



FEDERAL RESERVE SYSTEM

12 CFR Part 265

[Docket No. R-1578]

RIN 7100 AE-85

Rules Regarding Delegation of Authority

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

ACTION: Final rule.

SUMMARY: The Board is amending its Rules Regarding Delegation of Authority, in connection with the amendment to the Board's Rules of Organization (published elsewhere in this issue of the **Federal Register**), to provide a modified quorum procedure during exigent circumstances.

DATES: The rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Laurie Schaffer, Associate General Counsel (202) 452-2272, or Daniel Hickman, Counsel (202) 973-7432, Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. For the hearing impaired only, Telecommunication Device for Deaf (TDD) users may contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Board consists of up to seven members appointed by the President, by and with the advice and consent of the Senate, as provided in the Federal Reserve Act (Act).¹ The Act does not define a quorum of the Board, and authorizes the Board to make all rules and regulations necessary to enable the Board effectively to perform its duties and functions.² For many years, the Board defined a quorum to be a majority (four members) of its authorized strength of seven members. In 2003, the Board revised its definition of quorum of the Board to be a majority of the Board members currently in office, unless there are five members in office, in which case a quorum would be four members.³ This modification allowed the Board to function with fewer than four members in office and enhanced the Board's ability to function during emergencies.

Over the past decade, the Board has had to operate with fewer than five members on several occasions.⁴ Based on this experience, the Board has determined that substantial vacancies present administrative and logistical

¹ See 12 U.S.C. 241.

² See 12 U.S.C. 248(i).

³ 66 FR 37686 (Jul 19, 2001), as amended at 68 FR 24743 (May 8, 2003).

⁴ Since the current structure of the Board was established in 1936, the Board has had fewer than five members on only a few occasions for a short period of time and the Board has never had fewer than four members.

challenges that make it difficult to conduct routine business and efficiently manage operations, particularly with the Board's traditional reliance on a 3-member committee structure. In light of these considerations, the Board has reconsidered its quorum practice and decided to amend its definition of a quorum⁵ to provide that a quorum of the Board is four members, unless there are three or fewer members in office, in which case a quorum would be all members in office. This revised definition will facilitate the Board's ability to continue to function efficiently during periods of substantial vacancies on the Board. This revision does not alter the number of Board members required to constitute a quorum or the functioning of the Board's committee structure in normal operating environments (that is, when five or more members are in office).

Since this revision may make it more difficult to convene a quorum of the Board under exigent circumstances, the Board also has added a modified definition of quorum providing that, in an emergency situation, a quorum of the Board consists of a majority of the Board members in office.⁶ An emergency situation is defined as a situation when action on a matter is necessary to

⁵ In a document published elsewhere in this issue of the *Federal Register*.

⁶ In a document published elsewhere in this issue of the *Federal Register*.

prevent, correct, or mitigate serious harm to the economy or the stability of the financial system, and action is required before the full Board can convene. As part of this final rule, the Board is adding a provision to its regulations specifying that the Chair (or the Vice Chair, if the Chair is unavailable) would be authorized to determine when an emergency situation exists.

The revised rule relates solely to the internal procedure of the Board, and, accordingly, the public notice, public comment and delayed effective date provisions of the Administrative Procedure Act do not apply. *See* 5 U.S.C. 553(b) and (d). Because public notice and comment is not required, the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) also does not apply to this action.

List of Subjects in 12 CFR Part 265

Authority delegations (Government agencies), Banks, banking.

Authority and Issuance

For the reasons set forth in the preamble, the Board amends 12 CFR part 265 as follows:

PART 265 - RULES REGARDING DELEGATION OF AUTHORITY

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

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

2. Section 265.4(c) is added to read as follows:

§ 265.4 Functions delegated to Board members.

* * * * *

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

By order of the Board of Governors of the Federal Reserve System, October 31, 2017.

Ann E. Misback,
Secretary of the Board.

BILLING CODE: 6210-01P

[FR Doc. 2017-24052 Filed: 11/21/2017 8:45 am; Publication Date: 11/22/2017]