

Policy on Reserve Bank Branch Directors

Branches Generally

A Reserve Bank may conduct business through a branch that is established in accordance with section 3 of the Federal Reserve Act. The title of each branch shall include the name of the city or metropolitan area in which it is situated and the name of the Federal Reserve Bank of which it is a branch, such as “Detroit Branch of the Federal Reserve Bank of Chicago.” A Reserve Bank may not establish or discontinue a branch unless the Board of Governors specifically has approved or directed that action.

Directors of Branches

(a) Number of directors. The board of directors of each branch of a Federal Reserve Bank shall consist of seven members or five members, as may be determined by the Federal Reserve Bank. The Federal Reserve Bank shall appoint four members of a seven-member board and three members of a five-member board. The Board of Governors shall appoint the remainder of the board members.

(b) Qualifications of directors.

(1) Directors shall be selected without discrimination on the basis of race, creed, color, sex, or national origin.

(2) The directors appointed by the Federal Reserve Banks shall be persons who meet the personal and occupational qualifications of class A or B Reserve Bank directors.

(3) The directors appointed by the Board of Governors shall be persons who meet the personal and occupational qualifications of class B Reserve Bank directors.

(4) No director of a Federal Reserve Bank shall serve as a director of a branch of the Bank during his or her service as a director of the Federal Reserve Bank.

(5) Each director shall be a citizen of the United States and shall reside or have a significant occupational interest within the territory served by the branch.

(c) Terms of directors. The term of office of directors shall be three years. In order to make practicable an orderly rotation of branch directorships, the terms of directors shall be arranged such that—

(1) Less than a majority of the terms expire in any year;

(2) If an even number of terms expire in any year, at least one of those terms is of a director appointed by the Board of Governors;

(3) If an odd number of terms expire in any year, a majority of those terms are of directors appointed by the Reserve Bank.

(d) Limitation on years of service. A branch director will not be reappointed if he or she has served two full terms each, or if, by the end of the new term, the individual would have served as a branch director for more than seven years of continuous service. The Board may grant exceptions where appropriate, but would expect to do so only in limited circumstances.

(e) Chairman. The Federal Reserve Bank shall provide for the annual designation, in such manner as it may prescribe, of one of the members of the board of directors of each branch appointed by the Board of Governors as the chairman of the board.

(f) Vacancies. In the event of a vacancy occurring in the board of directors of a branch of a Federal Reserve Bank, the appointment to fill such vacancy shall be made by the body making the original appointment and such appointment shall be for the unexpired term.

(g) Removal of directors. As provided in section 3 of the Federal Reserve Act, directors of branches of Federal Reserve Banks hold office at the pleasure of the Board of Governors.

(h) Meetings. The board of directors of a branch shall meet according to the schedule set by the Federal Reserve Bank.

(i) Fees and allowances. The fees and allowances to be paid to directors of the branch for attendance at meetings of the board of directors of the branch or any committees of the branch shall be subject to the approval of the Board of Governors.

Relationship between Branches and Reserve Banks

(a) Operation of branches.

(1) Supervision of the operations of a branch shall be subject to the direction and control of the Federal Reserve Bank of the district and rules regulations, policies, and procedures of the Board of Governors.

(2) The Federal Reserve Bank of the district shall appoint such officers for each branch as the Bank from time to time deems necessary.

(3) All officers and employees of a branch shall be subject to the same employment and compensation policies and procedures that the Board of Governors applies to officers and employees, respectively, of a Federal Reserve Bank, and all branch officers shall be subject to removal by the Board of Governors.

(b) Supplemental instructions. Each Federal Reserve Bank may issue instructions or adopt by-laws, not inconsistent with the law or these regulations, containing such further provisions with regard to the operation of its branches as it may deem advisable.