

APR 13 1970

400.4

December 9, 1969

TO: Board of Governors
FROM: Governor Sherrill

Subject: Proposed program for dealing with bank merger and holding company applications.

12/9/69

There is attached for the Board's consideration a memorandum to me from a staff Task Force which contains a number of recommendations for establishing a new program to deal with bank merger and holding company applications.

As you are aware, there has been a marked increase in the number of applications that have been received from registered bank holding companies and it is expected that this trend will continue. This increase, combined with increases in work load expected when the one-bank holding company legislation is enacted, will undoubtedly produce problems with which we will be unable to deal under our present organizational structure. Accordingly, I recently requested that a Task Force be established to study this problem and to present alternative recommendations for dealing with the situation. The need for such a reevaluation of present procedures was emphasized during the budgetary review process which was conducted this Fall.

The Task Force has now completed its assignment and, as indicated in the attached memorandum, there is widespread agreement in that group that the present organizational structure is incapable of dealing with the increase in the number of applications that the Board is expected to receive from both one-bank and registered bank holding companies. Each of the five recommendations presented by the Task Force has merit, but on balance the Task Force recommends the appointment of a

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program management committee ~~director~~ at the earliest possible date to deal with banking structure matters, and I endorse that recommendation.

The Task Force has also recommended that consideration be given to the delegation of authority for approval of simple clear-cut cases to one or more staff members. I agree that such delegation is called for as the case load continues to increase; it would obviously save substantial amounts of time for the Board itself and would also save staff time in the preparation of material for Board consideration. The guidelines for delegation recommended by the Task Force seem appropriate in the kinds of criteria employed. They are very tight, but this is wise in the initial stages of such a change. I would expect the delegees to come back to the Board after a few months of experience with proposals for some appropriate broadening of the delegation limits.