

## FEDERAL RESERVE SYSTEM

### Order Delegating Authority to Approve Requests to Make Dividends of Property Other Than Cash

Under the sixth undesignated paragraph of section 9 of the Federal Reserve Act (“FRA”), state member banks shall be required to conform to the provisions of 12 U.S.C. §§ 60(b) and 56 with respect to the payment of dividends, except that any reference in any of these provisions to the Comptroller of the Currency (“OCC”) shall be deemed instead to be a reference to the Board.<sup>1</sup> These provisions impose quantitative limits and other limitations on the ability of national banks to make dividends. The tenth undesignated paragraph of section 25A of the FRA contains a similar provision that prohibits a corporation organized under that section (“Edge corporation”) from withdrawing, by dividend or otherwise, any portion of its capital.<sup>2</sup>

Dividends of property other than cash raise issues of proper valuation and, therefore, compliance with applicable dividend limits. The OCC has long interpreted these provisions to require a national bank to obtain the prior approval of the OCC before the bank may declare a dividend of property other than cash.<sup>3</sup> The Board also interprets these provisions applicable to state member banks through section 9 of the FRA, as well as the similar provisions applicable to Edge corporations in section 25A of the FRA, to require a state member bank or Edge corporation to obtain the prior approval of the Board before the company may declare a dividend of property other than cash.

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<sup>1</sup> 12 U.S.C. § 324.

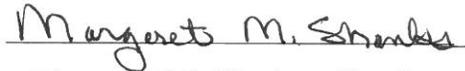
<sup>2</sup> 12 U.S.C. § 618.

<sup>3</sup> See, e.g., 12 CFR 5.66.

Pursuant to section 11(k) of the Federal Reserve Act, 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.<sup>4</sup>

The Board hereby delegates to the Federal Reserve Banks the authority to approve (but not deny) a request by a state member bank, or by a corporation organized pursuant to section 25A of the Federal Reserve Act, to pay a dividend of property other than cash if the request does not raise a significant legal, supervisory, or policy issue.

By order of the Board of Governors, effective April 27, 2018.<sup>5</sup>



Margaret McCloskey Shanks  
Deputy Secretary of the Board

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<sup>4</sup> 12 U.S.C. § 248(k).

<sup>5</sup> Voting for this action: Chairman Powell, Vice Chairman for Supervision Quarles, and Governor Brainard.