

(9) *Extension of merchant banking investment holding periods.* With the concurrence of the general counsel, to approve requests by financial holding companies to hold merchant banking investments beyond the standard time periods established in section 225.172(b)(4) of Regulation Y (12 CFR 225.172(b)(4)), where no significant legal, policy, or supervisory issues are raised by the specific request.

(10) *Single-counterparty credit limits rule exemptions.* With the concurrence of the general counsel, to act on exemption requests under section 165(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365(e)) and subparts H and Q of Regulation YY (12 CFR part 252, subparts H and Q) where no significant legal, policy, or supervisory issues are raised.

(11) *Stress tests.*

(i) Jointly with the director of the Division of Financial Stability, with the con-

currence of the Chair of the Board's Committee on Supervision and Regulation:

(A) To develop and issue scenarios, including, but not limited to, the baseline scenario and the severely adverse scenario, that the Board would use to conduct analyses under section 238.132 of Regulation LL (12 CFR 238.132) or section 252.44 of Regulation YY (12 CFR 252.44) and that a company would use to conduct its stress tests under section 238.143 of Regulation LL (12 CFR 238.143) or section 252.14 or section 252.54 of Regulation YY (12 CFR 252.14 or 252.54), as appropriate, provided that no significant policy issues are raised; and

(B) To develop and issue additional scenarios or additional components for use in the severely adverse scenario under sections 238.132(b) and 238.143(b)(2) and (3) of Regulation LL (12 CFR 238.132(b) and 238.143(b)(2) and (b)(3)), and sections 252.14(b)(2) and (3), 252.44(b), and 252.54(b)(2) and (b)(3) of Regulation YY (12 CFR 252.14(b)(2) and (3), 252.44(b), and 252.54(b)(2) and (3)), that the Board would use to conduct analyses under section 238.132 of Regulation LL (12 CFR 238.132) or section 252.44 of Regulation YY (12 CFR 252.44) and that a company would use to conduct its stress tests under section 238.143 of Regulation LL (12 CFR 238.143) or section 252.14 or section 252.54 of Regulation YY (12 CFR 252.14 or 252.54), as appropriate, provided that no significant policy issues are raised;

(ii) With the concurrence of the Chair of the Committee on Supervision and Regulation:

(A) After consultation with the Board, to convey to a company the summary of the results of the Board's analyses of the company under section 238.134 of Regulation LL (12 CFR 238.134) or section 252.46 of Regulation YY (12 CFR 252.46);

(B) After consultation with the Board

and the director of the Division of Financial Stability, to determine the content and timing of the public disclosure of the results of the Board's analyses of a company under section 238.134 of Regulation LL (12 CFR 238.134) or section 252.46 of Regulation YY (12 CFR 252.46);

(C) To determine any appropriate updates to a company's resolution plan based on the results of the Board's analyses of the company under section 252.47 of Regulation YY (12 CFR 252.47); and

(D) To require a company to include one or more additional components in its severely adverse scenario in its stress test based on the company's financial condition, size, complexity, risk profile, scope of operations, or activities, or risks to the U.S. economy pursuant to section 238.143(b)(2) of Regulation LL (12 CFR 238.143(b)(2)) and sections 252.14(b)(2) and 252.54(b)(2) of Regulation YY (12 CFR 252.14(b)(2) and 252.54(b)(2));

(iii) After consultation with the Chair of the Committee on Supervision and Regulation:

(A) To evaluate whether a company has the capital necessary to absorb losses and continue its operation under baseline and severely adverse scenarios, and any additional scenarios, under section 238.134 of Regulation LL (12 CFR 238.134) or section 252.46 of Regulation YY (12 CFR 252.46);

(B) To conduct annual analyses of a company under section 238.132 of Regulation LL (12 CFR 238.132) or section 252.44 of Regulation YY (12 CFR 252.44); and

(C) To require a company with significant trading activity, as specified in the Capital Assessments and Stress Testing report (FR Y-14), or a subsidiary of such company, to include a trading and counterparty component in its severely adverse scenario in its stress test pursuant to section 238.143(b)(2) of Regulation LL (12 CFR 238.143(b)(2)) and

sections 252.14(b)(2) and 252.54(b)(2) of Regulation YY (12 CFR 252.14(b)(2) and 252.54(b)(2));

(iv) In consultation with the general counsel, to respond to a company's request for reconsideration that the company is required to include one or more additional components in its severely adverse scenario, including a trading or counterparty component, or to use one or more additional scenarios under section 238.143(b)(4) of Regulation LL (12 CFR 238.143(b)(4)) and sections 252.14(b)(4) and 252.54(b)(4) of Regulation YY (12 CFR 252.14(b)(4) and 252.54(b)(4)); and

(v) The director of the Division of Supervision and Regulation is also authorized to:

(A) Notify a company of the determination that the company is required to include one or more additional components in its severely adverse scenario, including a trading or counterparty component, or to use one or more additional scenarios under section 238.143(b)(4) of Regulation LL (12 CFR 238.143(b)(4)) and sections 252.14(b)(4) and 252.54(b)(4) of Regulation YY (12 CFR 252.14(b)(4) and 252.54(b)(4));

(B) Coordinate with the appropriate primary financial regulatory agencies in conducting the analyses under section 238.132 of Regulation LL (12 CFR 238.132) or section 252.44 of Regulation YY (12 CFR 252.44);

(C) Provide the as-of date of any scenarios, additional scenarios, additional components, and the relevant data under section 238.143(b) of Regulation LL (12 CFR 238.143(b)), or section 252.14(b) or section 252.54(b) of Regulation YY (12 CFR 252.14(b) or 252.54(b)), as appropriate;

(D) Extend (and in the case of nonbank financial companies supervised by the Board or savings and loan holding companies, accelerate) the compliance date for companies under section 238.131 or section 238.142 of Regulation LL (12 CFR 238.131 or 238.142), or section 252.13, section

252.43, or section 252.53 of Regulation YY (12 CFR 252.13, 252.43, or 252.53), as appropriate;

(E) Extend any or all of the following time periods:

(1) The time period by which a company must conduct its stress test or the as-of date of the data under section 238.143(a) of Regulation LL (12 CFR 238.143(a)), or section 252.14(a) or section 252.54(a) of Regulation YY (12 CFR 252.14(a) or 252.54(a)), as appropriate;

(2) The time period by which a company must file a report to the Board under section 238.145(a) of Regulation LL (12 CFR 238.145(a)), or section 252.16(a) or section 252.57(a) of Regulation YY (12 CFR 252.16(a) or 252.57(a)), as appropriate; and

(3) The time period by which a company must disclose a summary of results of its stress tests under section 238.146 of Regulation LL (12 CFR 238.146), or section 252.17 or section 252.58 of Regulation YY (12 CFR 252.17 or 252.58), as appropriate;

(F) Require a company to submit additional information on a consolidated basis pursuant to section 238.133 of Regulation LL (12 CFR 238.133) or section 252.45 of Regulation YY (12 CFR 252.45) that the director determines necessary to ensure that the Board has sufficient information to conduct its analysis under section 238.132 of Regulation LL (12 CFR 238.132) or section 252.44 of Regulation YY (12 CFR 252.44) or as necessary to project a company's pro forma financial condition;

(G) Require a company to submit additional information under section 238.145 of Regulation LL (12 CFR 238.145), or section 252.16 or section 252.57 of Regulation YY (12 CFR 252.16 or 252.57), as appropriate; and

(H) Determine that disclosures made by a bank holding company do not adequately capture the potential impact



of scenarios on the capital of a state member bank pursuant to section 252.17 of Regulation YY (12 CFR 252.17) and require that the state member bank make the same disclosure as required for state member banks that are not subsidiaries of bank holding companies.

(12) *Volcker Rule conformance period extensions.* With the concurrence of the general counsel, to approve (but not deny) a request by a new banking entity for an extension of time to conform its activities and investments to the requirements of section 13 of the Bank Holding Company Act and its implementing regulations, pursuant to section 225.181(a)(3) of Regulation Y (12 CFR 225.181(a)(3)), provided that the approval criteria thereunder are met and the request raises no significant policy or supervisory issues.

#### 8-108.5

(d) *International banking.*

(1) *Foreign bank reports.* To require submission of a report of condition respecting any foreign bank in which a member bank holds stock acquired under section 211.8(b) of Regulation K (12 CFR 211.8(b)), pursuant to section 25 of the Federal Reserve Act (12 U.S.C. 602).

(2) *Edge corporation reports.* To require submission and publication of reports by an Edge corporation under section 25A of the Federal Reserve Act (12 U.S.C. 625).

(3) *International banking matters.* With the concurrence of the general counsel, to approve applications, notices, exemption requests, waivers and suspensions, and other related matters under Regulation K (12 CFR part 211), where such matters do not raise any significant legal, supervisory, or policy issues.

#### 8-108.6

(4) *Allocated transfer risk reserves.* To determine the need for establishing and the amount of any allocated transfer risk reserve against specific international assets, and notify the banking institutions of the determination and the amount of the reserve and whether the reserve may be reduced

under subpart D of Regulation K (12 CFR part 211, subpart D).

(5) *Conduct and coordination of examinations.* To authorize the conduct of examinations of the U.S. offices and affiliates of foreign banks as provided in sections 7(c) and 10(c) of the International Banking Act (12 U.S.C. 3105(c) and 3107(c)), and, where appropriate, to coordinate those examinations with examinations of the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the state entity that is authorized to supervise or regulate a state branch, state agency, commercial lending company, or representative office.

(6) *Election by a foreign bank to be treated as financial holding company.* With the concurrence of the general counsel, to determine that an election by a foreign bank to become or to be treated as a financial holding company is effective, provided that:

- (i) The foreign bank meets the criteria for becoming or being treated as a financial holding company; and
- (ii) The election raised no significant policy or supervisory issues.

(7) *Enhanced prudential standards rule for foreign banking organizations.*

(i) With the concurrence of the Chair of the Committee on Supervision and Regulation and the general counsel, to grant or deny a request to permit a foreign banking organization to use an alternative organizational structure or not transfer its ownership interest in a U.S. subsidiary to its intermediate holding company under subpart O of Regulation YY (12 CFR part 252, subpart O), subject, as appropriate, to any commitments or conditions, provided that the request raises no significant policy or supervisory issues.

(ii) In consultation with the general counsel, to:

(A) *Commitments.* Grant or deny requests for modifying, including extending the time for, performing a commitment or condition relied on by the Board or its delegatee in taking any action under subparts M through O of Regulation YY (12 CFR part 252, subparts M-O). In acting on such requests,

the director may take into account changed circumstances and good faith efforts to fulfill the commitments or conditions, and shall consult with the directors of other interested divisions where appropriate. The director may not take any action that would be inconsistent with or result in an evasion of the provisions of the Board's original action;

(B) *Stress testing.*

(1) Determine that an asset should not qualify as an eligible asset under sections 252.146 and 252.158 of Regulation YY (12 CFR 252.146 and 252.158);

(2) Determine that a foreign banking organization or foreign savings and loan holding company must meet the additional standards, respectively, under section 238.162(b) of Regulation LL (12 CFR 238.162(b)) and sections 252.146 and 252.158 of Regulation YY (12 CFR 252.146 and 252.158);

(3) Approve an enterprise-wide stress test and determine that it meets the stress test requirements under section 238.162(b) of Regulation LL (12 CFR 238.162(b)) and sections 252.146 and 252.158 of Regulation YY (12 CFR 252.146 and 252.158);

(4) Require the U.S. branches and agencies of a foreign banking organization and, if the foreign banking organization has not established a U.S. intermediate holding company, any subsidiary of the foreign banking organization, to maintain a liquidity buffer or be subject to intragroup funding restrictions under section 252.158(d)(3) of Regulation YY (12 CFR 252.158(d)(3));

(C) *Capital.* Determine that a foreign banking organization would meet or exceed capital adequacy standards on a consolidated basis that are consistent with the Basel Capital Framework were the foreign banking organization subject to such standards under sections 252.143(a)(2) and 252.154(a)(2)

of Regulation YY (12 CFR 252.143(a)(2) and 252.154(a)(2));

(D) *Risk management.* Approve an alternative reporting structure for a U.S. chief risk officer based on circumstances specific to the foreign banking organization under sections 252.144(c)(3)(iii) and 252.155(b)(3)(iii) of Regulation YY (12 CFR 252.144(c)(3)(iii) and 252.155(b)(3)(iii));

(E) *Liquidity.*

(1) Require a foreign banking organization to calculate the collateral positions for its combined U.S. operations more frequently than required under section 252.156(g)(1)(i) of Regulation YY (12 CFR 252.156(g)(1)(i));

(2) Require a foreign banking organization to perform stress testing more frequently than is required under section 252.157(a)(2) of Regulation YY (12 CFR 252.157(a)(2)); and

(F) *Additional information.* Require a foreign banking organization to provide additional information under sections 252.147(a)(3), 252.153(a)(3) and 252.158(c)(2) of Regulation YY (12 CFR 252.147(a)(3), 252.153(a)(3) and 252.158(c)(2)), as appropriate.

**8-108.7**

(e) *Member banks.*

(1) *Membership certification to FDIC.* To certify, under section 4(b) of the Federal Deposit Insurance Act (12 U.S.C. 1814(b)), to the Federal Deposit Insurance Corporation that the factors specified in section 6 of the Federal Deposit Insurance Act (12 U.S.C. 1816) were considered with respect to the admission of a state-chartered bank to Federal Reserve membership.

(2) *Dollar exchange.* To permit any member bank to accept drafts or bill of exchange drawn upon it for the purpose of furnishing dollar exchange under section 13(12) of the Federal Reserve Act (12 U.S.C. 373).

(3) *ERISA violations.* To provide to the Department of Labor written notification of

possible significant violations of the Employee Retirement Income Security Act (ERISA) (29 U.S.C. 1001 *et seq.*) by member banks, in accordance with section 3004(b) of ERISA (29 U.S.C. 1204(b)) and the Interagency Agreement adopted to implement its provisions.

#### 8-108.8

(4) *Examiners.* To select or approve the appointment of Federal Reserve examiners, assistant examiners, and special examiners for the purpose of making examinations for or by the direction of the Board under 12 U.S.C. 325, 338, 625, 1844(c), and 3105(c)(1).

(5) *Capital stock reduction; branch applications; declaration of dividends; investment in bank premises.* To exercise the functions described in sections 265.20(e)(5) and (11) (reductions in capital and early retirement of subordinated debt) when the conditions specified in those sections preclude a Reserve Bank from acting on a member bank's request for action or when the Reserve Bank concludes that it should not take action, and to exercise the functions in section 265.20(e)(3), (4), and (7) (approving branch applications, declaration of dividends, and investment in bank premises) in cases in which the Reserve Bank concludes that it should not take action.

(6) *Security devices.* To exercise the functions described in section 265.20(e)(8) in those cases in which the appropriate Reserve Bank concludes that it should not take action for good cause.

(7) *Public welfare investments.*

(i) To permit a state member bank to make a public welfare investment in accordance with section 9(23) of the Federal Reserve Act (12 U.S.C. 338a) in any case in which the appropriate Reserve Bank does not have delegated authority to act, unless the proposal does not satisfy section 208.22(b)(1) of Regulation H (12 CFR 208.22(b)(1)). In acting on such requests, the director shall consult with the directors of other interested divisions where appropriate; and

(ii) To determine, in connection with acting on a proposal pursuant to delegated

authority as set forth in paragraph (e)(7)(i) of this section, that the aggregate amount of a state member bank's public welfare investments will not pose a significant risk to the deposit insurance fund in accordance with section 9(23) of the Federal Reserve Act (12 U.S.C. 338a).

(8) *Prior approval for capital distributions.*

With the concurrence of the Vice Chair for Supervision, to approve (but not deny) a request to make a distribution pursuant to section 217.303(g) of the Board's Regulation Q (12 CFR 217.303(g)).

(9) *Bank-affiliate transactions.* With the concurrence of the general counsel, to approve, or to make the requisite findings for approval of, requests for an exemption from the requirements of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and the Board's Regulation W (12 CFR part 223) for the purchase of assets by a state bank or other insured depository institution from an affiliate, provided that the purchase of assets is:

(i) Part of a one-time corporate reorganization;

(ii) Does not involve the purchase of low-quality assets;

(iii) Is accompanied by a commitment to repurchase any assets that have become low quality within two years of the transfer; and

(iv) Has been approved by the Federal Deposit Insurance Corporation and the institution's appropriate federal banking agency.

#### 8-108.9

(f) *Securities.*

(1) *Registration statements by member banks.* Under section 12(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)):

(i) To accelerate the effective date of a registration statement filed by a member bank with respect to its securities;

(ii) To accelerate termination of the registration of a security that is no longer held of record by 300 persons; and

(iii) To extend the time for filing a registration statement by a member bank.

(2) *Exemption from registration.* To issue notices with respect to application by a

state member bank for exemption from registration under section 12(h) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(h)).

(3) *Accelerating registration of security on national securities exchange.* To accelerate the effective date of an application by a state member bank for registration of a security on a national securities exchange under section 12(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(d)).

(4) *Unlisted trading in security of a state member bank.* To issue notices with respect to an application by a national securities exchange for unlisted trading privileges in a security of a state member bank under section 12(f) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(f)).

#### 8-108.91

(5) *Transfer agent registration; acceleration; withdrawal or cancellation.*

(i) To accelerate, under section 17A(c)(2) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78q-1(c)(2)), the effective date of a registration statement for transfer agent activities filed by a member bank or a subsidiary thereof, a bank holding company or a subsidiary thereof that is a bank as defined in section 3(a)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(6)) other than a bank specified in clause (i) or (iii) of section 3(a)(34)(B) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)(B)).

(ii) To withdraw or cancel, under section 17A(c)(3)(C) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78q-1(c)(4)(B)), the transfer agent registration of a member bank or a subsidiary thereof, a bank holding company, or a subsidiary thereof that is a bank as defined in section 3(a)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(6)) other than a bank specified in clause (i) or (iii) of section 3(a)(34)(B) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)(B)), that has filed a written notice of withdrawal with the Board or upon a finding that such trans-

fer agent is no longer in existence or has ceased to do business as a transfer agent.

(6) *Proxy solicitation; financial statements.*

(i) To permit the mailing of proxy and other soliciting materials by a state member bank before the expiration of the time prescribed therein under section 208.36 of Regulation H (12 CFR 208.36).

(ii) To permit the omission of financial statements from reports by a state member bank, or to require other financial statements in addition to, or in substitution for, the statements required therein under section 208.36 of Regulation H (12 CFR 208.36).

(7) *Municipal securities dealers.* Under section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w).

(i) To grant or deny requests for waiver of examination and waiting period requirements for municipal securities principals and representatives under Municipal Securities Rulemaking Board Rule G-3;

(ii) To grant or deny requests for a determination that a natural person or municipal securities dealer subject to a statutory disqualification is qualified to act as a municipal securities representative or dealer under Municipal Securities Rulemaking Board Rule G-4;

(iii) To approve or disapprove clearing arrangements under Municipal Securities Rulemaking Board Rule G-8, in connection with the administration of these rules for municipal securities dealers for which the Board is the appropriate regulatory agency under section 3(a)(34) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)).

#### 8-108.92

(8) *Making reports available to SEC.* To make available, upon request, to the Securities and Exchange Commission reports of examination of transfer agents, clearing agencies, and municipal securities dealers for which the Board is the appropriate regulatory agency for use by the Commission in exercising its supervisory responsibilities under the Act under section 17(c)(3) of the

Securities Exchange Act of 1934 (15 U.S.C. 78q(c)(3)).

(9) *Issuing examination manuals, forms, and other materials.* To issue examination or inspection manuals, registration, report, agreement, and examination forms, guidelines, instructions, and other similar materials for use in administering sections 7, 8, 15B, and 17A(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78g, 78h, 78o-4, and 78q-1(c)).

(10) *Lists of OTC and foreign margin stocks.* To approve issuance of the lists of OTC margin stocks and foreign margin stocks and add, omit, or remove any stock in circumstances indicating that such change is necessary or appropriate in the public interest under section 207.6(d) of Regulation G (12 CFR 207.6(d)), section 220.17(f) of Regulation T (12 CFR 220.17(f)), or section 221.7(d) of Regulation U (12 CFR 221.7(d)).

(g) *Golden parachute payments.* With the concurrence of the general counsel, to approve an application to make a golden parachute payment or enter into an agreement to make a golden parachute payment under 12 CFR part 359.

(h) *Prompt corrective action.* With the approval of the general counsel, to take the following actions pursuant to prompt corrective action under the rules implementing section 38 of the Federal Deposit Insurance Act (12 U.S.C. 1831o) in connection with any institution or person, except a critically undercapitalized institution:

(1) Capital categories, capital restoration plans, and discretionary supervisory actions pursuant to sections 208.42 through 208.44 of Regulation H (12 CFR 208.42 through 208.44);

(2) Notices and directives pursuant to section 263.202 of the Board's Rules of Practice for Hearings (12 CFR 263.202);

(3) Reclassification of a capital category based on criteria other than capital pursuant to section 263.203 of the Board's Rules of Practice for Hearings (12 CFR 263.203); and

(4) Dismissal of directors or senior officers pursuant to section 263.204 of the Board's

Rules of Practice for Hearings (12 CFR 263.204).

(i) *Assessments for bank holding companies, savings and loan holding companies, and nonbank financial companies supervised by the Board.* In consultation with the general counsel, to take actions pursuant to Regulation TT (12 CFR part 246) to determine the elements of the assessment formula for each assessment period including the assessment rate, the amount of the assessment basis, and each company's total assessable assets; to determine the amount of assessment for each assessed company, including allowing for pro-rata adjustments, payment of a lesser amount than would otherwise be required pursuant to the reservation of authority, and responding to an appeal by revising the assessment amount; to notify the assessed companies of the assessment; and to publish information regarding calculation of the assessments for each assessment period (including a description of how the assessment basis was determined) on the Board's public website.

(j) *Capital plans.*

(1) To take the following actions (or to provide concurrence to the appropriate Reserve Bank, where appropriate):

(i) To allow a bank holding company or savings and loan holding company to submit its capital plan after the 5th of January of a given year;

(ii) To object, in whole or in part, to the capital plan or provide the bank holding company or savings and loan holding company with a notice of nonobjection to the capital plan;

(iii) To direct a bank holding company or savings and loan holding company to revise and resubmit its capital plan if:

(A) The capital plan is incomplete;

(B) There has been or will be a material change in the bank holding company's or savings and loan holding company's risk profile, financial condition, or corporate structure;

(C) The stressed scenarios developed by the bank holding company or savings and loan holding company are not sufficiently stressed; or

(D) The capital plan or bank holding

company or savings and loan holding company raise any issues that would cause the Board or the Reserve Bank to object to the capital plan;

(iv) To waive the requirement that a bank holding company or savings and loan holding company resubmit its entire capital plan with respect to those portions of the plan that are unchanged;

(v) To extend or shorten the 30-day period for resubmission of a capital plan;

(vi) To determine that a bank holding company or savings and loan holding company is required to obtain prior approval for a capital distribution that would result in a material adverse change to the organization's capital or liquidity structure or because earnings were materially underperforming projections;

(vii) To notify a bank holding company or savings and loan holding company in writing that it may not take advantage of the prior approval exception for well-capitalized bank holding companies or savings and loan holding companies; or

(viii) To approve or disapprove, within 30 days of receipt of a complete request, a proposed capital distribution; and

(ix) To affirm or withdraw objection to a capital plan based on a bank holding company's or savings and loan holding company's written request to reconsider an objection to a capital plan.

(2) With the concurrence of the Chair of the Committee on Supervision and Regulation, and after consultation with the Board and the director of the Division of Financial Stability, to determine the content and timing of the public disclosure of the Board's decision to object or not object to a bank holding company's or savings and loan holding company's capital plan and the summary of the Board's analyses of that company, under section 225.8 of Regulation Y (12 CFR 225.8).

(3) Jointly with the director of the Division of Financial Stability, with the concurrence of the Vice Chair for Supervision:

(i) To provide a firm subject to the Board's capital plan rules with notice of its stress capital buffer requirement and an explanation of the results of the super-

visory stress test pursuant to sections 225.8(h)(1) of Regulation Y (12 CFR 225.8(h)(1)) and 238.170(h)(1) of Regulation LL (12 CFR 238.170(h)(1)); and

(ii) To provide a firm subject to the Board's capital plan rules with its final stress capital buffer requirement and confirmation of its final planned capital distributions pursuant to sections 225.8(h)(4)(i) of Regulation Y (12 CFR 225.8(h)(4)(i)) and 238.170(h)(4)(i) of Regulation LL (12 CFR 238.170(h)(4)(i)).

(k) *Capital adequacy.*

(1) *Delegations regarding the general provisions of subpart A of Regulation Q (12 CFR part 217, subpart A).*

(i) With the concurrence of the Chair of the Committee on Supervision and Regulation, and after consultation with the general counsel:

(A) To determine under section 217.1(d)(2)(ii) of Regulation Q (12 CFR 217.1(d)(2)(ii)) whether a capital element may be included in a company's common equity tier 1 capital, additional tier 1 capital, or tier 2 capital consistent with the loss absorption capacity of the element and in accordance with section 217.20(e) of Regulation Q (12 CFR 217.20(e)); and

(B) To determine under the definition of "financial institution" in section 217.2 of Regulation Q (12 CFR 217.2) whether a company is a financial institution based on its activities.

(ii) After consultation with the general counsel:

(A) To require under section 217.1(d)(1) of Regulation Q (12 CFR 217.1(d)(1)) a company to hold an amount of regulatory capital greater than otherwise required under Regulation Q because the company's capital requirements under Regulation Q are not commensurate with the company's credit, market, operational or other risks;

(B) To determine under section 217.1(d)(2)(i) of Regulation Q (12 CFR 217.1(d)(2)(i)) whether an element of capital must be excluded in



whole or in part from capital because the capital element has characteristics or terms that diminish its ability to absorb losses, or otherwise presents safety and soundness concerns;

(C) To require under section 217.1(d)(3) of Regulation Q (12 CFR 217.1(d)(3)) that a company assign a different risk-weighted asset amount to an exposure or deduct the amount of the exposure from its regulatory capital because the risk-weighted asset amount calculated under Regulation Q for the exposure is not commensurate with the risks associated with the exposure;

(D) To determine under section 217.1(d)(4) of Regulation Q (12 CFR 217.1(d)(4)) whether the leverage exposure amount, or the amount reflected in a company's reported average total consolidated assets, for an on- or off-balance sheet exposure (under section 217.10 of Regulation Q (12 CFR 217.10)) is inappropriate for the exposure(s) or the circumstances of the company, and, based on this determination, require the company to adjust this amount in the numerator and the denominator for purposes of the company's leverage ratio calculations;

(E) To determine under section 217.1(d)(5) of Regulation Q (12 CFR 217.1(d)(5)) whether the risk-based capital treatment for an exposure, or the treatment provided to an entity that is not consolidated on a company's balance sheet, is commensurate with the risk of the exposure and the relationship of the company to the entity, and, based on this determination, require the company to treat the exposure or entity as if it were consolidated on the company's balance sheet;

(F) With respect to any deduction or limitation required under Regulation Q, to require under section 217.1(d)(6) of Regulation Q (12 CFR 217.1(d)(6)) a different deduction or limitation provided that such alternative deduction or limitation is commensurate with the company's risk and consistent with safety and soundness;

(G) To approve a request by a Board-regulated institution to make or change an election, or a choice of treatment, under section 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 section 217.2 of Regulation Q (12 CFR 217.2) or under section 217.601(b)(2) of Regulation Q (12 CFR 217.601(b)(2)).

(iii) (A) To determine under paragraph (5) of the definition of "distribution" in section 217.2 of Regulation Q (12 CFR 217.2) whether a transaction is in substance a distribution of capital;

(B) To act on a request from a company under the definition of "eligible credit derivative" in section 217.2 of Regulation Q (12 CFR 217.2) to find that a credit derivative (other than a credit default swap, nth-to-default swap, or total return swap) should be considered an eligible credit derivative;

(C) To determine under the definition of "main index" in section 217.2 of Regulation Q (12 CFR 217.2) whether an index is a main index because the equities represented by the index have comparable liquidity, depth of market, and size of bid-ask spreads as equities in the Standard & Poor's 500 Index and FTSE All-World Index;

(D) To determine under the definition of "multilateral development bank" in section 217.2 of Regulation Q (12 CFR 217.2) whether a multilateral lending institution or regional development bank poses a comparable credit risk to other multilateral development banks;

(E) To determine under the definition of "qualifying central counterparty" in section 217.2 of Regulation Q (12 CFR 217.2) whether a central counterparty meets the requirements for qualification as a qualifying central counterparty;

(F) To determine under paragraph (8) of the definition of "traditional securi-

tization” in section 217.2 of Regulation Q (12 CFR 217.2) whether a transaction is not a traditional securitization based on the transaction’s leverage, risk profile, or economic substance; and

(G) To determine under paragraph (9) of the definition of “traditional securitization” in section 217.2 of Regulation Q (12 CFR 217.2) whether a transaction is a traditional securitization based on the transaction’s leverage, risk profile, or economic substance.

(2) *Delegation regarding the capital ratio requirements and buffers in subpart B of Regulation Q (12 CFR part 217, subpart B).* To act on a request under section 217.11(a)(4)(iv) of Regulation Q (12 CFR 217.11(a)(4)(iv)) to permit a company to make a capital distribution or discretionary bonus payment that would otherwise not be permissible.

(3) *Delegations regarding the definition of capital in subpart C of Regulation Q (12 CFR part 217, subpart C).*

(i) With the concurrence of the Chair of the Committee on Supervision and Regulation, and after consultation with the general counsel, to act on a request from a company under section 217.20(e)(1) of Regulation Q (12 CFR 217.20(e)(1)) to include a capital element in its common equity tier 1 capital, additional tier 1 capital, or tier 2 capital.

(ii) (A) To determine under section 217.20(c)(1)(v)(C) and (d)(1)(v)(C) of Regulation Q (12 CFR 217.20(c)(1)(v)(C) and (d)(1)(v)(C)) whether a company would continue to hold capital commensurate to its risk following the exercise of a call option; (B) To consult with the other banking agencies under section 217.20(e)(2) of Regulation Q (12 CFR 217.20(e)(2)) when considering whether a company may include a regulatory capital element in its common equity tier 1 capital, additional tier 1 capital, or tier 2 capital;

(C) To make publicly available under section 217.20(e)(3) of Regulation Q

(12 CFR 217.20(e)(3)) a decision that a regulatory capital element may be included in a company’s common equity tier 1 capital, additional tier 1 capital, or tier 2 capital;

(D) To determine under section 217.22(a)(5)(i) of Regulation Q (12 CFR 217.22(a)(5)(i)) whether the deduction of a defined benefit pension fund net asset is not required to the extent that the company has unrestricted and unfettered access to the assets in the fund;

(E) To act on a request from a company under section 217.22(b)(2)(iv) of Regulation Q (12 CFR 217.22(b)(2)(iv)) to change to its AOCI opt-out election following a merger, acquisition, or purchase transaction;

(F) To act on a request from a company under section 217.22(c)(4), (5), or (6) or (d)(2)(i)(C) of Regulation Q (12 CFR 217.22(c)(4), (5), or (6) or (d)(2)(i)(C)) not to deduct investments in the capital of an unconsolidated financial institution either:

(1) To the extent the investment is related to a failed underwriting, or

(2) If the financial institution is in distress and the investment is made for the purpose of providing financial support to the financial institution;

(G) To act on a request from a company under section 217.22(d)(1)(iv) or (d)(2)(iii) of Regulation Q (12 CFR 217.22(d)(1)(iv) or (d)(2)(iii)) to change its election whether to exclude DTAs and DTLs relating to adjustments made to common equity tier 1 capital;

(H) To act on a request from a company under section 217.22(e)(5) of Regulation Q (12 CFR 217.22(e)(5)) to change its preference regarding the manner in which it nets DTLs against specific assets subject to deduction;

(I) To act on a request from a company under section 217.22(h)(2)(iii)(A) of Regulation Q (12 CFR 217.22(h)(2)(iii)(A)) to use a conservative estimate of the amount of its in-

vestment in its own capital instruments or the capital of an unconsolidated financial institution held through a position in an index; and

(J) To determine under section 217.22(h)(3)(iii)(C) of Regulation Q (12 CFR 217.22(h)(3)(iii)(C)) whether a company's internal control process is adequate.

(iii) (A) To act on a company's request under section 217.20(b)(1)(iii), (c)(1)(vi), or (d)(1)(x) of Regulation Q (12 CFR 217.20(b)(1)(iii), (c)(1)(vi), (d)(1)(x)) to redeem a security; and

(B) To act on a company's request under section 217.20(c)(1)(v)(A) or (d)(1)(v)(A) of Regulation Q (12 CFR 217.20(c)(1)(v)(A), (d)(1)(v)(A)) to exercise a call option.

(4) *Delegations regarding the standardized approach in subpart D of Regulation Q (12 CFR part 217, subpart D).*

(i) After consultation with the general counsel, to determine under section 217.35(d)(3)(i)(E) of Regulation Q (12 CFR 217.35(d)(3)(i)(E)) that a risk weight higher than 20 percent for variable RW in formula KCCP is more appropriate based on the specific characteristics of the QCCP and its clearing members.

(ii) (A) To determine under section 217.35(d)(1) of Regulation Q (12 CFR 217.35(d)(1)) whether there has been a material change in the financial condition of a CCP;

(B) To act on a request under section 217.35(d)(2) of Regulation Q (12 CFR 217.35(d)(2)) for a company to use a risk-weighted asset amount for default fund contributions to a CCP that is not QCCP other than a 1,250 percent risk weight; and

(C) In the case of a system-wide failure of a settlement or clearing system, or a CCP, to waive under section 217.38(c) of Regulation Q (12 CFR 217.38(c)) risk-based capital requirements for unsettled and failed transactions.

(iii) (A) To act on a request from a company under section 217.37(c) of Regu-

lation Q (12 CFR 217.37(c)) to use its own estimates of haircuts, including:

(1) Acting on a request by a company under section 217.37(c)(4)(i)(E) of Regulation Q (12 CFR 217.37(c)(4)(i)(E)) to make changes to the company's policies and procedures; and

(2) Requiring a company under section 217.37(c)(4)(i)(F) of Regulation Q (12 CFR 217.37(c)(4)(i)(F)) to use a different period of significant financial stress in the calculation of own estimates of haircuts; and

(B) To determine under section 217.41(c) of Regulation Q (12 CFR 217.41(c)) whether or not a company has demonstrated a comprehensive understanding of the features of a securitization exposure.

(5) *Delegations regarding the advanced approaches risk-based capital rules in subpart E of Regulation Q (12 CFR part 217, subpart E).*

(i) With the concurrence of the Chair of the Committee on Supervision and Regulation, and after consultation with the general counsel, to act on a request by a company under section 217.121(c) and (d) of Regulation Q (12 CFR 217.121(c) and (d)) to use the advanced approaches to calculate its risk-based capital requirements and notify the company of the date that it must begin to do so if the action would not raise significant policy issues.

(ii) After consultation with the general counsel:

(A) To require a company (that no longer meets the qualification requirements in subpart E of Regulation Q (12 CFR part 217, subpart E)) under section 217.123(b)(3) of Regulation Q (12 CFR 217.123(b)(3)) to calculate its advanced approaches total risk weighted assets with modifications determined by the director if the director determines that the advanced approaches total risk-weighted assets are not commensurate with the company's credit, market, operational, or other risk; and

(B) To determine under section

217.133(d)(3)(i) of Regulation Q (12 CFR 217.133(d)(3)(i)) that a risk weight higher than 20 percent for variable RW in formula  $K_{cep}$  is more appropriate based on the specific characteristics of the QCCP and its clearing members.

(iii) (A) To determine under section 217.100(c)(1) of Regulation Q (12 CFR 217.100(c)(1)) that not applying a provision of Regulation Q would, in all circumstances, unambiguously generate a risk-based capital requirement for each such exposure greater than that which would otherwise be required;

(B) To determine that a non-U.S. subsidiary of a U.S. company may use the retail definition of default defined in a non-U.S. jurisdiction under the definition of “default” in section 217.101 of Regulation Q (12 CFR 217.101);

(C) To determine for purposes of the definition of eligible double default guarantor in section 217.101 of Regulation Q (12 CFR 217.101) whether the guarantor is subject to consolidated supervision and regulation comparable to that imposed on U.S. depository institutions or securities broker-dealers;

(D) To extend any of the following periods:

(1) A company’s parallel run start date under section 217.121 of Regulation Q (12 CFR 217.121);

(2) For up to an additional 12 months, the time in which a company may use subpart D of Regulation Q (12 CFR part 217, subpart D) to determine the risk-weighted asset amounts for a merged or acquired company’s exposures under section 217.124(a) of Regulation Q (12 CFR 217.124(a)); and

(3) For up to an additional 12 months, the time in which a company may use an acquired company’s advanced systems to determine total risk-weighted assets for the merged or acquired company’s exposures under section 217.124(b)(1) of

Regulation Q (12 CFR 217.124(b)(1));

(E) To assess compliance with any supervisory guidance on qualification requirements for purposes of section 217.121(b)(1) of Regulation Q (12 CFR 217.121(b)(1));

(F) To waive the requirement under section 217.121(b)(2) of Regulation Q (12 CFR 217.121(b)(2)) that a company submit a parallel run implementation plan to the Board at least 60 days before it proposes to begin its parallel run;

(G) To act on a request by a company under section 217.122(g)(2)(ii)(A)(I) of Regulation Q (12 CFR 217.122(g)(2)(ii)(A)(I)) to use a historical observation period of less than five years for internal operational loss event data to address transitional situations, such as integrating a new business line;

(H) To act on a request by a company under section 217.122(g)(2)(ii)(A)(3) of Regulation Q (12 CFR 217.122(g)(2)(ii)(A)(3)) to refrain from collecting internal operational loss event data for individual operational losses below established dollar threshold amounts;

(I) To act on a request by a company under section 217.122(g)(3)(i)(D) of Regulation Q (12 CFR 217.122(g)(3)(i)(D)) to use internal estimates of dependence among operational losses across and within units of measure;

(J) To act on a request by a state member bank under section 217.122(g)(3)(ii) of Regulation Q (12 CFR 217.122(g)(3)(ii)) to generate an estimate of the company’s operational risk exposure using an alternative approach to that specified in section 217.122(g)(3)(i) of Regulation Q (12 CFR 217.122(g)(3)(i));

(K) To determine under section 217.123(b) of Regulation Q (12 CFR 217.123(b)) that a company that has conducted a satisfactory parallel run fails to comply with the qualification

requirements in section 217.122 of Regulation Q (12 CFR 217.122) and notify the company in writing of the determination;

(L) To determine under section 217.123(b) of Regulation Q (12 CFR 217.123(b)) whether a company's plan to return to compliance with the qualification requirements in section 217.122 of Regulation Q (12 CFR 217.122) is satisfactory;

(M) To establish requirements under section 217.131(e)(1)(i) of Regulation Q (12 CFR 217.131(e)(1)(i)) for the estimation of a margin loan's probability of default ("PD") and loss given default ("LGD");

(N) In the case of a system-wide failure of a settlement or clearing system, or a central counterparty, to waive under section 217.136(c) of Regulation Q (12 CFR 217.136(c)) risk-based capital requirements for unsettled and failed transactions; and

(O) To act on a request by a company under section 217.161(b)(2) of Regulation Q (12 CFR 217.161(b)(2)) to use operational risk mitigants other than insurance.

(iv) (A) To act on a request for approval of any model or optional approach available under subpart E of Regulation Q (12 CFR part 217, subpart E), including without limitation:

(I) Any counterparty credit risk model or methodology (own estimates of haircuts, simple VaR methodology, internal models methodology, or advanced credit valuation adjustment ("CVA") approach) under sections 217.122(d) and 217.132 of Regulation Q (12 CFR 217.122(d) and 217.132), including:

(i) Acting on a request by a company under section 217.132(b)(2)(iii)(A)(5) of Regulation Q (12 CFR 217.132(b)(2)(iii)(A)(5)) to make changes to the company's policies and procedures;

(ii) Requiring a company under section 217.132(b)(2)(iii)(A)(6) of

Regulation Q (12 CFR 217.132(b)(2)(iii)(A)(6)) to use a different period of significant financial stress in the calculation of own internal estimates for haircuts;

(iii) Acting on a request by a company under section 217.132(d)(1) introductory text and (d)(1)(iv) of Regulation Q (12 CFR 217.132(d)(1) introductory text and (d)(1)(iv)) to use the internal models methodology, cease using the internal models methodology for a transaction type, or make a material change to its internal model;

(iv) Acting on a request by a company under section 217.132(d)(2)(iv) and (d)(10) of Regulation Q (12 CFR 217.132(d)(2)(iv) and (d)(10)) to use a more conservative estimate of exposure at default ("EAD");

(v) Determining that a company must set a higher "alpha" under section 217.132(d)(2)(iv)(C) of Regulation Q (12 CFR 217.132(d)(2)(iv)(C)) based on the company's specific characteristics of and counterparty credit risk or model performance;

(vi) Acting on a request by a company under section 217.132(d)(3) of Regulation Q (12 CFR 217.132(d)(3)) to calculate the distributions of exposures upon which the EAD calculation is based;

(vii) Requiring a company under section 217.132(d)(3)(viii) of Regulation Q (12 CFR 217.132(d)(3)(viii)) to modify its stress calibration to better reflect actual historic losses of the portfolio;

(viii) Acting on a request by a company under section 217.132(d)(5)(i) of Regulation Q (12 CFR 217.132(d)(5)(i)) to include the effect of a collateral

agreement within an internal model used to calculate EAD;

(ix) Requiring a company under section 217.132(d)(5)(iii)(C) of Regulation Q (12 CFR 217.132(d)(5)(iii)(C)) to set a longer holding period (for margin period of risk for a netting set that is subject to a collateral agreement) if the director determines that a longer period is appropriate due to the nature, structure, or characteristics of the transaction or is commensurate with the risks associated with the transaction;

(x) Acting on a request by a company under section 217.132(d)(6) of Regulation Q (12 CFR 217.132(d)(6)) to calculate alpha as the ratio of economic capital from a full simulation of counterparty exposure across counterparties that incorporates a joint simulation of market and credit risk factors (numerator) and economic capital based on expected positive exposure (“EPE”) (denominator), subject to a floor of 1.2;

(xi) Acting on a request by a company under section 217.132(e) of Regulation Q (12 CFR 217.132(e)) to calculate its CVA risk-weighted asset amounts for a class of counterparties using the advanced CVA approach;

(xii) Acting on a request by a company under section 217.132(e)(6)(ii)(D) of Regulation Q (12 CFR 217.132(e)(6)(ii)(D)) to use a conservative estimate when determining  $LGD_{MKT}$ ; and

(xiii) Requiring a company under section 217.132(e)(6)(v)(B) of Regulation Q (12 CFR 217.132(e)(6)(v)(B)) to use a different period of significant financial stress in the calculation of the  $CVA_{Stressed}$  measure;

(2) Any model or approach relating to cleared transactions under sections 217.122(d) and 217.133 of Regula-

tion Q (12 CFR 217.122(d) and 217.133), including:

(i) Requiring under section 217.133(d)(1) of Regulation Q (12 CFR 217.133(d)(1)) a company that is a clearing member to determine the risk-weighted asset amount for a default fund contribution to a CCP more frequently than quarterly if in the opinion of the director of the Division of Supervision and Regulation, there is a material change in the financial condition of the CCP; and

(ii) Acting on a request under section 217.133(d)(2) of Regulation Q (12 CFR 217.133(d)(2)) for a company to use a risk-weighted asset amount for default fund contributions to a CCP that is not QCCP other than a 1,250 percent risk weight;

(3) Any model or approach relating to the double default treatment under sections 217.122(e) and 217.135 of Regulation Q (12 CFR 217.122(e) and 217.135), including acting on a request by a company under section 217.135(a)(6) of Regulation Q (12 CFR 217.135(a)(6)) to implement a process to detect excessive correlation between the creditworthiness of the obligor of a hedged exposure and a protection provider;

(4) A company’s own internal estimates of market price volatility and foreign exchange volatility under section 217.145(b)(4) of Regulation Q (12 CFR 217.145(b)(4)); and

(5) The internal models approach for equity exposures under sections 217.122(f) and 217.153(b) of Regulation Q (12 CFR 217.122(f) and 217.153(b));

(B) To determine under section 217.131(e)(4) of Regulation Q (12 CFR 217.131(e)(4)) whether a portfolio of exposures is or is not material; and

(C) To assess for purposes of section 217.141(c)(1) of Regulation Q (12 CFR 217.141(c)(1)) whether a company has a comprehensive understand-



ing of the features of a securitization exposure that would materially affect the performance of the exposure.

(6) *Delegations regarding the market risk rule in subpart F of Regulation Q (12 CFR part 217, subpart F).*

(i) With the concurrence of the Chair of the Committee on Supervision and Regulation, and after consultation with the general counsel, to act on a request by a company to be excluded from the market risk rule under section 217.201(b)(3) of Regulation Q (12 CFR 217.201(b)(3)) if the action would not raise significant policy issues.

(ii) After consultation with the general counsel, to require a company:

(A) Under section 217.201(c)(1) of Regulation Q (12 CFR 217.201(c)(1)) to hold an amount of capital greater than otherwise required under subpart F of Regulation Q (12 CFR part 217, subpart F) upon a determination that the company's capital requirement for market risk as calculated under Regulation Q is not commensurate with the market risk of the company's covered positions;

(B) Under section 217.201(c)(2) of Regulation Q (12 CFR 217.201(c)(2)) to assign a different risk-based capital requirement to one or more covered positions or portfolios that more accurately reflects the risk of the positions or portfolios; and

(C) Under section 217.201(c)(3) of Regulation Q (12 CFR 217.201(c)(3)) to calculate risk-based capital requirements for specific positions or portfolios under subpart F of Regulation Q (12 CFR part 217, subpart F), or under subparts D or E of Regulation Q (12 CFR part 217, subparts D or E), as appropriate, to more accurately reflect the risks of the positions.

(iii) To act regarding any model approval, disapproval, rescission, or supervision under subpart F of Regulation Q (12 CFR part 217, subpart F), including the authority to:

(A) Exclude from trading assets or liabilities structural foreign currency po-

sitions of a company or any hedge of a covered position that is outside the scope of the company's hedging strategy under section 217.202 of Regulation Q (12 CFR 217.202);

(B) Act on a request from a company under section 217.203(c)(1) of Regulation Q (12 CFR 217.203(c)(1)) to approve its internal model(s) to calculate its risk-based capital requirement;

(C) Rescind approval under section 217.203(c)(3) of Regulation Q (12 CFR 217.203(c)(3)) of a company's internal model(s) to calculate its risk-based capital requirement;

(D) Act on a request from a company under section 217.204(a)(2)(vi)(B) of Regulation Q (12 CFR 217.204(a)(2)(vi)(B)) to use alternative techniques to measure the risk of de minimis exposures;

(E) Act on a request from a company under section 217.204(b)(2) of Regulation Q (12 CFR 217.204(b)(2)) to use a different adjustment of its VaR-based measure;

(F) Review and determine the appropriateness of a company's omission of risk factors under section 217.205(a)(4) of Regulation Q (12 CFR 217.205(a)(4)) and the use of proxies under section 217.205(a)(5) of Regulation Q (12 CFR 217.205(a)(5));

(G) Review and determine under section 217.205(b)(1) of Regulation Q (12 CFR 217.205(b)(1)) the appropriateness of any conversions of VaR to other holding periods by a company;

(H) Review and determine under section 217.205(b)(2)(ii) of Regulation Q (12 CFR 217.205(b)(2)(ii)) the appropriateness of a company's alternative weighting schemes;

(I) Approve or disapprove under section 217.205(c) of Regulation Q (12 CFR 217.205(c)) any requirements relating to a company's division of subportfolios;

(J) Approve or disapprove under section 217.206(b)(3) of Regulation Q (12 CFR 217.206(b)(3)) any changes to a company's policies and procedures that

describe how the company determines the period of significant financial stress used to calculate its stressed VaR-based measure;

(K) Require a company under section 217.206(b)(4) of Regulation Q (12 CFR 217.206(b)(4)) to use a different period of significant financial stress in the calculation of the stressed VaR-based measure;

(L) Act on a request by a company under section 217.208(a) of Regulation Q (12 CFR 217.208(a)) to include certain portfolios of equity positions in its incremental risk model;

(M) Act on a request by a company under section 217.209(a)(1) of Regulation Q (12 CFR 217.209(a)(1)) to use the comprehensive risk approach for one or more portfolios of correlation trading positions and the related approval under section 217.209(a)(2)(ii) of Regulation Q (12 CFR 217.209(a)(2)(ii)) regarding a company's comprehensive risk capital requirement;

(N) Determine under section 217.210(e)(3) of Regulation Q (12 CFR 217.210(e)(3)) whether an index is a main index because the equities represented by the index have comparable liquidity, depth of market, and size of bid-ask spreads as equities in the Standard & Poor's 500 Index and FTSE All-World Index; and

(O) Determine under section 217.210(f)(1) of Regulation Q (12 CFR 217.210(f)(1)) whether or not a company has demonstrated a comprehensive understanding of the features of a securitization exposure.

(7) *Delegations of authority under Basel I-based capital guidelines (appendix A to Regulation Y, 12 CFR part 225).*

(i) To approve under section II.A.1.c.ii.(2) of appendix A to Regulation Y, 12 CFR part 225, a bank or bank holding company's redemption of perpetual preferred stock; and

(ii) To approve under section II.A.2. of appendix A to Regulation Y, 12 CFR part 225, a bank or bank holding company's

redemption of subordinated debt or mandatorily convertible securities prior to the stated maturity.

(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 section 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 section 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 section 217.608(a)(1)(v)(A) or section 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 section 217.608(a)(1)(vi) or section 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 section 217.608(g) of Regulation Q (12 CFR 217.608(g)).

(l) *Concentration limit actions (Regulation XX (12 CFR part 251)).*

(1) To approve requests from financial companies seeking to use an accounting standard or method of estimation other than GAAP to calculate and report liabilities pursuant to section 14 of the Bank Holding Company Act (12 U.S.C. 1852) and Regulation XX (12 CFR part 251);

(2) To calculate and publish total financial sector liabilities for the preceding calendar year and the average of financial sector liabilities for the preceding two calendar years, for use in calculating whether a firm exceeds 10 percent of the liabilities of all financial firms in the United States pursuant to section 14 of the Bank Holding Company Act (12 U.S.C. 1852); and

(3) To provide prior written consent for purposes of section 14 of the Bank Holding Company Act (12 U.S.C. 1852) to a financial company to consummate an acquisition of a de minimis transaction, to the extent that the transaction otherwise meets all other criteria for delegated action related to financial, managerial, convenience and needs, and other review factors.

(m) *Savings and loan holding companies.*

(1) With concurrence of the general counsel:

(i) To extend the time limits in, or otherwise modify, an agreement entered into by a savings and loan holding company pursuant to section 238.66 of Regulation LL (12 CFR 238.66).

(ii) To determine that publication of an agreement entered into by a savings and loan holding company pursuant to section 238.66 of Regulation LL (12 CFR 238.66) would be contrary to the public interest under the publication requirements of the Federal Deposit Insurance Act (12 U.S.C. 1811 *et seq.*).

(iii) To act on requests for exemptions or otherwise make determinations under section 11 of the Home Owners' Loan Act (12 U.S.C. 1468), as implemented in Regulation W (12 CFR part 223), to the same extent authorized with respect to insured depository institutions and their affiliates and bank holding companies.

(2) With the director of the Division of Consumer and Community Affairs, to designate the responsible Reserve Bank of a savings and loan holding company when the standard delegation would not result in an efficient allocation of supervisory resources or would not otherwise be appropriate.

(n) *Swaps margin and swaps pushout.* To approve internal margin models for entities for which the Board is the prudential regulator, in accordance with section 237.8 of Regulation KK (12 CFR 237.8).

(o) *Certain determinations under Regulations LL, YY, and QQ.* In consultation with the general counsel, to:

(1) Determine that an asset meets the criteria to be a highly liquid asset under the Board's prudential standards in Regulation LL (12 CFR 238.124(b)(3)(i)) and Regulation YY (12 CFR 252.35(b)) to the extent that such determination is consistent with the criteria specified in such regulations and does not raise any significant legal, policy, or supervisory concerns;

(2) Determine that a foreign banking organization may comply with the requirements in Regulation YY (12 CFR 252.3(c)) through a subsidiary to the extent that such determination is consistent with the criteria specified in Regulation YY and does not raise any significant legal, policy or supervisory concerns; and

(3) Identify which holding company in a multi-tiered holding company will be a covered company under Regulation QQ (12 CFR part 243) to the extent such identification is consistent with the criteria specified in Regulation QQ (12 CFR 243.2) and does not raise any significant legal, policy, or supervisory concerns.

(p) *Approving certain requests under the capital rule (Regulation Q, 12 CFR part 217) related to the exposure amount of derivative contracts.* To the extent that the determination or request does not raise any significant legal, policy, or supervisory issue:

(1) To act on a request under section 217.34(f) of Regulation Q (12 CFR 217.34(f)) as to whether a holding period greater than 5 days is appropriate for vari-

able H due to the nature, structure, or characteristics of the transaction or that is commensurate with the risks associated with the transaction;

(2) To act on a request under section 217.132(c)(1) of Regulation Q (12 CFR 217.132(c)(1)) from a banking organization to change its election between the use of the standardized approach to counterparty credit risk under section 217.132(c)(5) of Regulation Q (12 CFR 217.132(c)(5)) and the internal models methodology under section 217.132(d) of Regulation Q (12 CFR 217.132(d)) for its derivative transactions;

(3) To require under section 217.132(c)(2)(iii)(H) of Regulation Q (12 CFR 217.132(c)(2)(iii)(H)) that a banking organization include a derivative contract in multiple hedging sets if the risk of the derivative contract materially depends on more than one of interest rate, exchange rate, credit, equity, or commodity risk factors;

(4) To act on a request under section 217.132(d)(10) of Regulation Q (12 CFR 217.132(d)(10)) from a banking organization to use a more conservative estimate of EAD for purposes of the internal models methodology;

(5) To require under section 217.133(d)(1) of Regulation Q (12 CFR 217.133(d)(1)) that a banking organization determine the risk-weighted asset amount for its default fund contribution to a central counterparty (CCP) on the basis that there has been a material change in the financial condition of the CCP;

(6) To act on a request under section 217.133(d)(2) of Regulation Q (12 CFR 217.133(d)(2)) from a banking organization to use a risk-weighted asset amount for a default fund contribution to a CCP that is not a qualifying central counterparty (QCCP) other than 1,250 percent risk weight; and

(7) To act on a request under section 217.133(d)(6)(vi) of Regulation Q (12 CFR 217.133(d)(6)(vi)) from a banking organization to determine the risk-weighted asset amount for a default fund contribution to a QCCP according to section 217.35(d)(3)(ii)

(12 CFR 217.35(d)(3)(ii)) rather than section 217.133(d) (12 CFR 217.133(d)).

(q) *Insurance Policy Advisory Committee.* To organize and administer the Insurance Policy Advisory Committee (“IPAC”), including by publishing future requests for IPAC applications in the *Federal Register*.

(r) *Submission of reports.*

(1) With the concurrence of the general counsel, to prepare and submit to Congress reports under section 165(b)(5) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365(b)(5)).

(2) With the concurrence of the general counsel, to prepare and submit to Congress reports under section 37(c) of the Federal Deposit Insurance Act (12 U.S.C. 1831n(c)), and to submit such reports to the *Federal Register* for publication.

## 8-109

### SECTION 265.8—Functions Delegated to the Director of the Division of Consumer and Community Affairs

The director of the Division of Consumer and Community Affairs (or the director’s delegatee) is authorized:

(a) *Examination and enforcement activities.* For the consumer protection and consumer affairs statutes and regulations for which the Board has supervisory and enforcement responsibility, including but not limited to the Truth in Lending Act, Home Mortgage Disclosure Act, Community Reinvestment Act, Equal Credit Opportunity Act, Fair Housing Act, and the Federal Trade Commission Act’s prohibition on unfair and deceptive acts and practices:

(1) To oversee policy development regarding compliance by state member banks and other supervised entities, including by establishing criteria for the execution of examination and enforcement activities delegated to the Reserve Banks and monitoring those activities; and

(2) To issue examination or inspection manuals; report, agreement, and examina-

tion forms; examination procedures, guidelines, instructions, and other similar materials.

#### 8-109.1

(b) *Community Advisory Council.* To call meetings of and consult with the Community Advisory Council, approve the agenda for such meetings, publish *Federal Register* notices soliciting Community Advisory Council nominations from the public to assist in the selection of prospective members, and accept any resignations from Community Advisory Council members.

(c) *Determining inconsistencies between state and federal laws.* To determine whether a state law is inconsistent with the following federal acts and regulations to the extent that the laws are applicable to motor vehicle dealers, as defined in section 1029 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5519):

(1) Sections 111, 171(a) and 186(a) of the Truth in Lending Act (15 U.S.C. 1610(a), 1666j(a), 1667e(a)) and sections 226.28 of Regulation Z (12 CFR 226.28) and 213.9 of Regulation M (12 CFR 213.9);

(2) Section 919 of the Electronic Fund Transfer Act (15 U.S.C. 1693q) and section 205.12 of Regulation E (12 CFR 205.12); and

(3) Section 705(f) of the Equal Credit Opportunity Act (15 U.S.C. 1691d(f)) and section 202.11 of Regulation B (12 CFR 202.11).

#### 8-109.2

(d) *Interpreting the Fair Credit Reporting Act.* To issue interpretations pursuant to section 621(e) of the Fair Credit Reporting Act (15 U.S.C. 1681s(e));

(e) [Reserved]

(f) *Community Reinvestment Act determinations.* To make determinations, pursuant to section 804 of the Community Reinvestment Act of 1977 (12 U.S.C. 2903), approving or disapproving:

(1) Strategic plans and any amendments thereto pursuant to section 228.27(g) and

(h) of Regulation BB (12 CFR 228.27(g) and (h)); and

(2) Requests for designation as a wholesale or limited purpose bank or the revocation of such designation, pursuant to section 228.25(b) of Regulation BB (12 CFR 228.25(b)).

(g) *Public hearings.* To conduct hearings or other proceedings required or permitted by law, concerning consumer law or other matters within the responsibilities of the Division of Consumer and Community Affairs, in consultation with other interested divisions of the Board where appropriate.

(h) *Designation of responsible Reserve Bank for savings and loan holding companies.* With the director of the Division of Supervision and Regulation, to designate the responsible Reserve Bank of a savings and loan holding company when the standard designation would not result in an efficient allocation of supervisory resources or would not otherwise be appropriate.

#### 8-110

##### SECTION 265.9—Functions Delegated to the Director of the Division of International Finance

The director of the Division of International Finance (or the director's delegatee) is authorized:

(a) *Establishment of foreign accounts.* To approve the establishment of foreign accounts and the terms of any account-related agreements with the Federal Reserve Bank of New York under section 14(e) of the Federal Reserve Act (12 U.S.C. 358).

(b) [Reserved]

#### 8-111

##### SECTION 265.10—Functions Delegated to the Director of the Division of Monetary Affairs

The director of the Division of Monetary Affairs (or the director's delegatee) is authorized:

(a) *Term Deposit Facility (TDF) test operations.* With the concurrence of the general counsel, and in consultation with the Chair if feasible, to adjust the terms and conditions of individual TDF test operations that raise significant technical or operational issues, including but not limited to the authority to:

- (1) Delay the open of a TDF operation;
- (2) Extend the close of a TDF operation;
- (3) Reschedule a TDF operation; and
- (4) Delay the announcement of TDF operation results.

(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.

(c) *Form FR 2900.* With the concurrence of the general counsel—

- (1) To reassess the deposit reporting threshold each year, starting in February 2022, as is necessary to maintain a weekly reporting panel of 1,000 institutions comprised of foreign-related reporters and the largest M2 deposit holders for the weekly Report of Deposits and Vault Cash (Form FR 2900); and
- (2) To determine the frequency with which the deposit reporting threshold is reassessed (e.g., annually or less frequently than annually) consistent with maintaining a stable panel of weekly reporters for the Form FR 2900 and enabling accurate construction of the monetary aggregates.

change submitted under section 806(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5465(e)) and section 234.4 of Regulation HH (12 CFR 234.4).

(2) To extend the review period for proposed changes that raise novel or complex issues and to request additional information from the designated financial market utility for consideration of the notice.

(b) *Regulation II.*

(1) In consultation with the director of the Division of Supervision and Regulation and the general counsel, to approve the publication of annual lists of institutions that fall above and below the small issuer exemption asset threshold under Regulation II (12 CFR part 235).

(2) In consultation with the general counsel, to approve the publication of annual lists of the average interchange fees each network provides to nonexempt and exempt issuers.

#### 8-113

#### SECTION 265.12—Functions Delegated to the Secretary of the Federal Open Market Committee

The secretary of the Federal Open Market Committee (or the deputy secretary in the secretary's absence) is authorized:

(a) *Records of policy actions.* To approve for inclusion in the Board's Annual Report to Congress, records of policy actions of the Federal Open Market Committee.

(b) [Reserved]

#### 8-112

#### SECTION 265.11—Functions Delegated to the Director of the Division of Reserve Bank Operations and Payment Systems

The director of the Division of Reserve Bank Operations and Payment Systems (or the director's delegatee) is authorized:

(a) *Designated financial market utilities.*

- (1) To issue a notice of no objection to a designated financial market utility relating to an advance notice of proposed material

#### 8-114

#### SECTION 265.13—Functions Delegated to the Director of the Division of Financial Stability

The director of the Division of Financial Stability (or the director's delegatee) is authorized:

(a) *Bank holding companies; savings and loan holding companies; financial holding companies; change in bank control; mergers.*



(1) *Stress tests.*

(i) Jointly with the director of the Division of Supervision and Regulation, with the concurrence of the Chair of the Committee on Supervision and Regulation:

(A) To develop and issue scenarios, including, but not limited to, the baseline scenario and the severely adverse scenario, that the Board would use to conduct analyses under section 238.132 of Regulation LL (12 CFR 238.132) or section 252.44 of Regulation YY (12 CFR 252.44) and that a company would use to conduct its stress tests under section 238.143 of Regulation LL (12 CFR 238.143) or section 252.14 or section 252.54 of Regulation YY (12 CFR 252.14 or 252.54), as appropriate, provided that no significant policy issues are raised; and

(B) To develop and issue additional scenarios or additional components for use in the severely adverse scenario under section 238.132(b) and 238.143(b)(2) and (3) of Regulation LL (12 CFR 238.132(b) and 238.143(b)(2) and (3)), and sections 252.14(b)(2) and (3), 252.44(b), and 252.54(b)(2) and (3) of Regulation YY (12 CFR 252.14(b)(2) and (3), 252.44(b), and 252.54(b)(2) and (3)), that the Board would use to conduct analyses under section 238.132 of Regulation LL (12 CFR 238.132) or section 252.44 of Regulation YY (12 CFR 252.44) and that a company would use to conduct its stress tests under section 238.143 of Regulation LL (12 CFR 238.143) or section 252.14 or section 252.54 of Regulation YY (12 CFR 252.14 or 252.54), as appropriate, provided that no significant policy issues are raised;

(2) [Reserved]

(b) *Capital plans.*

(1) Jointly with the director of the Division of Supervision and Regulation, with the concurrence of the Vice Chair for Supervision:

(i) To provide a firm subject to the Board's capital plan rules with notice of

its stress capital buffer requirement and an explanation of the results of the supervisory stress test pursuant to sections 225.8(h)(1) of Regulation Y (12 CFR 225.8(h)(1)) and 238.170(h)(1) of Regulation LL (12 CFR 238.170(h)(1)); and

(ii) To provide a firm subject to the Board's capital plan rules with its final stress capital buffer requirement and confirmation of its final planned capital distributions pursuant to sections 225.8(h)(4)(i) of Regulation Y (12 CFR 225.8(h)(4)(i)) and 238.170(h)(4)(i) of Regulation LL (12 CFR 238.170(h)(4)(i)).

(2) [Reserved]

**8-114**

SECTIONS 265.14-265.19—[Reserved]

**8-121**

SECTION 265.20—Functions Delegated to Federal Reserve Banks

Except as otherwise provided in this section, each Federal Reserve Bank is authorized as to a member bank or other indicated organization for which the Reserve Bank is responsible for receiving applications or registration statements or to take other actions as indicated:

(a) *Procedure.*

(1) *Member bank affiliate's reports.* To extend the time for good cause shown, within which an affiliate of a state member bank must file reports under section 9(17) of the Federal Reserve Act (12 U.S.C. 334).

(2) *Edge corporation's divestiture of stock.* To extend the time in which an Edge Act corporation must divest itself of stock acquired in satisfaction of a debt previously contracted under section 25A(7) of the Federal Reserve Act (12 U.S.C. 615).

(3) *Edge corporation's corporate existence.* To extend the period of corporate existence of an Edge corporation under section 25A(20) of the Federal Reserve Act (12 U.S.C. 628).

(4) *Bank holding company and savings and loan holding company registration statement.* To extend the time within which a

bank holding company or savings and loan holding company must file a registration statement under section 5(a) of the Bank Holding Company Act (12 U.S.C. 1844(a)) or section 10(b) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)).

#### 8-121.1

(5) *Bank holding company divestiture of nonbanking interests.* To extend the time within which a bank holding company must divest itself of interests in nonbanking organizations under section 4(a) of the Bank Holding Company Act (12 U.S.C. 1843(a)).

(6) *Bank holding company divestiture of DPC interests.* To extend the time within which a bank holding company or any of its subsidiaries must divest itself of interests acquired in satisfaction of a debt previously contracted:

- (i) Under section 4(c)(2) of the Bank Holding Company Act (12 U.S.C. 1843(c)(2)) or section 225.22(d)(1) of Regulation Y (12 CFR 225.22(d)(1)); or
- (ii) Under sections 2(a)(5)(D) and 3(a) of the Bank Holding Company Act (12 U.S.C. 1841(a)(5)(D) and 1842(a)).

(7) *Member bank's surrender of Reserve Bank stock upon withdrawal from membership.* To extend the time within which a member bank that has given notice of intention to withdraw from membership must surrender its Federal Reserve Bank stock and its certificate of membership under section 209.3(e) of Regulation H (12 CFR 209.3(e)).

#### 8-121.2

(8) *Members bank's reports of condition.* To extend the time for publication of reports of condition under Regulation H (12 CFR part 208) for good cause shown.

(9) *Bank holding company's and savings and loan holding company's annual reports.* To grant to a bank holding company or savings and loan holding company a 90-day extension of time in which to file an annual report, and for good cause shown grant an additional extension of time not to exceed 90 days under section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c))

or section 10(b)(2) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)(2)).

(10) *Regulation K; divestiture of impermissible interests.* To extend the time within which an investor, under section 211.8(e) and (f) of Regulation K (12 CFR 211.8(e) and (f)), must divest of investments in entities engaged in impermissible activities or interests acquired to prevent a loss upon a debt previously contracted in good faith.

(11) *Bank holding company's or savings and loan holding company's acquisition of shares, opening new bank, consummating merger.* To extend the time within which a bank holding company or savings and loan holding company may acquire shares, open a new bank to be acquired, or consummate a merger in connection with an application approved by the Board, if no material change relevant to the proposal has occurred since its approval.

#### 8-121.3

(12) *Member bank's establishing domestic or foreign branch; Edge or agreement corporation's establishing branch or agency.* To extend the times within which:

- (i) A member bank may establish a domestic branch;
- (ii) A member bank may establish a foreign branch; or
- (iii) An Edge or agreement corporation may establish a branch or agency, if no material change has occurred in the bank's (or corporation's) general condition since the application was approved.

(13) *Purchase of stock by Edge or agreement corporation, member bank, or bank holding company.* To extend the time within which an Edge or agreement corporation, member bank, or a bank holding company may accomplish a purchase of stock if no material change has occurred in the general condition of the corporation, the member bank, or bank holding company since such authorization under sections 25 or 25A of the Federal Reserve Act or section 4(c)(13) of the Bank Holding Company Act (12 U.S.C. 615, 628, 1843(c)(13)).

(14) *Federal Reserve membership.* To extend the time within which Federal Reserve membership must be accomplished, if no

material change has occurred in the bank's general condition since the application was approved.

#### 8-121.4

(15) *Enforcement actions; written agreements; cease-and-desist orders.* With the concurrence of the director of the Division of Supervision and Regulation and the general counsel:

(i) To enter into a written agreement with a bank holding company or any nonbanking subsidiary thereof, with a savings and loan holding company or any subsidiary thereof (other than a savings association), with a state member bank, with a foreign bank that has elected to be treated as a financial holding company, or with any person or entity subject to the Board's supervisory jurisdiction under section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)) concerning the prevention or correction of an unsafe or unsound practice in conducting the business of the bank holding company or its nonbanking subsidiary, savings and loan holding company or its subsidiary (other than a savings association), or state member bank, or foreign bank that has elected to be treated as a financial holding company, or other entity, or concerning the correction or prevention of any violation of law, rule, or regulation, including section 4(m) of the Bank Holding Company Act (12 U.S.C. 1843(m)), or any condition imposed in writing by the Board in connection with the granting of any application or other request by the bank or company; and

(ii) To stay, modify, terminate, or suspend an agreement entered into pursuant to this paragraph (a)(15), other than to extend time limits in a corrective agreement with a financial institution under section 4(m) of the Bank Holding Company Act (12 U.S.C. 1843(m)).

(iii) To stay, modify, terminate, or suspend an outstanding cease-and-desist order that has become final pursuant to 12 U.S.C. 1818(b). Any agreement authorized under this paragraph may, by its terms, be enforceable to the same extent

and in the same manner as an effective and outstanding cease-and-desist order that has become final pursuant to 12 U.S.C. 1818(b).

(16) *Appointment of assistant Federal Reserve agents.* To approve the appointment of assistant Federal Reserve agents (including representatives or alternate representatives of such agents) under section 4(21) of the Federal Reserve Act (12 U.S.C. 306).

(17) *Relief from or modification of commitments.* To grant or deny requests for relieving or modifying (including extending the time for performing) a commitment relied upon by the Reserve Bank in taking any action under the Bank Holding Company Act, section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)), the Change in Bank Control Act, the Federal Reserve Act, the International Banking Act, the Federal Deposit Insurance Act, or the Home Owners' Loan Act, so long as the requests do not raise any significant legal, supervisory, or policy issues. In acting on such requests, the Reserve Bank may take into account changed circumstances and good faith efforts to fulfill the commitments, and shall consult with Board staff as appropriate. The Reserve Bank may not take any action that would be inconsistent with or result in an evasion of the provisions of the original action.

#### 8-121.5

(b) *Availability of information; Board records.* To make available information of the Board of the nature and in the circumstances described in sections 261.21(a) and 261.22(a) of the Board's Rules Regarding Availability of Information (12 CFR 261.21(a) and 261.22(a)).

#### 8-121.6

(c) *Holding companies; change in bank control; mergers.*

(1) *Require reports under oath.* To require reports under oath to determine whether a company is complying with section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)) or section 10(b)(2) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)(2)).

(2) *Acquisition of going concern—authorization of consummation; early consumma-*

*tion.*

(i) To notify a bank holding company or savings and loan holding company that, because the circumstances surrounding the application to acquire a going concern indicate that additional information is required or that the acquisition should be considered by the Board, the acquisition should not be consummated until specifically authorized by the Reserve Bank or by the Board.

(ii) To permit a bank holding company or savings and loan holding company to make a proposed acquisition of a going concern before the expiration of the 30-day period referred to in section 225.24(d)(1) of Regulation Y (12 CFR 225.24(d)(1)) or section 238.53(f)(1)(i) of Regulation LL (12 CFR 238.53(f)(1)(i)) because exigent circumstances justify consummation of the acquisition at an earlier time.

#### **8-121.7**

(3) *Petition for review of decision that adverse comments are not substantive; permit proposed de novo activities; authorization of consummation.* Under subpart C of Regulation Y (12 CFR part 225, subpart C) or subpart F of Regulation LL (12 CFR part 238, subpart F) and subject to section 265.3 (12 CFR 265.3), if a person submitting adverse comments that the Reserve Bank has decided are not substantive files a petition for review by the Board of that decision:

(i) To permit a bank holding company to engage de novo in activities specified in section 225.28(b) of Regulation Y (12 CFR 225.28(b)), or a savings and loan holding company to engage de novo in activities specified in sections 238.53 and 238.54 of Regulation LL (12 CFR 238.53 and 238.54), or retain shares in a company established de novo and engaging in such activities, if the Reserve Bank's evaluation of the considerations specified in section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) or section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)) leads it to con-

clude that the proposal can reasonably be expected to produce benefits to the public.

(ii) To notify a bank holding company or savings and loan holding company that the proposal should not be consummated until specifically authorized by the Reserve Bank or by the Board or that the proposal should be processed in accordance with the procedures in subpart C of Regulation Y (12 CFR part 225, subpart C) or subpart F of Regulation LL (12 CFR part 238, subpart F).

(4) *Nonbanking activities.*

(i) To approve requests by bank holding companies to engage in check cashing for checks drawn on unaffiliated banks, real estate title abstracting, or acting as a certification authority for digital signatures and authenticating the identity of persons conducting financial and nonfinancial transactions, as an activity that is closely related to banking for purposes of section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)), when the proposal meets the conditions imposed by the Board in approving previous requests, and no significant legal, policy, or supervisory issues are raised by the specific proposal.

(ii) To approve requests by foreign banks subject to the Bank Holding Company Act by operation of section 8(a) of the International Banking Act (12 U.S.C. 3106(a)) to engage in acting as a certification authority for digital signatures and authenticating the identity of persons conducting financial and nonfinancial transactions, as an activity that is closely related to banking for purposes of section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)), when the proposal meets the conditions imposed by the Board in approving previous requests, and no significant legal, policy, or supervisory issues are raised by the specific proposal.

(5) *Permit or stay of modification or location of activities.* To permit or stay a proposed de novo modification or relocation of activities engaged in by a bank holding company or a savings and loan holding

company on the same basis as de novo proposals under paragraph (c)(3) of this section.

#### 8-121.8

(6) *Notices under the Change in Bank Control Act.* With respect to a bank holding company, a savings and loan holding company, or a state member bank:

(i) To determine the informational sufficiency of notices and reports filed under the Change in Bank Control Act (12 U.S.C. 1817(j));

(ii) To extend periods for consideration of notices;

(iii) To determine whether a person who is or will be subject to a presumption described in section 225.41(c)(2) of Regulation Y (12 CFR 225.41(c)(2)) or section 238.31(c)(2) of Regulation LL (12 CFR 238.31(c)(2)) should file a notice regarding a proposed transaction; and

(iv) To issue a notice of intention not to disapprove a proposed change in control if all the following conditions are met:

(A) No member of the Board has indicated an objection prior to the Reserve Bank's action;

(B) No senior officer or director of an involved party is also a director of a Federal Reserve Bank or branch;

(C) All relevant departments of the Reserve Bank concur;

(D) If the proposal involves shares of a state member bank or a bank holding company controlling a state member bank, the appropriate bank supervisory authorities have indicated that they have no objection to the proposal, or no objection has been received from them within the time allowed by the act; and

(E) No significant policy issue under the Change in Bank Control Act (12 U.S.C. 1817(j)), section 225.41 of Regulation Y (12 CFR 225.41), or section 238.31 of Regulation LL (12 CFR 238.31) is raised by the proposal as to which the Board has not expressed its view.

(7) *Failure to comply with publication requirement under the Change in Bank Con-*

*trol Act.* To waive, dispense with, modify, or excuse the failure to comply with the requirement for publication and solicitation of public comment regarding a notice filed under the Change in Bank Control Act (12 U.S.C. 1817(j)), with the concurrence of the director of the Division of Supervision and Regulation and the general counsel, provided that a written finding is made that such disclosure or solicitation would seriously threaten the safety or soundness of a bank holding company, savings and loan holding company, savings association, or bank under paragraph (2) of the Change in Bank Control Act (12 U.S.C. 1817(j)(2)).

#### 8-121.9

(8) *Legacy nonbanking activities.* To determine that termination of nonbanking activities conducted pursuant to the proviso in section 4(a)(2) of the Bank Holding Company Act (12 U.S.C. 1843(a)(2)) by a particular bank holding company is not warranted, provided the Reserve Bank is satisfied all of the following conditions are met:

(i) The company or its successor is "a company covered in 1970";

(ii) The nonbanking activities that the bank holding company seeks to continue do not present any significant unsettled policy issues; and

(iii) The bank holding company was lawfully engaged in such activities as of June 30, 1968, and has been engaged in such activities continuously thereafter.

(9) *Opening of additional nonbanking offices.* To approve applications by a bank holding company under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and subpart C of Regulation Y (12 CFR part 225, subpart C) to open additional offices to engage in nonbanking activities for which the bank holding company previously received approval pursuant to Board order, unless one of the conditions specified in paragraphs (c)(12)(i) through (iv) of this section is present.

(10) *Volcker Rule.* In consultation with Board staff, to approve (but not deny) an application by a banking entity for an extension of the period of time during which

it must reduce its ownership interest in a covered fund to no more than 3 percent, if all of the following criteria are met:

- (i) No significant issues have been identified regarding the firm's compliance program;
- (ii) The banking entity has represented that all of the requirements under section 13 of the Bank Holding Company Act (12 U.S.C. 1851) and its implementing regulations (12 CFR part 248) for organizing and offering a covered fund have been met;
- (iii) The banking entity provides a plan for reducing the permitted investment in a covered fund through redemption, sale, dilution, or other methods by the end of the extension period; and
- (iv) The primary federal agency responsible for enforcing compliance with section 13 of the Bank Holding Company Act (12 U.S.C. 1851) by the banking entity that invests in or sponsors the covered fund (if other than the Federal Reserve) does not object to the extension.

(11) *Notices for addition or change of directors or officers.* Under section 914(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1831i) and subpart H of Regulation Y (12 CFR part 225, subpart H) and subpart H of Regulation LL (12 CFR part 238, subpart H), provided that no senior officer or director or proposed senior officer or director of the notificant is also a director of the Reserve Bank or a branch of the Reserve Bank:

- (i) To determine the informational sufficiency of notices filed pursuant to section 225.72 of Regulation Y (12 CFR 225.72) or section 238.73 of Regulation LL (12 CFR 238.73); and
- (ii) To waive the prior notice requirements of those sections.

(12) *Applications requiring Board approval; competitive factors reports for bank mergers and savings association mergers.* To approve applications requiring prior approval of the Board and furnish to the Comptroller of the Currency and the Federal Deposit Insurance Corporation reports on competitive factors involved in a bank

merger or savings association merger required to be approved by one of those agencies, unless one or more of the following conditions is present:

- (i) A member of the Board has indicated an objection prior to the Reserve Bank's action; or
- (ii) The Board has indicated that such delegated authority shall not be exercised by the Reserve Bank in whole or in part; or
- (iii) A written substantive objection to the application has been properly made; or
- (iv) The application raises a significant policy issue or legal question on which the Board has not established its position; or
- (v) (A) With respect to holding company formations, acquisitions or mergers of holding companies, or acquisitions or mergers of insured depository institutions, except as set forth in paragraph (c)(12)(v)(B) of this section, upon consummation, the proposal would result in the control by a banking organization of over 35 percent of total deposits in banking offices in the relevant geographic market or an increase of at least 200 points in the Herfindahl-Hirschman Index (HHI) for deposits in a highly concentrated market (a market with a post-merger HHI of at least 1800) when including:
  - (1) All thrift deposits at 50 percent weight, except for deposits of thrifts determined by the Reserve Bank, with the concurrence of the director of the Division of Research and Statistics, to be commercially active, which are included at 100 percent weight; and
  - (2) The deposits of credit unions determined by the Reserve Bank, with the concurrence of the director of the Division of Research and Statistics, to offer consumer banking products, operate street-level branches, and have broad membership criteria in the relevant geographic market, which are included at 50 percent weight; or



(B) With respect to the formation of a savings and loan holding company, the merger of savings and loan holding companies, or the acquisition by a savings and loan holding company of a savings association, upon consummation, the proposal would result in the control by a banking organization of over 35 percent of total deposits in banking offices in the relevant geographic market or an increase of at least 200 points in the HHI for deposits in a highly concentrated market (a market with a post-merger HHI of at least 1800) when including:

(1) All thrift deposits at 100 percent weight; and

(2) The deposits of credit unions determined by the Reserve Bank, with the concurrence of the director of the Division of Research and Statistics, to offer consumer banking products, operate street-level branches, and have broad membership criteria in the relevant geographic market, which are included at 50 percent weight; or

(vi) With respect to nonbank acquisitions, the nonbanking activities involved do not clearly fall within activities that the Board has designated as permissible for bank holding companies under section 225.28(b) of Regulation Y (12 CFR 225.28(b)); or

(vii) With respect to formations, acquisitions, or mergers involving depository institution holding companies, banks, or nonbank companies (except for internal corporate reorganizations), the proposed transaction represents an acquisition of assets equaling or exceeding \$10 billion and would result in an organization with total assets equaling or exceeding \$100 billion; or there is evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors related to the stability of the United States banking or financial system.

(13) *Waivers.*

(i) To inform an acquiring bank holding

company, in connection with a notice submitted by the bank holding company pursuant to section 225.12(d)(2) of Regulation Y (12 CFR 225.12(d)(2)), that an application under section 225.11 of Regulation Y (12 CFR 225.11) is required.

(ii) To inform an acquiring savings and loan holding company, in connection with a notice submitted by the savings and loan holding company pursuant to section 238.12(d)(1) of Regulation LL (12 CFR 238.12(d)(1)), that an application under section 238.11 of Regulation LL (12 CFR 238.11) is required.

(14) *Savings and loan holding companies in mutual form.*

(i) To act on reorganization notices filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.3 of Regulation MM (12 CFR 239.3), including with respect to the establishment of a mutual holding company, if no significant legal, policy, or supervisory issues are raised by the proposal.

(ii) To act on applications to establish a subsidiary holding company of a mutual holding company filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.11 of Regulation MM (12 CFR 239.11), if no significant legal, policy, or supervisory issues are raised by the proposal.

(iii) To take any action related to an application by a mutual holding company to convert from mutual to stock form filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and subpart E of Regulation MM (12 CFR part 239, subpart E) if no significant legal, policy, or supervisory issues are raised by the proposal.

(iv) To act on notices to repurchase stock filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.63(d) of Regulation MM (12 CFR 239.63(d)), if no significant legal, policy, or supervisory issues are raised by the proposal.

(v) To extend for an additional 60 days the 30-day period within which the Board

may object to a notice to repurchase stock filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.63(d) of Regulation MM (12 CFR 239.63(d)).

(vi) To act on applications to acquire savings associations, savings and loan holding companies, and other corporations filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.7 of Regulation MM (12 CFR 239.7), if no significant legal, policy, or supervisory issues are raised by the proposal.

(vii) To act on notices and applications to engage in activities filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.8 of Regulation MM (12 CFR 239.8), if no significant legal, policy, or supervisory issues are raised by the proposal.

(viii) To act on notices of indemnification filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.40 of Regulation MM (12 CFR 239.40), if no significant legal, policy, or supervisory issues are raised by the proposal.

(ix) To act on notices of waiver by mutual holding companies of the right to receive dividends declared by subsidiaries of the mutual holding company filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.8(d) of Regulation MM (12 CFR 239.8(d)), if no significant legal, policy, or supervisory issues are raised by the proposal.

(x) To act on applications relating to charter and bylaw amendments of mutual holding companies and subsidiary holding companies filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and sections 239.14, 239.15, 239.22, and 239.23 of Regulation MM (12 CFR 239.14, 239.15, 239.22, and 239.23), if no significant legal, policy, or supervisory issues are raised by the proposal.

(xi) To act on notices of transfer of stock and issuance of stock to insiders, associ-

ates of insiders, or tax-qualified or non-tax-qualified employee stock benefit plans filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and sections 239.7(b) and 239.8(e) of Regulation MM (12 CFR 239.7(b) and 239.8(e)), if no significant legal, policy, or supervisory issues are raised by the proposal.

(xii) To act on notices of disposition of stock of certain subsidiaries filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.7(b) of Regulation MM (12 CFR 239.7(b)), if no significant legal, policy, or supervisory issues are raised by the proposal.

(xiii) To act on applications to engage in voluntary supervisory conversions filed pursuant to section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) and section 239.65 of Regulation MM (12 CFR 239.65), if no significant legal, policy, or supervisory issues are raised by the proposal.

(xiv) To approve requests from subsidiary holding companies of mutual holding companies to conduct stock issuances pursuant to section 239.24 of Regulation MM (12 CFR 239.24), persons other than its mutual holding company parent pursuant to section 239.24 of Regulation MM (12 CFR 239.24), including approval of nonconforming stock issuances pursuant to section 239.24(c)(6)(ii) of Regulation MM (12 CFR 239.24(c)(6)(ii)) and determinations that certain procedural and substantive requirements are inapplicable pursuant to section 239.24(d) of Regulation MM (12 CFR 239.24(d)), where such requests do not raise any significant legal, policy, or supervisory issues.

(xv) To approve plans of dissolution filed by mutual holding companies and subsidiary holding companies of mutual holding companies pursuant to section 239.16 of Regulation MM (12 CFR 239.16), if no significant legal, policy, or supervisory issues are raised by the proposal.

(xvi) To grant a request to waive the application of section 239.59(d)(1), (h), (j),

and (p)(2) of Regulation MM (12 CFR 239.59(d)(1), (h), (j), and (p)(2)) as those provisions relate to applications and notices seeking the Board's prior approval to conduct a stock issuance pursuant to section 239.24 of Regulation MM (12 CFR 239.24) related to a reorganization to mutual holding company form pursuant to section 10(o)(3) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)(3)), or subsequent to a mutual holding company reorganization, and that do not raise any significant legal, policy, or supervisory concerns, except that the authority to grant waiver requests under this paragraph (c)(14)(xvi) is limited to requests by firms that—

- (A) Do not qualify for federal preemption of state securities filing requirements;
- (B) Propose to register their shares in states with ten or more eligible account holders, as that term is defined in section 239.52(c) of Regulation MM (12 CFR 239.52(c)); and
- (C) Would make a proposed stock offering available to account holders eligible to participate in the offering in states where the offering would qualify for an exemption from state securities filing requirements.

#### 8-121.91

##### (d) *International banking.*

(1) *Member bank, Edge corporation, or agreement corporation establishing foreign branch.* With regard to a prior notice to establish a branch in a foreign country under section 211.3 of Regulation K (12 CFR 211.3)—

- (i) To waive the notice period if immediate action is required and there is no significant legal, supervisory, or policy issue;
- (ii) To suspend the notice period;
- (iii) To determine not to object to the notice, provided that no significant legal, supervisory, or policy issue is raised by the proposal; or
- (iv) To require the notificant to file an application for the Board's specific consent.

(2) *Acquisitions by a foreign branch.* To approve, under section 211.4(a)(8) of Regulation K (12 CFR 211.4(a)(8)), a proposal by a foreign branch of a member bank to acquire all of the shares of a company that engages solely in activities in which the member bank is permitted to engage or that are incidental to the activities of the foreign branch, provided that no significant legal, supervisory, or policy issue is raised.

(3) *Application to establish Edge corporation.* To approve the application by a U.S. banking organization to establish an Edge corporation under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*) and section 211.5 of Regulation K (12 CFR 211.5) if all of the following criteria are met:

- (i) The U.S. banking organization meets the capital adequacy guidelines and is otherwise in satisfactory condition;
- (ii) The proposed Edge corporation will be a wholly owned subsidiary of a single banking organization; and
- (iii) No significant legal, supervisory, or policy issues are raised by the proposal.

(4) *Issuance of permit to Edge corporation and amendments to articles of association and charter.* To issue to an Edge corporation under section 25A of the Federal Reserve Act (12 U.S.C. 614) and section 211.5 of Regulation K (12 CFR 211.5) a permit to commence business and to approve amendments to the articles of association and charter of an Edge corporation.

(5) *Investments in Edge and agreement corporations.* To approve, pursuant to section 211.5(a)(3) of Regulation K (12 CFR 211.5(a)(3)) an application by a member bank to invest more than 10 percent of its capital and surplus in the aggregate amount of stock held in all Edge or agreement corporations; provided that:

- (i) The member bank's total investment, including retained earnings of the Edge and agreement corporation, does not exceed 20 percent of the bank's capital and surplus and would not exceed that level as a result of the proposal; and
- (ii) The proposal raises no significant legal, supervisory, or policy issues.

(6) *Foreign ownership of an Edge corpora-*

*tion.* To approve, under section 211.5(d) of Regulation K (12 CFR 211.5(d)), a foreign institution's acquisition, directly or indirectly, of a majority of the shares of the capital stock of an Edge corporation, provided that no significant legal, supervisory, or policy issue is raised.

(7) *Change in control of an Edge corporation.* With regard to a notice to acquire, directly or indirectly, 25 percent or more of the voting securities, or otherwise to acquire control, of an Edge corporation, under section 211.5(e) of Regulation K (12 CFR 211.5(e)):

- (i) To waive the notice period if immediate action is required and no significant legal, supervisory, or policy issue is raised;
- (ii) To extend the notice period;
- (iii) To determine not to object to the notice if no significant legal, supervisory, or policy issue is raised; or
- (iv) To require the notificant to file an application for the Board's specific consent.

#### 8-121.92

(8) *Granting specific consent.* To grant prior specific consent to an investor for—

- (i) A long range investment plan, under section 211.9(a)(4) of Regulation K (12 CFR 211.9(a)(4)); or
- (ii) An investment in its first subsidiary or its first joint venture, under section 211.9(a)(5) of Regulation K (12 CFR 211.9(a)(5)), where such investment does not exceed the general consent limitations under section 211.9(b) of Regulation K (12 CFR 211.9(b)).

(9) *Investment in export trading company.* To issue a notice of intention not to disapprove a proposed investment in an export trading company if all the following criteria are met:

- (i) The proposed export trading company will be a wholly owned subsidiary of a single investor, or ownership will be shared with an individual or individuals involved in the operation of the export trading company;
- (ii) A bank holding company investor and its lead bank meet the minimum

capital adequacy guidelines of the Board, the Comptroller of the Currency, or the Federal Deposit Insurance Corporation or have enacted capital enhancement plans that have been determined by the appropriate supervisory authority to be acceptable;

(iii) The proposed activities of the export trading company do not include product research or design, product modification, or activities not specifically covered by the list of services contained in 4(c)(14)(F)(ii) of the Bank Holding Company Act (12 U.S.C. 1843(c)(14)(F)(ii)); and

(iv) No other significant policy issue is raised on which the Board has not previously expressed its view under section 4(c)(14) of the Bank Holding Company Act (12 U.S.C. 1843(c)(14)) and subpart C of Regulation K (12 CFR part 211, subpart C).

(10) *Authority under prior-notice procedures.*

(i) With regard to a prior notice to make an investment under section 211.9(f) of Regulation K (12 CFR 211.9(f)):

- (A) To waive the notice period if immediate action is required and there is no significant legal, supervisory, or policy issue raised;
- (B) To suspend the notice period;
- (C) To determine not to object to the notice if there is no significant legal, supervisory, or policy issue raised; or
- (D) To require the notificant to file an application for the Board's specific consent.

(ii)-(iv) [Reserved]

(v) With regard to a prior notice of a foreign bank to establish certain U.S. offices under section 211.24(a)(2)(i) of Regulation K (12 CFR 211.24(a)(2)(i)):

- (A) To waive the notice period if immediate action is required and there is no significant legal, supervisory, or policy issue raised;
- (B) To suspend the notice period;
- (C) To determine not to object to the notice if there is no significant legal, supervisory, or policy issue raised; or
- (D) To require the notificant to file an

application for the Board's specific consent.

(11) *Activities usual in connection with banking or other financial operations abroad.*

(i) To approve a prior notice, under section 211.10(a)(14) of Regulation K (12 CFR 211.10(a)(14)), to engage in underwriting and distribution of equity securities outside the United States, provided that the proposal raises no significant legal, supervisory, or policy issue.

(ii) To approve a prior notice, under section 211.10(a)(15) of Regulation K (12 CFR 211.10(a)(15)), to engage in dealing in equity securities outside the United States, provided that the proposal raises no significant legal, supervisory, or policy issue.

(iii) To approve a prior notice, under section 211.10(a)(15)(iv)(B) of Regulation K (12 CFR 211.10(a)(15)(iv)(B)), to use internal hedging models, provided that the proposal raises no significant legal, supervisory, or policy issue.

(iv) To approve a prior notice, under section 211.10(a)(18) of Regulation K (12 CFR 211.10(a)(18)), to engage in futures commission merchant activities on an mutual exchange or clearinghouse that requires members to guarantee or otherwise contract to cover losses suffered by the other members, provided that the Board has previously approved the exchange, the application is on the same terms and conditions on which the Board based its approval of the exchange, and no significant legal, supervisory, or policy issue is raised.

(12) *Change in foreign bank home state.* With respect to a foreign bank's change of home state under section 211.22(b) of Regulation K (12 CFR 211.22(b)) and provided no significant legal, supervisory, or policy issue is raised:

- (i) To waive the notice period; or
- (ii) To determine not to object to the notice.

(13) *Waiver of 30-day prior notification period.* To waive the 30-day prior notification period with respect to a foreign bank's change of home state under section

211.22(b)(1) of Regulation K (12 CFR 211.22(b)(1)).

(14) *Offices of foreign banks.*

(i) To approve the establishment of a branch, agency, commercial lending company, or representative office by a foreign bank in the United States, pursuant to section 211.24(a)(1) of Regulation K (12 CFR 211.24(a)(1)), if the Board has already determined that the foreign bank is subject to consolidated comprehensive supervision and provided that the application raises no significant legal, supervisory, or policy issue.

(ii) To allow a foreign bank to establish a temporary office of a branch or agency, pursuant to section 211.24(a)(5) of Regulation K (12 CFR 211.24(a)(5)), provided there is no direct public access to such office and no significant legal, supervisory, or policy issue is raised.

(15) *Agreement with foreign bank concerning deposits of out-of-home-state branch.* To enter into an agreement or undertaking with a foreign bank that it shall receive only such deposits at its out-of-home-state branch as would be permissible for an Edge corporation under section 5 of the International Banking Act (12 U.S.C. 3103).

(16) *Dividends of property other than cash by an Edge corporation.* To approve (but not deny) a request by an Edge corporation to declare or pay a dividend of property other than cash if the request does not raise a significant legal, supervisory, or policy issue.

#### 8-121.93

(e) *Member banks.*

(1) *Approval of membership applications.* To approve applications for membership in the Federal Reserve System under section 9 of the Federal Reserve Act (12 U.S.C. 321 *et seq.*) and Regulation H (12 CFR part 208) if the Reserve Bank is satisfied that approval is warranted after considering the factors set forth in 12 CFR 208.3(b).

(2) *Waiver of notice of intention to withdraw from membership.* To approve or deny applications by state banks for waiver of the required six months' notice of intention to withdraw from Federal Reserve member-

ship under section 9(10) of the Federal Reserve Act (12 U.S.C. 328).

#### 8-121.94

(3) *Approval of branch applications.* To approve a state member bank's establishment of a domestic branch under section 9 of the Federal Reserve Act (12 U.S.C. 321 *et seq.*) and Regulation H (12 CFR part 208) if the Reserve Bank is satisfied that approval is warranted after considering the factors set forth in 12 CFR 208.6(b).

(4) *Declaration of dividends in excess of net profits.* To permit a state member bank under section 9(6) of the Federal Reserve Act (12 U.S.C. 324) to declare dividends in excess of the amounts allowed in section 208.5(c) of Regulation H (12 CFR 208.5(c)) if the Reserve Bank is satisfied that approval is warranted after giving consideration to:

(i) The bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management; and

(ii) The bank's capitalization after payment of the proposed dividends.

(5) *Reduction of capital stock.* To permit a state member bank under section 9(11) of the Federal Reserve Act (12 U.S.C. 329) to reduce its capital stock below the amounts set forth in section 208.5(d) of Regulation H (12 CFR 208.5(d)) if the state member bank's capitalization thereafter will be:

(i) In conformity with the requirements of federal law; and

(ii) Adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management.

#### 8-121.95

(6) *Acceptance of drafts and bills of exchange.* To permit a member bank or a federal or state branch or agency of a for-

eign bank that is subject to reserve requirements under section 7 of the International Banking Act (12 U.S.C. 3105) to accept drafts or bills of exchange under section 13(7) of the Federal Reserve Act (12 U.S.C. 372) in an aggregate amount at any one time up to 200 percent of its paid-up and unimpaired capital stock and surplus, if the Reserve Bank is satisfied that such permission is warranted after giving consideration to the institution's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management.

(7) *Investment in bank premises in excess of capital stock.* To permit a state member bank to invest in bank premises under section 24A of the Federal Reserve Act (12 U.S.C. 371d) in an amount in excess of that set forth in section 208.21(a) of Regulation H (12 CFR 208.21(a)), if the Reserve Bank is satisfied that approval is warranted after giving consideration to the bank's capitalization in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the volume of its risk assets and of its marginal and inferior quality assets, all considered in relation to the strength of its management.

(8) *Security devices.* To determine whether security devices and procedures of state member banks are deficient in meeting the requirements of Regulation H (12 CFR part 208) and whether such requirements should be varied in the circumstances of a particular banking office, and whether to require corrective action.

#### 8-121.96

(9) *Classifying member banks for election of directors.* To classify member banks for the purposes of electing Federal Reserve Bank class A and class B directors under section 4(16) of the Federal Reserve Act (12 U.S.C. 304), giving consideration to:

(i) The statutory requirement that each of



the three groups shall consist as nearly as may be of banks of similar capitalization; and

(ii) The desirability that every member bank have the opportunity to vote for a class A or a class B director at least once every three years.

(10) *Waiver of penalty for deficient reserves.* To waive the penalty for deficient reserves by a member bank if, after a review of all the circumstances relating to the deficiency, the Reserve Bank concludes that waiver is warranted, except that in no case may a penalty be waived if the deficiency in reserves arises out of the bank's gross negligence or conduct inconsistent with the principles and purposes of reserve requirements.

#### 8-121.97

(11) *Retirement of subordinated debt.* To approve the retirement prior to maturity of capital notes described in section 204.2(a)(1)(vii)(C) of Regulation D (12 CFR 204.2(a)(1)(vii)(C)) and issued by a state member bank, provided the Reserve Bank is satisfied that the capital position of the bank will be adequate after the proposed redemption.

(12) *Public welfare investments.*

(i) To permit a state member bank to make a public welfare investment in accordance with section 9(23) of the Federal Reserve Act (12 U.S.C. 338a), provided that the proposal satisfies section 208.22(b)(1) of Regulation H (12 CFR 208.22(b)(1)) and no significant legal, supervisory, or policy issue is raised; and

(ii) To determine, in connection with acting on a proposal pursuant to delegated authority as set forth in paragraph (e)(12)(i) of this section, that the aggregate amount of a state member bank's public welfare investments will not pose a significant risk to the deposit insurance fund in accordance with section 9(23) of the Federal Reserve Act (12 U.S.C. 338a).

(13) *Dividends of property other than cash by a state member bank.* To approve (but not deny) a request by a state member bank to declare or pay a dividend of property

other than cash if the request does not raise a significant legal, supervisory, or policy issue.

#### 8-121.98

(f) *Securities.* To approve applications by a registered lender for termination of the registration under section 221.3(b)(2) of Regulation U (12 CFR 221.3(b)(2)).

#### 8-121.99

(g) *Management interlocks.* After consultation with the general counsel, to decide not to disapprove notices to establish director interlocks with diversified savings and loan holding companies under section 205(8) of the Depository Institution Management Interlocks Act (12 U.S.C. 3204(8)).

(h) *Qualified family partnerships.* To act on requests for determinations of qualified family partnership status under section 2(o)(10) of the Bank Holding Company Act (12 U.S.C. 1841(o)(10)).

(i) *Financial holding companies.* In consultation with Board staff, to make effective elections filed by U.S. bank holding companies to become financial holding companies.

(j) *Savings and loan holding companies.*

(1) With the approval of the director of the Division of Supervision and Regulation and the general counsel, to enter into corrective action agreements with savings and loan holding companies pursuant to section 238.66 of Regulation LL (12 CFR 238.66).

(2) To act on notices of capital distributions filed pursuant to section 10(f) of the Home Owners' Loan Act (12 U.S.C. 1467a(f)) and section 238.103 of Regulation LL (12 CFR 238.103).

(3) To act on elections to engage in financial holding company activities filed pursuant to section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)) and subpart G of Regulation LL (12 CFR part 238, subpart G), if no significant legal, policy, or supervisory issues are raised by the proposal.

(4) To act on notices and applications to engage in activities filed pursuant to section 10(c) of the Home Owners' Loan Act (12

U.S.C. 1467a(c)) and subparts F and G of Regulation LL (12 CFR part 238, subparts F and G), if no significant legal, policy, or supervisory issues are raised by the proposal.

(5) To grant requests by companies to deregister as savings and loan holding companies, if no significant legal, policy, or supervisory issues are raised by the proposal.

(k) *Financial operations of the Bank for International Settlements.* The Federal Reserve Bank of New York is authorized to assent or dissent, as appropriate, to financial operations of the Bank for International Settlements conducted in the U.S. market or in U.S. dollars.

(l) *Regulatory capital rule.*

(1) *Delegations regarding the definition of capital.*

(i) With the concurrence of the director of the Division of Supervision and Regulation, to:

(A) Act on a company's request under section 217.20(b)(1)(iii), section 217.20(c)(1)(vi), or section 217.20(d)(1)(x) of Regulation Q (12 CFR 217.20(b)(1)(iii), 217.20(c)(1)(vi), or 217.20(d)(1)(x)) to redeem a security; and

(B) Act on a company's request under section 217.20(c)(1)(v)(A) or section 217.20(d)(1)(v)(A) of Regulation Q (12 CFR 217.20(c)(1)(v)(A) and 217.20(d)(1)(v)(A)) to exercise a call option.

(2) *Delegations regarding standardized approach risk-weighted assets.*

(i) With the concurrence of the director of the Division of Supervision and Regulation, to:

(A) Act on a request from a company under section 217.37(c) of Regulation Q (12 CFR 217.37(c)) to use its own estimates of haircuts, including:

(1) Acting on a request by a company under section 217.37(c)(4)(i)(E) of Regulation Q (12 CFR 217.37(c)(4)(i)(E)) to make changes to the company's policies and procedures; and

(2) Requiring a company under sec-

tion 217.37(c)(4)(i)(F) of Regulation Q (12 CFR 217.37(c)(4)(i)(F)) to use a different period of significant financial stress in the calculation of own estimates of haircuts; and

(B) Determine under section 217.41(c) of Regulation Q (12 CFR 217.41(c)) whether or not a company has demonstrated a comprehensive understanding of the features of a securitization exposure.

(3) *Delegations regarding advanced approaches risk-weighted assets.*

(i) With the concurrence of the director of the Division of Supervision and Regulation, to:

(A) Act on a request for approval of any model or optional approach available under subpart E of Regulation Q (12 CFR part 217, subpart E), including, without limitation:

(1) Any counterparty credit risk model or methodology (own estimates of haircuts, simple VaR methodology, internal models methodology, or advanced CVA approach) under sections 217.122(d) and 217.132 of Regulation Q (12 CFR 217.122(d) and 217.132), including:

(i) Acting on a request by a company under section 217.132(b)(2)(iii)(A)(5) of Regulation Q (12 CFR 217.132(b)(2)(iii)(A)(5)) to make changes to the company's policies and procedures;

(ii) Requiring a company under section 217.132(b)(2)(iii)(A)(6) of Regulation Q (12 CFR 217.132(b)(2)(iii)(A)(6)) to use a different period of significant financial stress in the calculation of own internal estimates for haircuts;

(iii) Acting on a request by a company under section 217.132(d)(1) introductory text and (d)(1)(iv) of Regulation Q (12 CFR 217.132(d)(1) introductory text and (d)(1)(iv)) to use the internal models methodology, cease using the internal models method-

ology for a transaction type, or to make a material change to its internal model;

(iv) Acting on a request by a company under section 217.132(d)(2)(iv) and (d)(10) of Regulation Q (12 CFR 217.132(d)(2)(iv) and (d)(10)) to use a more conservative estimate of Exposure at Default;

(v) Determining that a company must set a higher “alpha” under section 217.132(d)(2)(iv)(C) of Regulation Q (12 CFR 217.132(d)(2)(iv)(C)) based on the company’s specific characteristics of and counterparty credit risk or model performance;

(vi) Acting on a request by a company under section 217.132(d)(3) of Regulation Q (12 CFR 217.132(d)(3)) to calculate the distributions of exposures upon which the EAD calculation is based;

(vii) Requiring a company under section 217.132(d)(3)(viii) of Regulation Q (12 CFR 217.132(d)(3)(viii)) to modify its stress calibration to better reflect actual historic losses of the portfolio;

(viii) Acting on a request by a company under section 217.132(d)(5)(i) of Regulation Q (12 CFR 217.132(d)(5)(i)) to include the effect of a collateral agreement within an internal model used to calculate EAD;

(ix) Requiring a company under section 217.132(d)(5)(iii)(C) of Regulation Q (12 CFR 217.132(d)(5)(iii)(C)) to set a longer holding period (for margin period of risk for a netting set that is subject to a collateral agreement) if the director determines that a longer period is appropriate due to the nature, structure, or characteristics of the transaction or is commensurate with the risks associated with the transaction;

(x) Acting on a request by a company under section 217.132(d)(6) of Regulation Q (12 CFR 217.132(d)(6)) to calculate alpha as the ratio of economic capital from a full simulation of counterparty exposure across counterparties that incorporates a joint simulation of market and credit risk factors (numerator) and economic capital based on EPE (denominator), subject to a floor of 1.2;

(xi) Acting on a request by a company under section 217.132(e) of Regulation Q (12 CFR 217.132(e)) to calculate its CVA risk-weighted asset amounts for a class of counterparties using the advanced CVA approach;

(xii) Acting on a request by a company under section 217.132(e)(6)(ii)(D) of Regulation Q (12 CFR 217.132(e)(6)(ii)(D)) to use a conservative estimate when determining  $LGD_{MKT}$ ; and

(xiii) Requiring a company under section 217.132(e)(6)(v)(B) of Regulation Q (12 CFR 217.132(e)(6)(v)(B)) to use a different period of significant financial stress in the calculation of the  $CVA_{stressed}$  measure;

(2) Any model or approach relating to cleared transactions under sections 217.122(d) and 217.133 of Regulation Q (12 CFR 217.122(d) and 217.133), including:

(i) Under section 217.133(d)(1) of Regulation Q (12 CFR 217.133(d)(1)) a company that is a clearing member to determine the risk-weighted asset amount for a default fund contribution to a CCP more frequently than quarterly if in the opinion of the director of the Division of Supervision and Regulation, there is a material change in the financial condition of the CCP; and

(ii) Acting on a request under section 217.133(d)(2) of Regula-

tion Q (12 CFR 217.133(d)(2)) for a company to use a risk-weighted asset amount for default fund contributions to a CCP that is not a QCCP other than a 1,250 percent risk weight;

(3) Any model or approach relating to the double default treatment under sections 217.122(e) and 217.135 of Regulation Q (12 CFR 217.122(e) and 217.135), including acting on a request by a company under section 217.135(a)(6) of Regulation Q (12 CFR 217.135(a)(6)) to implement a process to detect excessive correlation between the creditworthiness of the obligor of a hedged exposure and a protection provider;

(4) A company's own internal estimates of market price volatility and foreign exchange volatility under section 217.145(b)(4) of Regulation Q (12 CFR 217.145(b)(4)); and

(5) The internal models approach for equity exposures under sections 217.122(f) and 217.153(b) of Regulation Q (12 CFR 217.122(f) and 217.153(b));

(B) Determine under section 217.131(e)(4) of Regulation Q (12 CFR 217.131(e)(4)) whether a portfolio of exposures is or is not material; and

(C) Assess for purposes of section 217.141(c)(1) of Regulation Q (12 CFR 217.141(c)(1)) whether a company has a comprehensive understanding of the features of a securitization exposure that would materially affect the performance of the exposure.

(4) *Delegations regarding market risk risk-weighted assets.*

(i) With the concurrence of the director of the Division of Supervision and Regulation, to act regarding any model approval, disapproval, rescission, or supervision under subpart F of Regulation Q (12 CFR part 217, subpart F), including the authority to:

(A) Exclude from the definition of "covered position" structural foreign currency positions of a company, or any hedge of a trading position that is

outside the scope of the company's hedging strategy, under section 217.202(b) of Regulation Q (12 CFR 217.202(b));

(B) Act on a request from a company under section 217.203(c)(1) of Regulation Q (12 CFR 217.203(c)(1)) to approve its internal model(s) to calculate its risk-based capital requirement;

(C) Rescind approval under section 217.203(c)(3) of Regulation Q (12 CFR 217.203(c)(3)) of a company's internal model(s) to calculate its risk-based capital requirement;

(D) Act on a request from a company under section 217.204(a)(2)(vi)(B) of Regulation Q (12 CFR 217.204(a)(2)(vi)(B)) to use alternative techniques to measure the risk of de minimis exposures;

(E) Act on a request from a company under section 217.204(b)(2) of Regulation Q (12 CFR 217.204(b)(2)) to use a different adjustment of its VaR-based measure;

(F) Review and determine the appropriateness of a company's omission of risk factors under section 217.205(a)(4) of Regulation Q (12 CFR 217.205(a)(4)) and the use of proxies under section 217.205(a)(5) of Regulation Q (12 CFR 217.205(a)(5));

(G) Review and determine under section 217.205(b)(1) of Regulation Q (12 CFR 217.205(b)(1)) the appropriateness of any conversions of VaR to other holding periods by a company;

(H) Review and determine under section 217.205(b)(2)(ii) of Regulation Q (12 CFR 217.205(b)(2)(ii)) the appropriateness of a company's alternative weighting schemes;

(I) Approve or disapprove under section 217.205(c) of Regulation Q (12 CFR 217.205(c)) any requirements relating to a company's division of subportfolios;

(J) Approve or disapprove under section 217.206(b)(3) of Regulation Q (12 CFR 217.206(b)(3)) any changes to a company's policies and procedures that describe how the company determines

the period of significant financial stress used to calculate its stressed VaR-based measure;

(K) Require a company under section 217.206(b)(4) of Regulation Q (12 CFR 217.206(b)(4)) to use a different period of significant financial stress in the calculation of the stressed VaR-based measure;

(L) Act on a request by a company under section 217.208(a) of Regulation Q (12 CFR 217.208(a)) to include certain portfolios of equity positions in its incremental risk model;

(M) Act on a request by a company under section 217.209(a)(1) of Regulation Q (12 CFR 217.209(a)(1)) to use the comprehensive risk approach for one or more portfolios of correlation trading positions and the related ap-

proval under section 217.209(a)(2)(ii) of Regulation Q (12 CFR 217.209(a)(2)(ii)) regarding a company's comprehensive risk capital requirement;

(N) Determine under section 217.210(e)(3) of Regulation Q (12 CFR 217.210(e)(3)) whether an index is a main index because the equities represented by the index have comparable liquidity, depth of market, and size of bid-ask spreads as equities in the Standard & Poor's 500 Index and FTSE All-World Index; and

(O) Determine under section 217.210(f)(1) of Regulation Q (12 CFR 217.210(f)(1)) whether or not a company has demonstrated a comprehensive understanding of the features of a securitization exposure.