Proposal: 1786 (AG44) Resolution Related Resource for Large Banking Organizations

Description:

Comment ID: 154468

From: Elvis Zornic

Proposal: 1786 (AG44) Resolution Related Resource for Large Banking Organizations

Subject: Resolution-Related Resource Requirement for Large Banking Organizations

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Comments:

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Proposal: Resolution-Related Resource Requirements for Large Banking Organizations [R-1786]
Document ID: R-1786
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First name: Elvis
Middle initial:
Last name: Zornic
Affiliation (if any):
Affiliation Type:
Address line 1:
Address line 2:
City:
State:
Zip:
Country:
Postal (if outside the U.S.):

Your comment: This new request online Digital Banking Economy the company bank is to futurest is have reguest confiscation real estate, deposit, bloked finance transaction the is invest in Federal Reserve Washington DC to bid note Federal Reserve. The same time this Incorporation Federal Reserve Washington DC in OFAC works in practice rule and law this institution. The same time is process statred to IRS United State in reorganisation International Company banks for bloked Finance Acounts the confiscation real estate, company, banks, acounts bloked fond, ectr. the all activty is to standard law in rule United State the practice in United State teritory and out side United State in all country in World. SEC. 4. BANK HOLDING COMPANY ACT (k) ENGAGING IN ACTIVITIES THAT ARE FINANCIAL IN NATURE.--

(1) IN GENERAL.--Notwithstanding subsection (a), a financial holding company may engage in any activity, and may acquire and retain the shares of any company engaged in any activity, that the Board, in accordance with paragraph

(2), determines (by regulation or order)-- (A) to be financial in nature or incidental to such financial activity; or (B) is complementary to a financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. (2) Coordination between the board and the secretary of the treasury.-- (A) PROPOSALS RAISED BEFORE THE BOARD.-- (i) CONSULTATION.--The Board shall notify the Secretary of the Treasury of, and consult with the Secretary of the Treasury concerning, any request, proposal, or application under this subsection for a determination of whether an activity is financial in nature or incidental to a financial activity. (ii) TREASURY VIEW.--The Board shall not determine that any activity is financial in nature or incidental to a financial activity under this subsection if the Secretary of the Treasury notifies the Board in writing, not later than 30 days after the date of receipt of the notice described in clause (i) (or such longer

period as the Board determines to be appropriate under the circumstances) that the Secretary of the Treasury believes that the activity is not financial in nature or incidental to a financial activity or is not otherwise permissible under this section.

(B) PROPOSALS RAISED BY THE TREASURY.-- (i) TREASURY RECOMMENDATION.--The Secretary of the Treasury may, at any time, recommend in writing that the Board find an activity to be financial in nature or incidental to a financial activity. (ii) TIME PERIOD FOR BOARD ACTION.--Not later than 30 days after the date of receipt of a written recommendation from the Secretary of the Treasury under clause (i) (or such longer period as the Secretary of the Treasury and the Board determine to be appropriate under the circumstances), the Board shall determine whether to initiate a public rulemaking proposing that the recommended activity be found to be financial in nature or incidental to a financial activity under this subsection, and shall notify the Secretary of the Treasury in writing of the determination of the Board and, if the Board determines not to seek public comment on the proposal, the reasons for that determination.

(3) FACTORS TO BE CONSIDERED.--In determining whether an activity is financial in nature or incidental to a financial activity, the Board shall take into account-- (A) the purposes of this Act and the Gramm-Leach-Bliley Act; (B) changes or reasonably expected changes in the marketplace in which financial holding companies compete; (C) changes or reasonably expected changes in the technology for delivering financial services; and (D) whether such activity is necessary or appropriate to allow a financial holding company and the affiliates of a financial holding company to-- (i) compete effectively with any company seeking to provide financial services in the United States; (ii) efficiently deliver information and services that are financial in nature through the use of technological means, including any application necessary to protect the security or efficacy of systems for the transmission of data or financial transactions; and (iii) offer customers any available or emerging technological means for using financial services or for the document imaging of data.

(4) ACTIVITIES THAT ARE FINANCIAL IN NATURE.--For purposes of this subsection, the following activities shall be considered to be financial in nature: (A) Lending, exchanging, transferring, investing for others, or safeguarding money or securities. (B) Insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death, or providing and issuing annuities, and acting as principal, agent, or broker for purposes of the foregoing, in any State. (C) Providing financial, investment, or economic advisory services, including advising an investment company (as defined in section 3 of the Investment Company Act of 1940). (D) Issuing or selling instruments representing interests in pools of assets permissible for a bank to hold directly. (E) Underwriting, dealing in, or making a market in securities. (F) Engaging in any activity that the Board has determined, by order or regulation that is in effect on the date of the enactment of the Gramm-Leach-Bliley Act, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto (subject to the same terms and conditions contained in such order or regulation, unless modified by the Board). (G) Engaging, in the United States, in any activity that-- (i) a bank holding company may engage in outside of the United States; and (ii) the Board has determined, under regulations prescribed or interpretations issued pursuant to subsection (c)(13) (as in effect on the day before the date of the enactment of the Gramm-Leach-Bliley Act) to be usual in connection with the transaction of banking or other financial operations abroad. (H) Directly, or indirectly acquiring or controlling, whether as principal, on behalf of 1 or more entities (including entities, other than a depository institution or subsidiary of a depository institution, that the bank holding company controls), or otherwise, shares, assets, or ownership interests (include debt or equity securities, partnership interests, trust certificates, or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if-- (i) the shares, assets, or ownership interests are not acquired or held by a depository institution or subsidiary of a depository institution; (ii) such shares, assets, or ownership interests are acquired and held by-- (I) a securities affiliate or an affiliate thereof; or (II) an affiliate of an insurance company described in subparagraph (I)(ii) that provides investment advice to an insurance company and is registered pursuant to the Investment Advisers Act of 1940, or an affiliate of such investment adviser; as part of a bona fide underwriting or merchant or investment banking activity, including investment activities engaged in for the purpose of appreciation and ultimate resale or disposition of the investment; (iii)

such shares, assets, or ownership interests are held for a period of time to enable the sale or disposition thereof on a reasonable basis consistent with the financial viability of the activities described in clause (ii); and (iv) during the period such shares, assets, or ownership interests are held, the bank holding company does not routinely manage or operate such company or entity except as may be necessary or required to obtain a reasonable return on investment upon resale or disposition. (I) Directly or indirectly acquiring or controlling, whether as principal, on behalf of 1 or more entities (including entities, other than a depository institution or subsidiary of a depository institution, that the bank holding company controls) or otherwise, shares, assets, or ownership interests (including debt or equity securities, partnership interests, trust certificates or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if-- (i) the shares, assets, or ownership interests are not acquired or held by a depository institution or a subsidiary of a depository institution; (ii) such shares, assets, or ownership interests are acquired and held by an insurance company that is predominantly engaged in underwriting life, accident and health, or property and casualty insurance (other than credit-related insurance) or providing and issuing annuities; (iii) such shares, assets, or ownership interests represent an investment made in the ordinary course of business of such insurance company in accordance with relevant State law governing such investments; and (iv) during the period such shares, assets, or ownership interests are held, the bank holding company does not routinely manage or operate such company except as may be necessary or required to obtain a reasonable return on investment.

(5) ACTIONS REQUIRED.-- (A) IN GENERAL.--The Board shall, by regulation or order, define, consistent with the purposes of this Act, the activities described in subparagraph (B) as financial in nature, and the extent to which such activities are financial in nature or incidental to a financial activity. (B) ACTIVITIES.--The activities described in this subparagraph are as follows: (i) Lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities. (ii) Providing any device or other instrumentality for transferring money or other financial assets. (iii) Arranging, effecting, or facilitating financial transactions for the account of third parties.

(6) REQUIRED NOTIFICATION.-- (A) IN GENERAL.--A financial holding company that acquires any company or commences any activity pursuant to this subsection shall provide written notice to the Board describing the activity commenced or conducted by the company acquired not later than 30 calendar days after commencing the activity or consummating the acquisition, as the case may be. (B) Approval not required for certain financial activities.-Except as provided in subsection (j) with regard to the acquisition of a savings association, a financial holding company may commence any activity, or acquire any company, pursuant to paragraph (4) or any regulation prescribed or order issued under paragraph (5), without prior approval of the Board.

(7) MERCHANT BANKING ACTIVITIES.-- (A) JOINT REGULATIONS.--The Board and the Secretary of the Treasury may issue such regulations implementing paragraph (4)(H), including limitations on transactions between depository institutions and companies controlled pursuant to such paragraph, as the Board and the Secretary jointly deem appropriate to assure compliance with the purposes and prevent evasions of this Act and the Gramm-Leach-Bliley Act and to protect depository institutions. (B) Sunset of restrictions on merchant banking activities of financial subsidiaries.--The restrictions contained in paragraph (4)(H) on the ownership and control of shares, assets, or ownership interests by or on behalf of a subsidiary of a depository institution shall not apply to a financial subsidiary (as defined in section 5136A of the Revised Statutes of the United States) of a bank, if the Board and the Secretary of the Treasury jointly authorize financial subsidiaries of banks to engage in merchant banking activities pursuant to section 122 of the Gramm-Leach-Bliley Act. Appendix C to Part 225 - Small Bank Holding Company and Savings and Loan Holding Company Policy Statement Policy Statement on Assessment of Financial and Managerial Factors In acting on applications filed under the Bank Holding Company Act, the Board has adopted, and continues to follow, the principle that bank holding companies should serve as a source of strength for their subsidiary banks. When bank holding companies incur debt and rely upon the earnings of their subsidiary banks as the means of repaying such debt, a question arises as to the probable effect upon the financial condition of the holding company and its subsidiary bank or banks. The Board believes that a high level of debt at the parent

holding company impairs the ability of a bank holding company to provide financial assistance to its subsidiary bank(s) and, in some cases, the servicing requirements on such debt may be a significant drain on the resources of the bank(s). For these reasons, the Board has not favored the use of acquisition debt in the formation of bank holding companies or in the acquisition of additional banks. Nevertheless, the Board has recognized that the transfer of ownership of small banks often requires the use of acquisition debt. The Board, therefore, has permitted the formation and expansion of small bank holding companies with debt levels higher than would be permitted for larger holding companies. Approval of these applications has been given on the condition that small bank holding companies demonstrate the ability to service acquisition debt without straining the capital of their subsidiary banks and, further, that such companies restore their ability to serve as a source of strength for their subsidiary banks within a relatively short period of time. In the interest of continuing its policy of facilitating the transfer of ownership in banks without compromising bank safety and soundness, the Board has, as described below, adopted the following procedures and standards for the formation and expansion of small bank holding companies subject to this policy statement.

1. APPLICABILITY OF POLICY STATEMENT This policy statement applies only to bank holding companies with pro forma consolidated assets of less than $3 billion that (i) are not engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (ii) do not conduct significant off-balance sheet activities (including securitization and asset management or administration) either directly or through a nonbank subsidiary; and (iii) do not have a material amount of debt or equity securities outstanding (other than trust preferred securities) that are registered with the Securities and Exchange Commission. The Board may in its discretion exclude any bank holding company, regardless of asset size, from the policy statement if such action is warranted for supervisory purposes. 1 With the exception of section 4 (Additional Application Requirements for Expedited/Waived Processing), the policy statement applies to savings and loan holding companies as if they were bank holding companies. 1 [Reserved]. While this policy statement primarily applies to the formation of small bank holding companies, it also applies to existing small bank holding companies that wish to acquire an additional bank or company and to transactions involving changes in control, stock redemptions, or other shareholder transactions. 2 2 The appropriate Reserve Bank should be contacted to determine the manner in which a specific situation may qualify for treatment under this policy statement.

2. ONGOING REQUIREMENTS The following guidelines must be followed on an ongoing basis for all organizations operating under this policy statement. A. Reduction in parent company leverage: Small bank holding companies are to reduce their parent company debt consistent with the requirement that all debt be retired within 25 years of being incurred. The Board also expects that these bank holding companies reach a debt to equity ratio of .30:1 or less within 12 years of the incurrence of the debt.

3 The bank holding company must also comply with debt servicing and other requirements imposed by its creditors. 3 The term debt, as used in the ratio of debt to equity, means any borrowed funds (exclusive of short-term borrowings that arise out of current transactions, the proceeds of which are used for current transactions), and any securities issued by, or obligations of, the holding company that are the functional equivalent of borrowed funds. Subordinated debt associated with trust preferred securities generally would be treated as debt for purposes of paragraphs 2.C., 3.A., 4.A.i., and 4.B.i. of this policy statement. A bank holding company, however, may exclude from debt an amount of subordinated debt associated with trust preferred securities up to 25 percent of the holding company's equity (as defined below) less goodwill on the parent company's balance sheet in determining compliance with the requirements of such paragraphs of the policy statement. In addition, a bank holding company subject to this policy statement that has not issued subordinated debt associated with a new issuance of trust preferred securities after December 31, 2005, may exclude from debt any subordinated debt associated with trust preferred securities until December 31, 2010. Bank holding companies subject to this policy statement also may exclude from debt until December 31, 2010, any subordinated debt associated with refinanced issuances of trust preferred securities originally issued on or prior to December 31, 2005, provided that the refinancing does not increase the bank holding company's outstanding amount of subordinated debt. Subordinated debt associated with trust preferred securities will not be included as debt in determining compliance with any other requirements of this policy statement. In addition, notwithstanding any other provision of this policy statement and for

purposes of compliance with paragraphs 2.C., 3.A., 4.A.i, and 4.B.i. of this policy statement, both a bank holding company that is organized in mutual form and a bank holding company that has made a valid election to be taxed under Subchapter S of Chapter 1 of the U.S. Internal Revenue Code may exclude from debt subordinated debentures issued to the United States Department of the Treasury under (i) the Troubled Asset Relief Program established by the Emergency Economic Stabilization Act of 2008, Division A of Public Law 110-343, 122 Stat. 3765 (2008), and (ii) the Small Business Lending Fund established by the Small Business Jobs Act of 2010, title IV of Public Law 111-240, 124 Stat. 2504 (2010).

The term equity, as used in the ratio of debt to equity, means the total stockholders' equity of the bank holding company as defined in accordance with generally accepted accounting principles. In determining the total amount of stockholders' equity, the bank holding company should account for its investments in the common stock of subsidiaries by the equity method of accounting. Ordinarily the Board does not view redeemable preferred stock as a substitute for common stock in a small bank holding company. Nevertheless, to a limited degree and under certain circumstances, the Board will consider redeemable preferred stock as equity in the capital accounts of the holding company if the following conditions are met: (1) The preferred stock is redeemable only at the option of the issuer; and (2) the debt to equity ratio of the holding company would be at or remain below .30:1 following the redemption or retirement of any preferred stock. Preferred stock that is convertible into common stock of the holding company may be treated as equity. B. Capital adequacy: Each insured depository subsidiary of a small bank holding company is expected to be well-capitalized. Any institution that is not well-capitalized is expected to become well-capitalized within a brief period of time. C. Dividend restrictions: A small bank holding company whose debt to equity ratio is greater than 1.0:1 is not expected to pay corporate dividends until such time as it reduces its debt to equity ratio to 1.0:1 or less and otherwise meets the criteria set forth in §;§; 225.14(c)(1)(ii), 225.14(c)(2), and 225.14(c)

(7) of Regulation Y. 4 4 Dividends may be paid by small bank holding companies with debt to equity at or below 1.0:1 and otherwise meeting the requirements of §;§; 225.14(c)(1)(ii), 225.14(c)(2), and 225.14(c)(7) if the dividends are reasonable in amount, do not adversely affect the ability of the bank holding company to service its debt in an orderly manner, and do not adversely affect the ability of the subsidiary banks to be well-capitalized. It is expected that dividends will be eliminated if the holding company is (1) not reducing its debt consistent with the requirement that the debt to equity ratio be reduced to .30:1 within 12 years of consummation of the proposal or (2) not meeting the requirements of its loan agreement(s). Small bank holding companies formed before the effective date of this policy statement may switch to a plan that adheres to the intent of this statement provided they comply with the requirements set forth above. 3. CORE REQUIREMENTS FOR ALL APPLICANTS In assessing applications or notices by organizations subject to this policy statement, the Board will continue to take into account a full range of financial and other information about the applicant, and its current and proposed subsidiaries, including the recent trend and stability of earnings, past and prospective growth, asset quality, the ability to meet debt servicing requirements without placing an undue strain on the resources of the bank(s), and the record and competency of management. In addition, the Board will require applicants to meet the following requirements: A. Minimum down payment: The amount of acquisition debt should not exceed 75 percent of the purchase price of the bank(s) or company to be acquired. When the owner(s) of the holding company incurs debt to finance the purchase of the bank(s) or company, such debt will be considered acquisition debt even though it does not represent an obligation of the bank holding company, unless the owner(s) can demonstrate that such debt can be serviced without reliance on the resources of the bank(s) or bank holding company. B. Ability to reduce parent company leverage: The bank holding company must clearly be able to reduce its debt to equity ratio and comply with its loan agreement(s) as set forth in paragraph 2A above. Failure to meet the criteria in this section would normally result in denial of an application.

4. ADDITIONAL APPLICATION REQUIREMENTS FOR EXPEDITED/WAIVED PROCESSING A. Expedited notices under §;§; 225.14 and 225.23 of Regulation Y: A small bank holding company proposal will be eligible for the expedited processing procedures set forth in §;§; 225.14 and 225.23 of Regulation Y if the bank holding company is in compliance with the ongoing requirements of this policy statement, the bank holding company meets the core requirements for all applicants noted above, and

the following requirements are met: i. The parent bank holding company has a pro forma debt to equity ratio of 1.0:1 or less. ii. The bank holding company meets all of the criteria for expedited action set forth in §;§; 225.14 or 225.23 of Regulation Y. B. Waiver of stock redemption filing: A small bank holding company will be eligible for the stock redemption filing exception for well-capitalized bank holding companies contained in §; 225.4(b)(6) if the following requirements are met: i. The parent bank holding company has a pro forma debt to equity ratio of 1.0:1 or less. ii. The bank holding company is in compliance with the ongoing requirements of this policy statement and meets the requirements of §;§; 225.14(c)(1)(ii), 225.14(c)(2), and 225.14(c)(7) of Regulation Y. [Reg. Y, 62 FR 9343, Feb. 28, 1997, as amended at 71 FR 9902, Feb. 28, 2006; 74 FR 26081, June 1, 2009; 80 FR 20158, Apr. 15, 2015; 83 FR 44199, Aug. 30, 201finance 12 CFR §; 225.111 - Limit on investment by bank holding company system in stock of small business investment companies. prev | next §; 225.111 Limit on investment by bank holding company system in stock of small business investment companies. (a) Under the provisions of section 4(c)(5) of the Bank Holding Company Act, as amended (12 U.S.C. 1843), a bank holding company may acquire shares of nonbank companies "which are of the kinds and amounts eligible for investment" by national banks. Pursuant to section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)), as amended by title II of the Small Business Act Amendments of 1967 (Pub. L. 90-104, 81 Stat. 268, 270), a national bank may invest in stock of small business investment companies (SBICs) subject to certain restrictions. (b) On the basis of the foregoing statutory provisions, it is the position of the Board that a bank holding company may acquire direct or indirect ownership or control of stock of an SBIC subject to the following limits:

(1) The total direct and indirect investments of a bank holding company in stock of SBICs may not exceed: (i) With respect to all stock of SBICs owned or controlled directly or indirectly by a subsidiary bank, 5 percent of that bank's capital and surplus; (ii) With respect to all stock of SBICs owned directly by a bank holding company that is a bank, 5 percent of that bank's capital and surplus; and (iii) With respect to all stock of SBICs otherwise owned or controlled directly or indirectly by a bank holding company, 5 percent of its proportionate interest in the capital and surplus of each subsidiary bank (that is, the holding company's percentage of that bank's stock times that bank's capital and surplus) less that bank's investment in stock of SBICs; and

(2) A bank holding company may not acquire direct or indirect ownership or control of 50 percent or more of the shares of any class of equity securities of an SBIC that have actual or potential voting rights. (c) A bank holding company or a bank subsidiary that acquired direct or indirect ownership or control of 50 percent or more of any such class of equity securities prior to January 9, 1968, is not required to divest to a level below 50 percent. A bank that acquired 50 percent or more prior to January 9, 1968, may become a subsidiary in a holding company system without any necessity for divesting to a level below 50 percent: Provided, That such action does not result in the bank holding company acquiring control of a percentage greater than that controlled by such bank. (12 U.S.C. 248. Interprets 12 U.S.C. 1843, 15 U.S.C. 682) [33 FR 6967, May 9, 1968. Redesignated at 36 FR 21666, Nov. 12, 1971] §; 233.3 Designated payment systems. The following payment systems could be used by participants in connection with, or to facilitate, a restricted transaction: (a) Automated clearing house systems; (b) Card systems; (c) Check collection systems; (d) Money transmitting businesses solely to the extent they (1) Engage in the transmission of funds, which does not include check cashing, currency exchange, or the issuance or redemption of money orders, travelers' checks, and other similar instruments; and (2) Permit customers to initiate transmission of funds transactions remotely from a location other than a physical office of the money transmitting business; and (e) Wire transfer systems. §; 233.7 Regulatory enforcement. The requirements under this part are subject to the exclusive regulatory enforcement of - (a) The Federal functional regulators, with respect to the designated payment systems and participants therein that are subject to the respective jurisdiction of such regulators under section 505(a) of the Gramm-Leach-Bliley Act (15 U.S.C. 6805(a)) and section 5g of the Commodity Exchange Act (7 U.S.C. 7b-2); and (b) The Federal Trade Commission, with respect to designated payment systems and participants therein not otherwise subject to the jurisdiction of any Federal functional regulators (including the Commission) as described in paragraph (a) of this section. 12 CFR Part 225 - BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (REGULATION Y) REGULATIONS (§; - Subpart A - General Provisions (§;§; 225.1 - 225.10) Subpart B - Acquisition of Bank Securities or Assets (§;§; 225.11 - 225.17) Subpart C - Nonbanking Activities and Acquisitions by

Bank Holding Companies (§;§; 225.21 - 225.28) Subpart D - Control and Divestiture Proceedings (§;§; 225.31 - 225.34) Subpart E - Change in Bank Control (§;§; 225.41 - 225.44) Subpart F - Limitations on Nonbank Banks (§; 225.52) Subpart G - Appraisal Standards for Federally Related Transactions (§;§; 225.61 - 225.67) Subpart H - Notice of Addition or Change of Directors and Senior Executive Officers (§;§; 225.71 - 225.73) Subpart I - Financial Holding Companies (§;§; 225.81 - 225.145) Subpart J - Merchant Banking Investments (§;§; 225.170 - 225.177) Subpart K - Proprietary Trading and Relationships With Hedge Funds and Private Equity Funds (§;§; 225.180 - 225.182) Subpart L - Conditions to Orders (§; 225.200) Subpart M - Minimum Requirements for Appraisal Management Companies (§;§; 225.190 - 225.196) Subpart N - Computer-Security Incident Notification (§;§; 225.300 - 225.303) Appendix A to Part 225 - Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure Appendix B to Part 225 [Reserved] Appendix C to Part 225 - Small Bank Holding Company and Savings and Loan Holding Company Policy Statement Appendixes D-E to Part 225 [Reserved] Appendix F to Part 225 - Interagency Guidelines Establishing Information Security Standards Appendix G to Part 225 [Reserved] §; 811.0 Definition of terms. In this part, unless the context otherwise requires or indicates: (a) Reserve Bank means the Federal Reserve Bank of New York (and any other Federal Reserve Bank which agrees to issue Federal Financing Bank securities in book-entry form) as fiscal agent of the United States acting on behalf of the Federal Financing Bank and, when indicated, acting in its individual capacity. (b) Federal Financing Bank security means a Federal Financing Bank bond, note, certificate of indebtedness, or bill issued under the Federal Financing Bank Act of 1973, in the form of a definitive Federal Financing Bank security or a book-entry Federal Financing Bank security. (c) Definitive Federal Financing Bank security means a Federal Financing Bank bond, note, certificate of indebtedness, or bill issued under the Federal Financing Bank Act of 1973, in engraved or printed form. (d) Book-entry Federal Financing Bank security means a Federal Financing Bank bond, note, certificate of indebtedness, or bill issued under the Federal Financing Bank Act of 1973, in the form of an entry made as prescribed in this part on the records of a Reserve Bank. (e) Pledge includes a pledge of, or any other security interest in, Federal Financing Bank securities as collateral for loans or advances or to secure deposits of public monies or the performance of an obligation. (f) Date of call is the date fixed in the official notice of call published in the FEDERAL REGISTER on which the Federal Financing Bank will make payment of the security before maturity in accordance with its terms. (g) Member bank means any national bank, State bank or bank or trust company which is a member of a Reserve Bank. §; 269.7 Approval of agreement and required contents. Any agreement entered into with a labor organization as the exclusive representative of employees in a unit must be approved by the President of the Bank or a designated officer representative.

All agreements with labor organizations shall also be subject to the requirement that the administration of all matters covered by the agreement shall be governed by the provisions of applicable laws and Federal Reserve System rules and regulations, and the agreement shall at all times be applied subject to such laws and regulations. §; 241.3 Registration as a supervised securities holding company. (a) Registration - (1) Filing requirement. A securities holding company may elect to register to become a supervised securities holding company by filing the appropriate form with the responsible Reserve Bank. The responsible Reserve Bank is determined by the Director of Banking Supervision and Regulation at the Board, or the Director's delegee. (2) Request for additional information. The Board may, at any time, request additional information that it believes is necessary to complete the registration.

(3) Complete filing. A registration by a securities holding company is considered to be filed on the date that all information required on the appropriate form is received. (b) Effective date of registration - (1) In general. A registration filed by a securities holding company under paragraph (a) of this section is effective on the 45th calendar day after the date that a complete filing is received by the responsible Reserve Bank. (2) Earlier notification that a registration is effective. The Board may notify a securities holding company that its registration to become a supervised securities holding company is effective prior to the 45th calendar day after the date that a complete filing is received by the responsible Reserve Bank. Such a notification must be in writing. (3) Supervision and regulation of securities holding companies. (i) Upon an effective registration and except as otherwise provided by order of the Board, a supervised securities holding company shall be treated, and shall be subject to supervision

and regulation by the Board, as if it were a bank holding company, or as otherwise appropriate to protect the safety and soundness of the supervised securities holding company and address the risks posed by such company to financial stability. (ii) The provisions of section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) do not apply to a supervised securities holding company. §; 811.1 Authority of Reserve Banks.

Each Reserve Bank is hereby authorized, in accordance with the provisions of this part, to: (a) Issue book-entry Federal Financing Bank securities by means of entries on its records which shall include the name of the depositor, the amount, the loan title (or series) and maturity date; (b) effect conversions between book-entry Federal Financing Bank securities and definitive Federal Financing Bank securities; (c) otherwise service and maintain book-entry Federal Financing Bank securities; and (d) issue a confirmation of transaction in the form of a written advice (serially numbered or otherwise) which specifies the amount and description of any securities, that is, loan title (or series) and maturity date, sold or transferred and the date of the transaction. §; 811.2 Scope and effect of book-entry procedure. (a) A Reserve Bank, as fiscal agent of the United States acting on behalf of the Federal Financing Bank, may apply the book-entry procedure provided for in this part to any Federal Financing Bank securities which have been or are hereafter deposited for any purpose in accounts with it in its individual capacity under terms and conditions which indicate that the Reserve Bank will continue to maintain such deposit accounts in its individual capacity, notwithstanding application of the book-entry procedure to such securities.

This paragraph is applicable, but not limited, to securities deposited: (1) As collateral pledged to a Reserve Bank (in its individual capacity) for advances by it; (2) By a member bank for its sole account; (3) By a member bank held for the account of its customers; (4) In connection with deposits in a member bank of funds of States, municipalities, or other political subdivisions; or, (5) In connection with the performance of an obligation or duty under Federal, State, municipal, or local law, or judgments or decrees of courts. The application of the book-entry procedure under this paragraph shall not derogate from or adversely affect the relationship that would otherwise exist between a Reserve Bank in its individual capacity and its depositors covering any deposits under this paragraph. Whenever the book-entry procedure is applied to such Federal Financing Bank securities, the Reserve Bank is authorized to take all action necessary in respect of the book-entry procedure to enable such Reserve Bank in its individual capacity to perform its obligations as depositary with respect to such Federal Financing Bank securities. (b) A Reserve Bank, as fiscal agent of the United States acting on behalf of the Federal Financing Bank, shall apply the book-entry procedure to Federal Financing Bank securities deposited as collateral pledged to the United States under current revisions of Department of the Treasury Circulars Nos. 92 and 176 (31 CFR, parts 203 and 202), and may apply the book-entry procedure, with the approval of the Secretary of the Treasury, to any other Federal Financing Bank securities deposited with a Reserve Bank, as fiscal agent of the United States. (c) Any person having an interest in Federal Financing Bank securities which are deposited with a Reserve Bank (in either its individual capacity or as fiscal agent of the United States) for any purpose shall be deemed to have consented to their conversion to book-entry Federal Financing Bank securities pursuant to the provisions of this part, and in the manner and under the procedures prescribed by the Reserve Bank. (d) No deposits shall be accepted under this section on or after the date of maturity or call of the securities. §; 811.3 Transfer or pledge. (a) A transfer or a pledge of book-entry Federal Financing Bank securities to a Reserve Bank (in its individual capacity or as fiscal agent of the United States), or to the United States, or to any transferee or pledgee eligible to maintain an appropriate book-entry account in its name with a Reserve Bank under this part, is effected and perfected, notwithstanding any provision of law to the contrary, by a Reserve Bank making an appropriate entry in its records of the securities transferred or pledged. The making of such an entry in the records of a Reserve Bank shall:
(1) Have the effect of a delivery in bearer form of definitive Federal Financing Bank securities;
(2) have the effect of a taking of delivery by the transferee or pledgee;
(3) constitute the transferee or pledgee a holder; and
(4) if a pledge, effect a perfected security interest therein in favor of the pledgee. A transfer or pledge of book-entry Federal Financing Bank securities effected under this paragraph shall have priority over any transfer, pledge, or other interest, theretofore or thereafter effected or perfected under paragraph (b) of this section or in any other manner. (b) A transfer or a pledge of transferable Federal Financing Bank

securities, or any interest therein, which is maintained by a Reserve Bank (in its individual capacity or as fiscal agent of the United States) in a book-entry account under this part, including securities in book -entry form under §; 811.2(a)(3), is effected, and a pledge is perfected, by any means that would be effective under applicable law to effect a transfer or to effect and perfect a pledge of the Federal Financing Bank securities, or any interest therein, if the securities were maintained by the Reserve Bank in bearer definitive form. For purposes of transfer or pledge hereunder, book-entry Federal Financing Bank securities maintained by a Reserve Bank shall, notwithstanding any provision of law to the contrary, be deemed to be maintained in bearer definitive form. A Reserve Bank maintaining book-entry Federal Financing Bank securities either in its individual capacity or as fiscal agent of the United States is not a bailee for purposes of notification of pledges of those securities under this subsection, or a third person in possession for purposes of acknowledgement of transfers thereof under this subsection. Where transferable Federal Financing Bank securities are recorded on the books of a depositary (a bank, banking institution, financial firm, or a similar party, which regularly accepts in the course of its business Federal Financing Bank securities as a custodial service for customers, and maintains accounts in the names of such customers reflecting ownership of or interest in such securities) for account of the pledgor or transferor thereof and such securities are on deposit with a Reserve Bank in a book-entry account hereunder, such depositary shall, for purposes of perfecting a pledge of such securities or effecting delivery of such securities to a purchaser under applicable provisions of law, be the bailee to which notification of the pledge of the securities may be given or the third person in possession from which acknowledgment of the holding of the securities for the purchaser may be obtained. A Reserve Bank will not accept notice or advice of a transfer or pledge effected or perfected under this subsection, and any such notice or advice shall have no effect. A Reserve Bank may continue to deal with its depositor in accordance with the provisions of this part, notwithstanding any transfer or pledge effected or perfected under this subsection. (2) No filing or recording with a public recording office or office shall be necessary or effective with respect to any transfer or pledge of book-entry Federal Financing Bank securities or any interest therein. (d) A Reserve Bank shall, upon receipt of appropriate instructions, convert book-entry Federal Financing Bank securities into definitive Federal Financing Bank securities and deliver them in accordance with such instructions; no such conversion shall affect existing interests in such Federal Financing Bank securities. (e) A transfer of book-entry Federal Financing Bank securities within a Reserve Bank shall be made in accordance with procedures established by the Bank not inconsistent with this part. The transfer of book-entry Federal Financing Bank securities by a Reserve Bank may be made through a telegraphic transfer procedure. (f) All requests for transfer or withdrawal must be made prior to the maturity or date of call of the securities. §; 811.4 Withdrawal of Federal Financing Bank securities. (a) A depositor of book-entry Federal Financing Bank securities may withdraw them from a Reserve Bank by requesting delivery of like definitive Federal Financing Bank securities to itself or on its order to a transferee. (b) Federal Financing Bank securities which are actually to be delivered upon withdrawal may be issued either in registered or in bearer form, except that Federal Financing Bank bills will be issued in bearer form only. §; 811.6 Registered bonds and notes. Registered Federal Financing Bank securities deposited with a Reserve Bank for any purpose specified in §; 811.2 shall be assigned for conversion to book-entry Federal Financing Bank securities. The assignment, which shall be executed in accordance with the provisions of subpart F of 31 CFR, part 306, so far as applicable, shall be to - Federal Reserve Bank of _____, as fiscal agent of the United States acting on behalf of the Federal Financing Bank for conversion to book-entry Federal Financing Bank securities. §; 811.7 Servicing book-entry Federal Financing Bank securities; payment of interest; payment at maturity or upon call. Interest becoming due on book-entry Federal Financing Bank securities shall be charged against the special agent account maintained by the Department of the Treasury for the Federal Financing Bank on the interest due date and remitted or credited in accordance with the depositor's instructions. Such securities shall be redeemed and charged against the above said account on the date of maturity or call, and the redemption proceeds, principal and interest, shall be disposed of in accordance with the depositor's instructions.