$3,000 throughout the 30 days of November. The average daily balance for the quarter is $2,000, which results in $21 in interest earned for the quarter. The annual percentage yield earned would be shown on the periodic statement for November. The annual percentage yield earned (using the formula above) is 4.28%:

APY Earned=100 [(1+21/2,000)$^{(365/91)}$ − 1]
APY Earned=4.28%

B. Special Formula for Use Where Periodic Statement Is Sent More Often Than the Period for Which Interest Is Compounded

Institutions that use the daily balance method to accrue interest and that issue periodic statements more often than the period for which interest is compounded shall use the following special formula:

$$APY\ Earned = 100\left\{\left[1+\frac{(Interest\ earned/Balance)}{Days\ in\ period}(Compounding)\right]^{(365/Compounding)}-1\right\}$$

The following definition applies for use in this formula (all other terms are defined under part II):

''Compounding'' is the number of days in each compounding period.

Assume an institution calculates interest for the statement period using the daily balance method, pays a 5.00% interest rate, compounded annually, and provides periodic statements for each monthly cycle. The account has a daily balance of $1,000 for a 30-day statement period. The interest earned is $4.11 for the period, and the annual percentage yield earned (using the special formula above) is 5.00%:

$$APY\ Earned = 100\left\{\left[1+\frac{(4.11/1{,}000)}{30}(365)\right]^{(365/365)}-1\right\}$$

APY Earned=5.00%

■ 14. In Supplement I to part 1030, under Section 1030.7—*Payment of Interest,* paragraph *7(c)—Date interest begins to accrue* is revised to read as follows:

Supplement I to Part 1030—Official Interpretations

* * * * *

Section 1030.7—Payment of Interest

* * * * *

(c) Date interest begins to accrue.

1. *Relation to Regulation CC.* Institutions may rely on the Expedited Funds Availability Act (EFAA) and Regulation CC (12 CFR part 229) to determine, for example, when a deposit is considered made for purposes of interest accrual, or when interest need not be paid on funds because a deposited check is later returned unpaid.

2. *Ledger and collected balances.* Institutions may calculate interest by using a ''ledger'' or ''collected'' balance method, as long as the crediting requirements of the EFAA are met (12 CFR 229.14).

3. *Withdrawal of principal.* Institutions must accrue interest on funds until the funds are withdrawn from the account. For example, if a check is debited to an account on a Tuesday, the institution must accrue interest on those funds through Monday.

* * * * *

By order of the Board of Governors of the Federal Reserve System, June 20, 2019.

Ann E. Misback,

Secretary of the Board.

Dated: June 10, 2019.

Kathleen L. Kraninger,

Director, Bureau of Consumer Financial Protection.

[FR Doc. 2019–13668 Filed 7–1–19; 4:15 pm]

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FEDERAL RESERVE SYSTEM

12 CFR Part 265

[Docket No. R–1667]

RIN No. 7100–AF 52

Rules Regarding Delegation of Authority: Delegation of Authority to the Secretary of the Board, Director of the Division of Supervision of Regulation, and Federal Reserve Banks

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

ACTION: Final rule.

SUMMARY: The Board is amending its rules regarding delegation of authority to delegate to Federal Reserve Banks authority to approve certain types of applications, notices, and requests. Under the rule, Federal Reserve Banks are delegated authority to waive a requirement to file certain applications under the Bank Holding Company Act and the Home Owners' Loan Act; grant or deny requests for modifying certain commitments; authorize a state member bank to make a public welfare investment in accordance with section 9 of the Federal Reserve Act under certain circumstances; and approve certain requests, applications, and notices relating to international banking operations filed pursuant to the Board's Regulation K. The rule also modifies the delegation rules by authorizing the Federal Reserve Banks to approve applications and notices concerning mergers and acquisitions that do not exceed the Board's delegation criteria for competition after including deposits of qualifying credit unions weighted at 50 percent and deposits of ''commercially active'' thrift institutions weighted in most cases at 100 percent. In a limited number of cases, deposits of all thrifts would be weighted at 100 percent. To ensure the Board's delegation rules are consistent, the rule also revises or rescinds, as appropriate, certain existing delegations to the Federal Reserve Banks, the Secretary of the Board, and the Director of the Division of Supervision and Regulation.

DATES: Effective July 3, 2019.

FOR FURTHER INFORMATION CONTACT: Alison Thro, Assistant General Counsel, (202) 452–3236, Scott Tkacz, Senior Counsel, (202) 452–2744, or Jonah Kind, Attorney, (202) 452–2045, Legal Division, Susan Motyka, Deputy Associate Director, (202) 452–5280, Division of Supervision and Regulation, Anthony Iwuji, Manager, (202) 452–3254, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, 20th Street and C Street NW, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

I. Discussion

Section 11(k) of the Federal Reserve Act provides that the Board, by published order or rule, may delegate any of its functions, other than those related to rulemaking or principally to monetary and credit policies.[1] Pursuant to this authority, the Board is amending its Rules Regarding Delegation of

[1] 12 U.S.C. 248(k).

Authority (Delegation Rules) [2] to delegate authority to the Federal Reserve Banks (Reserve Banks) to act on certain types of applications, notices, and requests. The Board expects that these delegations of authority will allow the Federal Reserve System to process such applications, notices, and requests in a more efficient and timely manner. To ensure the Delegation Rules are consistent, the rule also revises or rescinds, as appropriate, certain existing delegations to the Reserve Banks, the Secretary of the Board, and the Director of the Division of Supervision and Regulation (S&R Director). Each of the changes to the Delegation Rules made by this rule are discussed in more detail below. Additionally, the Board is revising the Delegation Rules to update all references to the ''Division of Banking Supervision and Regulation'' to the ''Division of Supervision and Regulation'' to reflect the division's name change on December 5, 2016.

A. Waivers of Applications Required by the Bank Holding Company Act and the Home Owners' Loan Act

The Board's regulations provide for the waiver of applications required by the Bank Holding Company Act of 1956 (BHC Act) and the Home Owners' Loan Act (HOLA) in certain circumstances to avoid duplicative review of the same transaction by federal banking agencies. Under § 225.12(d)(2) of the Board's Regulation Y, applications normally required by the BHC Act when a bank holding company seeks to merge with another bank holding company or to acquire shares or control of a bank may be waived; similarly, under § 238.12(d)(1) of the Board's Regulation LL, applications normally required by HOLA when a savings and loan holding company seeks to merge with another savings and loan holding company or to acquire shares or control of a thrift may be waived.[3] In both cases, an application may not be required from the holding company if the proposed transaction is also subject to approval by a federal banking regulator under section 18(c) of the Federal Deposit Insurance Act (Bank Merger Act) and meets certain other criteria.

If a transaction satisfies each of the criteria for a waiver under the Board's rules, an acquiring holding company seeking a waiver must provide notice of the transaction to the appropriate Reserve Bank at least 10 days prior to consummation.[4] Under the Board's waiver rules, the holding company would not need to submit an application under the BHC Act or HOLA unless it is informed by the Reserve Bank within 10 days after the notice is submitted that an application is required.[5] The Reserve Banks currently do not have delegated authority to act on a notice submitted by an acquiring holding company in connection with a waiver. However, the Board has determined that it would be appropriate for the Reserve Banks to act on waiver notices. Accordingly, the Board is amending the Delegation Rules to delegate authority to the Reserve Banks to inform an acquiring holding company that an application is required under the BHC Act or HOLA after receiving notice regarding a waiver, in accordance with § 225.12(d)(2) or § 238.12(d)(1).[6]

B. Requests To Relieve or Modify Commitments

In connection with applications, notices, and requests submitted pursuant to various banking statutes over which the Federal Reserve has jurisdiction, persons may provide commitments to the Board or a Reserve Bank. Commitments are deemed to be conditions imposed in writing by the Board and may be enforced under applicable law.

The Board has previously delegated authority to the S&R Director to grant or deny requests to relieve or modify, including to extend the time for performing, any commitment relied upon by the Board or a Reserve Bank in acting upon an application or notice required by the BHC Act, the Bank Merger Act, the Change in Bank Control Act of 1978, the Federal Reserve Act, the International Banking Act, the Federal Deposit Insurance Act, or HOLA (Banking Statutes).[7] The Board has determined that it would be appropriate for Reserve Banks to act on requests to relieve or modify commitments upon which the Reserve Bank relied in acting on a filing submitted pursuant to one or more of the Banking Statutes. Accordingly, the Board is revising its Delegation Rules to permit the Reserve Banks to grant or deny requests to relieve or modify (including extending the time for performing) such commitments, so long as the relief or modification would not be inconsistent with, or result in an evasion of, the provisions of the Reserve Bank's original action and the requests do not raise significant legal, supervisory, or policy issues. In acting on such requests, the Reserve Bank may take into account changed circumstances and good faith efforts to fulfill the commitments. No changes are being made to the Board's existing delegation of authority to the S&R Director to grant or deny requests to relieve or modify commitments made to the Board.

C. Public Welfare Investments

Section 9(23) of the Federal Reserve Act permits state member banks, subject to certain limits and other conditions, to make investments which are designed primarily to promote the public welfare (Public Welfare Investments).[8] Under the Board's Regulation H, a state member bank must obtain prior approval before making a Public Welfare Investment if the bank or the proposed investment does not satisfy criteria relating to, among other things, the condition of the bank and the nature of the investment.[9]

The Board previously has delegated to the Reserve Banks authority to approve a Public Welfare Investment that meets the conditions of § 208.22(b)(1)–(3), (b)(5), and (b)(7) of Regulation H, if the bank has at least an overall rating of ''3'' as of its most recent consumer compliance examination and the bank's Public Welfare Investments do not in the aggregate exceed 10 percent of the bank's capital and surplus.[10] In addition, the Board previously has delegated to the S&R Director authority

[2] 12 CFR part 265.

[3] 12 CFR 225.12(d)(2) (bank holding company acquisitions); 12 CFR 238.12(d)(1) (savings and loan holding company acquisitions).

[4] 12 CFR 225.12(d)(2)(v); 12 CFR 238.11(d)(1)(vi).

[5] 12 CFR 225.12(d)(2)(vi); 12 CFR 238.11(d)(1)(vii). Unlike Regulation Y, Regulation LL states that the acquiring savings and loan holding company may be informed by either the Reserve Bank or the Board that an application is required.

[6] In connection with reviewing a notice of a waiver, a Reserve Bank may, in its discretion, inform an acquiring holding company before the end of the 10-day notice period that the Reserve Bank does not intend to recommend that the Board take action to require the filing of an application under the BHC Act or HOLA.

[7] 12 CFR 265.7(a)(2).

[8] 12 U.S.C. 338a.

[9] 12 CFR 208.22(d). Public Welfare Investments by state member banks that do not require prior approval are subject to a 30-day post notice procedure. 12 CFR 208.22(c).

[10] 12 CFR 265.11(e)(12). The Board also previously has delegated to the Reserve Banks authority to approve, with the concurrence of the Director of the Division of Consumer and Community Affairs (DCCA Director), a Public Welfare Investment by a state member bank having an overall rating of ''4'' or ''5'' as of its most recent consumer compliance examination, if the investment meets the conditions of § 208.22(b)(1)–(3), (b)(5), and (b)(7) of Regulation H and the bank's Public Welfare Investments do not in the aggregate exceed 10 percent of the bank's capital and surplus. This delegation was authorized in connection with the Board's approval on February 18, 1999, of the request by California Center Bank, Los Angeles, California, to make certain public welfare investments.

to approve a Public Welfare Investment under certain other circumstances.[11]

The Board has determined that it would be appropriate for the Reserve Banks to act on certain proposals by a state member bank to make a Public Welfare Investment. Accordingly, the Board is revising the Delegation Rules to authorize the Reserve Banks to approve a Public Welfare Investment that is in accordance with the requirements of section 9(23) of the Federal Reserve Act, if the proposal raises no significant legal, supervisory, or policy issues. Under the revised Delegation Rules, the S&R Director would generally have delegated authority to approve a Public Welfare Investment proposal that raises significant legal, supervisory, or policy issues; however, any proposal that does not satisfy § 208.22(b)(1) of Regulation H would require Board action.[12] In addition, the delegations expressly authorize the Reserve Banks and the S&R Director to determine, in connection with approving a Public Welfare Investment under their delegated authority, that the aggregate amount of a state member bank's Public Welfare Investments will not pose a significant risk to the deposit insurance fund in accordance with section 9(23) of the Federal Reserve Act. The delegations in this final rule supersede the Board's prior delegations of authority to the Reserve Banks and the S&R Director to approve Public Welfare Investments.

D. Proposals Under Subparts A and B of Regulation K

The Board's Regulation K sets forth rules regarding international banking operations. Subpart A of the regulation sets out rules governing the international and foreign activities of U.S. banking organizations, including procedures for establishing foreign branches and Edge and agreement corporations to engage in international banking, and for investing in foreign organizations. Subpart B sets out rules governing the activities of foreign banking organizations in the United States. Subparts A and B include numerous application and notice requirements for banking organizations that propose to engage in certain activities, open offices, or make or retain certain investments or acquisitions. The Board previously has delegated authority to the Secretary of the Board, the General Counsel, the S&R Director, and the Reserve Banks to act on certain applications, notices, and requests under both subparts A and B of Regulation K.

The Board has determined that it would be appropriate for the Reserve Banks to act on a number of applications, notices, and requests submitted pursuant to subparts A and B of Regulation K. Accordingly, the Board is revising the Delegation Rules to permit the Reserve Banks to act on certain proposals submitted pursuant to Regulation K. Generally, the authority under this new delegation is limited to proposals that do not raise significant legal, supervisory, or policy issues. The Board is also revising certain existing delegations of authority to the S&R Director, rescinding certain existing delegations to the Secretary of the Board, and reordering certain existing delegations to the Reserve Banks that appear in the Delegation Rules.

With respect to subpart A of Regulation K, concerning the foreign activities of U.S. banking organizations, the revisions to the Delegation Rules provide new authority and expand upon existing delegations of authority for the Reserve Banks to act on various proposals filed under that subpart. Reserve Banks will have delegated authority to act on proposals concerning the establishment of a foreign branch by a state member bank or an Edge corporation; the acquisition by a foreign branch of a member bank of all of the shares of a company that engages in activities in which the member bank is permitted to engage or that are incidental to the activities of the foreign branch; the amendment by an Edge corporation of its articles of association or charter; a foreign institution's acquisition of a majority of the shares of an Edge corporation; the acquisition of control of an Edge corporation; investments by a member bank in the stock of an agreement corporation; the extension of time within which an investor must divest of investments in entities engaged in impermissible activities or interests acquired to prevent a loss upon a debt previously contracted in good faith; investments made by a member bank in a foreign country; a member bank's engaging in underwriting, distribution, or dealing of equity securities outside the United States; the use of internal hedging models for determining compliance with investment limits; and a member bank's engaging in futures commission merchant activities on an mutual exchange or clearinghouse that requires members to guarantee or otherwise contract to cover losses suffered by the other members.

With respect to subpart B of Regulation K, concerning the activities of foreign banking organizations in the United States, the revisions to the Delegation Rules also delegate new authority and expand upon existing delegations of authority for Reserve Banks to act on proposals filed under that subpart concerning the establishment of certain permanent or temporary U.S. offices.

E. Competition

Section 3 of the BHC Act and certain other statutes administered by the Board concerning mergers and acquisitions prohibit the Board from approving proposals involving the formation of a holding company, the merger of holding companies, or the acquisition or merger of insured depository institutions that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.[13] These statutes also prohibit the Board from approving proposals that would substantially lessen competition or tend to create a monopoly in any banking market, unless the Board finds that the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[14]

The Board previously has delegated authority to the Reserve Banks to approve a proposal involving the formation of a bank holding company, the merger of bank holding companies or banks, or the acquisition of a bank holding company or insured depository institution, provided the proposal satisfies the Board's delegation criteria.[15] In 2011, by order, the Board

[11] Specifically, the Board delegated to the S&R Director authority to approve Public Welfare Investments that are included in the list of permissible investments listed in 12 CFR 208.22(b)(1) and that involve a state member bank that (1) has a composite ''3,'' ''4,'' or ''5'' composite rating under the CAMELS rating system, (2) is less than adequately capitalized, (3) is subject to a written agreement, cease and desist order, capital directive, prompt corrective action directive, or memorandum of understanding, or (4) proposes an investment that exposes the bank to liability beyond the amount of the proposed investment. This delegation was authorized in connection with the Board's approval on February 18, 1999, of the request by California Center Bank, Los Angeles, California, to make certain public welfare investments.

[12] 12 CFR 208.22(b)(1).

[13] *See* 12 U.S.C. 1842(c)(1)(A) (BHC Act); 12 U.S.C. 1828(c)(5)(A) (Bank Merger Act); 12 U.S.C. 1467a(e)(2)(A) (HOLA). Section 4 of the BHC Act requires the Board to consider whether a proposal by a bank holding company to acquire a savings and loan holding company or a savings association would result in increased competition or decreased or unfair competition. 12 U.S.C. 1843(j)(2)(A).

[14] *See* 12 U.S.C. 1842(c)(1)(B) (BHC Act); 12 U.S.C. 1828(c)(5)(B) (Bank Merger Act); 12 U.S.C. 1467a(e)(2)(B) (HOLA).

[15] 12 CFR 265.11(c)(11).

extended the delegation to include savings and loan holding companies in the same manner that the delegation applies to bank holding companies.[16] With respect to competitive factors, the Board's delegation criteria require the Board to act on any such proposal which, upon consummation, would result in the control by a banking organization of over 35 percent of total deposits in any relevant banking market or result in a highly concentrated banking market for deposits, as measured by the Herfindahl-Hirschman Index (HHI),[17] if the proposed transaction also would increase the HHI by at least 200 points.[18] Currently, in determining whether a proposal satisfies the Board's delegation criteria for competition in each relevant banking market for both relative deposit market share and market concentration for deposits, the deposits of any credit unions in the market are excluded, and, except for certain applications described below filed under HOLA, the deposits of all thrift institutions in the market are included on a 50 percent weighted basis.[19]

In analyzing the competitive effects of a merger or acquisition proposal, the Board previously has indicated that certain thrift institutions have become, or have the potential to become, significant competitors to commercial banks.[20] In some cases involving the formation of a bank holding company, the acquisition by a bank holding company of a depository institution, the merger of a bank holding company with another holding company, or the merger of a bank with another depository institution, the Board has included the deposits of certain thrift institutions in a given market on a 100 percent weighted basis, rather than the standard 50 percent weighting, when competition from those thrift institutions closely approximated competition from a commercial bank.[21] Such thrifts are referred to as ''commercially active thrifts.''

The Board also has found that certain credit unions can serve as competitors to commercial banks in a relevant banking market. The Board has included certain credit unions in its competitive analysis when the credit unions offer consumer banking products, operate street-level branches, and have broad membership criteria.[22] Credit unions which meet these criteria are referred to as ''qualifying credit unions.'' Generally, the Board has included the deposits of qualifying credit unions at a 50 percent weight in its analysis, which reflects credit unions' relatively low levels of commercial and small business lending relative to commercial banks. However, the Board has only considered deposits of qualifying credit unions as a factor that can mitigate the anti-competitive effects of a proposal.

The Board has determined that it would be appropriate for the Reserve Banks to act on proposals involving the formation of a bank holding company, the acquisition by a bank holding company of a depository institution, the merger of a bank holding company with another holding company, or the merger of a bank with another depository institution that satisfy the Board's delegation criteria for each affected banking market after the market deposits of commercially active thrift institutions at 100 percent weight and qualifying credit unions at 50 percent weight are included in the initial competitive analysis. Accordingly, the Board is revising the Delegation Rules to permit the Reserve Banks to act upon such proposals, provided the proposals also satisfy the Board's other criteria for delegated action. In so doing, the Board has also determined that it would be appropriate to clarify that its delegation criteria for competition apply to proposals requiring the Board's prior approval under the Bank Merger Act and to proposals involving the acquisition of a thrift by a bank holding company pursuant to section 4 of the BHC Act.

For proposals filed pursuant to HOLA involving the formation of a savings and loan holding company, the merger of savings and loan holding companies, or the acquisition by a savings and loan holding company of a thrift, a modified calculation for relative market share and market concentration for deposits will be used to determine whether the proposal satisfies the Board's delegation criteria for competition. In these cases, the deposits of all thrift institutions in the relevant banking markets will be weighted at 100 percent in the calculation because both before and after consummation of the proposal, the depository institutions involved in the transaction are thrift institutions. Therefore, all thrift institutions in those banking markets compete directly with the involved depository institutions. In these cases, the deposits of all banks in the markets are included at 100 percent weight, because all banks are considered to compete directly with thrift institutions.

The Board has determined that it would be appropriate to codify the Board's previous delegation to the Reserve Banks concerning proposals involving the formation or acquisition of a savings and loan holding company, the merger of savings and loan holding companies, or the acquisition by a savings and loan holding company of a thrift by authorizing the Reserve Banks to act on proposals that satisfy the Board's delegation criteria for each affected banking market, and to include the market deposits of all thrift institutions at 100 percent weight in this analysis. In so doing, the Board has also determined that it would be appropriate to modify this delegation to allow the Reserve Banks to act on such proposals if the proposal would satisfy the Board's delegation criteria for each affected banking market after the market deposits of qualifying credit unions at 50 percent weight are included in the initial competitive analysis.

In all cases, the concurrence of the Board's Division of Research and Statistics will be necessary in order for the Reserve Bank to include the market deposits of commercially active thrifts and qualifying credit unions the higher weights, to ensure that such determinations are consistent with Board precedent.

The delegations in this final rule supersede the Board's prior delegations of authority to the Reserve Banks to approve merger or acquisition proposals

[16] *See,* Order Delegating Certain Actions Relating to Savings and Loan Holding Companies (August 12, 2011) available at *https://www.federalreserve.gov/newsevents/pressreleases/bcreg20110812a.htm.*

[17] Under the Department of Justice Bank Merger Competitive Review guidelines, a market is considered highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice generally does not challenge a bank merger or acquisition (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by more than 200 points.

[18] 12 CFR 265.11(c)(11)(v).

[19] The standard inclusion of thrift deposits at 50 percent weight in the initial competitive analysis reflects thrifts' generally limited lending to small businesses relative to commercial banks.

[20] *See, e.g., Midwest Financial Group,* 75 Federal Reserve Bulletin 386 (1989); *National City Corporation,* 70 Federal Reserve Bulletin 743 (1984).

[21] The Board has found that a commercially active thrift closely approximates competition from a commercial bank when the thrift is a significant commercial lender in the market and offers a broad range of consumer, mortgage, and other banking products typically offered by commercial banks. See, *e.g., KeyCorp,* FRB Order No. 2016–12 (July 12, 2016); *River Valley Bancorp,* FRB Order No. 2012–10 (October 17, 2012); *Regions Financial Corporation,* 93 Federal Reserve Bulletin C16 (2007); and *Banknorth Group, Inc., supra.* See also *Banknorth Group, Inc.,* 75 Federal Reserve Bulletin 703 (1989).

[22] *See, e.g., Central Bancompany, Inc.,* FRB Order No. 2017–03 (February 8, 2017); *Chemical Financial Corporation,* FRB Order No. 2015–13 (April 20, 2015); *Mitsubishi UFJ Financial Group, Inc.,* FRB Order No. 2012–12 (November 14, 2012); and *Old National Bancorp,* FRB Order No. 2012–9 (August 30, 2012).

involving savings and loan holding companies.

III. Regulatory Analysis

These amendments relate solely to the agency's organization, procedure, or practice. Accordingly, the provisions of the Administrative Procedure Act (APA) regarding notice of proposed rulemaking and opportunity for public participation are not applicable.[23]

Because no notice of proposed rulemaking is required to be issued, or has been issued, in connection with this rule, it is not a ''rule'' for purposes of the Regulatory Flexibility Act, and that act, therefore, does not apply.[24]

In accordance with the Paperwork Reduction Act of 1995 (PRA),[25] the Board may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget control number. The Board has reviewed the proposed rule and has determined that it contains no collections of information as defined in the PRA.

Section 722 of the Gramm-Leach-Bliley Act[26] requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The Board has sought to present this rule in a simple and straightforward manner.

This rule is not a ''substantive rule'' for the purposes of the APA; as such, the act does not require the Board to delay the effective date of the rule.[27] Accordingly, the amendments are effective July 3, 2019.

List of Subjects in 12 CFR Part 265

Authority delegations (Government agencies), Banks, banking.

Authority and Issuance

■ For the reasons stated in the Supplementary Information, the Board of Governors of the Federal Reserve System amends 12 CFR part 265 as follows:

PART 265—RULES REGARDING DELEGATION OF AUTHORITY

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

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

■ 2. In part 265, remove all references to ''Director of the Division of Banking Supervision and Regulation'' and add in their place ''Director of the Division of Supervision and Regulation''.

§ 265.5 [Amended]

■ 3. In § 265.5 remove and reserve paragraphs (d)(1) and (3).

■ 4. In § 265.7 revise the section heading and paragraphs (d)(1) and (3); remove and reserve paragraphs (d)(4) and (5), (7), and (9) through (13); and add paragraph (e)(7).

The revisions and addition read as follows:

§ 265.7 Functions delegated to Director of Division of Supervision and Regulation

* * * * *

(d) * * *

(1) Foreign bank reports. To require submission of a report of condition respecting any foreign bank in which a member bank holds stock acquired under § 211.8(b) of Regulation K (12 CFR part 211), pursuant to section 25 of the Federal Reserve Act (12 U.S.C. 602).

* * * * *

(3) With the concurrence of the General Counsel, to approve applications, notices, exemption requests, waivers and suspensions, and other related matters under Regulation K (12 CFR part 211), where such matters do not raise any significant legal, supervisory, or policy issues.

* * * * *

(e) * * *

(7) *Public welfare investments.* (i) To permit a state member bank to make a public welfare investment in accordance with paragraph 23 of section 9 of the Federal Reserve Act (12 U.S.C. 338a) in any case in which the appropriate Reserve Bank does not have delegated authority to act, unless the proposal does not satisfy 12 CFR 208.22(b)(1). In acting on such requests, the Director shall consult with the directors of other interested divisions where appropriate; and

(ii) To determine, in connection with acting on a proposal pursuant to delegated authority as set forth in paragraph (e)(7)(i) of this section, that the aggregate amount of a state member bank's public welfare investments will not pose a significant risk to the deposit insurance fund in accordance with paragraph 23 of section 9 of the Federal Reserve Act (12 U.S.C. 338a).

* * * * *

■ 5. In § 265.11:

■ a. Revise paragraph (a)(10);

■ b. Add paragraph (a)(17;

■ c. Revise the paragraph (c) subject heading and paragraph (c)(11)(v);

■ d. Add paragraph (c)(12);

■ e. Revise paragraphs (d)(1) through (8) and (10) through (12);

■ f. Add paragraphs (d)(13) through (15); and

■ g. Revise paragraph (e)(12).

The revisions and addition read as follows:

§ 265.11 Functions delegated to Federal Reserve Banks.

* * * * *

(a) * * *

(10) *Regulation K; divestiture of impermissible interests.* To extend the time within which an investor, under § 211.8(e) and (f) of Regulation K (12 CFR part 211), must divest of investments in entities engaged in impermissible activities or interests acquired to prevent a loss upon a debt previously contracted in good faith.

* * *

(17) *Modification of commitments.* To grant or deny requests for relieving or modifying (including extending the time for performing) a commitment relied upon by the Reserve Bank in taking any action under the Bank Holding Company Act, the Bank Merger Act, the Change in Bank Control Act of 1978, the Federal Reserve Act, the International Banking Act, the Federal Deposit Insurance Act, or the Home Owners' Loan Act, so long as the requests do not raise any significant legal, supervisory, or policy issues. In acting on such requests, the Reserve Bank may take into account changed circumstances and good faith efforts to fulfill the commitments, and shall consult with Board staff as appropriate. The Reserve Bank may not take any action that would be inconsistent with or result in an evasion of the provisions of the original action.

* * * * *

(c) *Holding companies; change in bank control; mergers.* * * *

(11) * * *

(v)(A) With respect to holding company formations, acquisitions or mergers of holding companies, or acquisitions or mergers of insured depository institutions, except as set forth in paragraph (c)(11)(v)(B) of this section, upon consummation, the proposal would result in the control by a banking organization of over 35 percent of total deposits in banking offices in the relevant geographic market or an increase of at least 200 points in the Herfindahl-Hirschman Index (HHI) for deposits in a highly concentrated market (a market with a post-merger HHI of at least 1800) when including:

(*1*) All thrift deposits at 50 percent weight, except for deposits of thrifts determined by the Reserve Bank, with the concurrence of the Board's Division of Research and Statistics, to be commercially active, which are included at 100 percent weight; and

(*2*) The deposits of credit unions determined by the Reserve Bank, with

[23] 5 U.S.C. 553(b)(A).

[24] *See* 5 U.S.C. 601(2).

[25] 44 U.S.C. 3501 *et seq.*

[26] 12 U.S.C. 4809.

[27] *See* 5 U.S.C. 553(d).

the concurrence of the Board's Division of Research and Statistics, to offer consumer banking products, operate street-level branches, and have broad membership criteria in the relevant geographic market, which are included at 50 percent weight; or

(B) With respect to the formation of a savings and loan holding company, the merger of savings and loan holding companies, or the acquisition by a savings and loan holding company of a savings association, upon consummation, the proposal would result in the control by a banking organization of over 35 percent of total deposits in banking offices in the relevant geographic market or an increase of at least 200 points in the HHI for deposits in a highly concentrated market (a market with a post-merger HHI of at least 1800) when including:

(*1*) All thrift deposits at 100 percent weight; and

(*2*) The deposits of credit unions determined by the Reserve Bank, with the concurrence of the Board's Division of Research and Statistics, to offer consumer banking products, operate street-level branches, and have broad membership criteria in the relevant geographic market, which are included at 50 percent weight; or

* * * * *

(12) *Waivers.* (i) To inform an acquiring bank holding company, in connection with a notice submitted by the bank holding company pursuant to 12 CFR 225.12(d)(2), that an application under 12 CFR 225.11 is required.

(ii) To inform an acquiring savings and loan holding company, in connection with a notice submitted by the savings and loan holding company pursuant to 12 CFR 238.12(d)(1), that an application under 12 CFR 238.11 is required.

(d) * * *

(1) *Member bank, Edge or agreement corporation establishing foreign branch.* With regard to a prior notice to establish a branch in a foreign country under § 211.3 of Regulation K (12 CFR part 211)—

(i) To waive the notice period if immediate action is required and there is no significant legal, supervisory, or policy issue;

(ii) To suspend the notice period;

(iii) To determine not to object to the notice, provided that no significant legal, supervisory, or policy issue is raised by the proposal; or

(iv) To require the notificant to file an application for the Board's specific consent.

(2) *Acquisitions by a foreign branch.* To approve, under § 211.4(a)(8) of Regulation K (12 CFR part 211), a proposal by a foreign branch of a member bank to acquire all of the shares of a company that engages solely in activities in which the member bank is permitted to engage or that are incidental to the activities of the foreign branch, provided that no significant legal, supervisory, or policy issue is raised.

(3) *Application to establish Edge corporation.* To approve the application by a U.S. banking organization to establish an Edge corporation under section 25A of the Federal Reserve Act (12 U.S.C. 611) and § 211.5 of the Board's Regulation K (12 CFR part 211) if all of the following criteria are met:

(i) The U.S. banking organization meets the capital adequacy guidelines and is otherwise in satisfactory condition;

(ii) The proposed Edge corporation will be a wholly-owned subsidiary of a single banking organization; and

(iii) No significant legal, supervisory, or policy issues are raised by the proposal.

(4) *Issuance of permit to Edge corporation and amendments to articles of association and charter.* To issue to an Edge corporation under section 25A of the Federal Reserve Act (12 U.S.C. 614) and § 211.5 of Regulation K (12 CFR part 211) a permit to commence business and to approve amendments to the articles of association and charter of an Edge corporation.

(5) *Investments in Edge and agreement corporations.* To approve, pursuant to 211.5(a)(3) of Regulation K (12 CFR part 211) an application by a member bank to invest more than 10 percent of its capital and surplus in the aggregate amount of stock held in in all Edge or agreement corporations; provided that—

(i) The member bank's total investment, including retained earnings of the Edge and agreement corporation, does not exceed 20 percent of the bank's capital and surplus and would not exceed that level as a result of the proposal; and

(ii) The proposal raises no significant legal, supervisory, or policy issues.

(6) *Foreign ownership of an Edge corporation.* To approve, under § 211.5(d) of Regulation K (12 CFR part 211), a foreign institution's acquisition, directly or indirectly, of a majority of the shares of the capital stock of an Edge corporation, provided that no significant legal, supervisory, or policy issue is raised.

(7) *Change in control of an Edge corporation.* With regard to a notice to acquire, directly or indirectly, 25 percent or more of the voting securities, or to otherwise acquire control, of an Edge corporation, under § 211.5(e) of Regulation K (12 CFR part 211)-

(i) to waive the notice period if immediate action is required and no significant legal, supervisory, or policy issue is raised;

(ii) To extend the notice period;

(iii) To determine not to object to the notice if no significant legal, supervisory, or policy issue is raised; or

(iv) To require the notificant to file an application for the Board's specific consent.

(8) *Granting specific consent.* To grant prior specific consent to an investor for

(i) A long range investment plan, under § 211.9(a)(4) of Regulation K (12 CFR part 211), and

(ii) An investment in its first subsidiary or its first joint venture, under § 211.9(a)(5) of Regulation K (12 CFR part 211), where such investment does not exceed the general consent limitations under § 211.9(b) of Regulation K (12 CFR part 211).

* * * * *

(10) *Authority under prior-notice procedures.* (i) With regard to a prior notice to make an investment under § 211.9(f) of Regulation K (12 CFR part 211)—

(A) To waive the notice period if immediate action is required and there is no significant legal, supervisory, or policy issue raised;

(B) To suspend the notice period;

(C) To determine not to object to the notice if there is no significant legal, supervisory, or policy issue raised; or

(D) To require the notificant to file an application for the Board's specific consent.

(ii) With regard to a prior notice of a foreign bank to establish certain U.S. offices under § 211.24(a)(2)(i) of Regulation K (12 CFR part 211)—

(A) To waive the notice period if immediate action is required and there is no significant legal, supervisory, or policy issue raised;

(B) To suspend the notice period;

(C) To determine not to object to the notice if there is no significant legal, supervisory, or policy issue raised; or

(D) To require the notificant to file an application for the Board's specific consent.

(11) *Activities usual in connection with banking or other financial operations abroad.* (i) To approve a prior notice, under § 211.10(a)(14) of Regulation K (12 CFR part 211), to engage in underwriting and distribution of equity securities outside the United States, provided that the proposal raises no significant legal, supervisory, or policy issue.

(ii) To approve a prior notice, under § 211.10(a)(15) of Regulation K (12 CFR part 211), to engage in dealing in equity securities outside the United States, provided that the proposal raises no significant legal, supervisory, or policy issue.

(iii) To approve a prior notice, under § 211.10(a)(15)(iv)(B) of Regulation K (12 CFR part 211), to use internal hedging models, provided that the proposal raises no significant legal, supervisory, or policy issue.

(iv) To approve a prior notice, under § 211.10(a)(18) of Regulation K (12 CFR part 211), to engage in futures commission merchant activities on an mutual exchange or clearinghouse that requires members to guarantee or otherwise contract to cover losses suffered by the other members, provided that the Board has previously approved the exchange, the application is on the same terms and conditions on which the Board based its approval of the exchange, and no significant legal, supervisory, or policy issue is raised.

(12) *Change in foreign bank home state.* With respect to a foreign bank's change of home state under § 211.22(b) of Regulation K (12 CFR part 211) and provided no significant legal, supervisory, or policy issue is raised—

(i) To waive the notice period; or

(ii) To determine not to object to the notice.

(13) *Waiver of 30-day prior notification period.* To waive the 30-day prior notification period with respect to a foreign bank's change of home state under § 211.22(c)(1) of Regulation K (12 CFR part 211).

(14) *Offices of foreign banks.* (i) To approve the establishment of a branch, agency, commercial lending company, or representative office by a foreign bank in the United States, pursuant to § 211.24(a)(1) of Regulation K (12 CFR part 211), if the Board has already determined that the foreign bank is subject to consolidated comprehensive supervision and provided that the application raises no significant legal, supervisory, or policy issue.

(ii) To allow a foreign bank to establish a temporary office of a branch or agency, pursuant to § 211.24(a)(5) of Regulation K (12 CFR part 211), provided there is no direct public access to such office and no significant legal, supervisory, or policy issue is raised.

(15) *Agreement with foreign bank concerning deposits of out-of-home-state branch.* To enter into an agreement or undertaking with a foreign bank that it shall receive only such deposits at its out-of-home-state branch as would be permissible for an Edge corporation under section 5 of the International Banking Act (12 U.S.C. 3103).

(e) * * *

(12) *Public welfare investments.* (i) To permit a state member bank to make a public welfare investment in accordance with paragraph 23 of section 9 of the Federal Reserve Act (12 U.S.C. 338a), provided that the proposal satisfies 12 CFR 208.22(b)(1) and no significant legal, supervisory, or policy issue is raised; and

(ii) To determine, in connection with acting on a proposal pursuant to delegated authority as set forth in paragraph (e)(12)(i) of this section, that the aggregate amount of a state member bank's public welfare investments will not pose a significant risk to the deposit insurance fund in accordance with paragraph 23 of section 9 of the Federal Reserve Act (12 U.S.C. 338a).

* * * * *

By order of the Board of Governors of the Federal Reserve System, June 26, 2019.

Ann Misback,

Secretary of the Board.

[FR Doc. 2019–13970 Filed 7–2–19; 8:45 am]

BILLING CODE 6210–02–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2019–0185; Product Identifier 2018–NM–178–AD; Amendment 39–19658; AD 2019–12–03]

RIN 2120–AA64

Airworthiness Directives; Bombardier, Inc., Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for all Bombardier, Inc., Model CL–600–2C10 (Regional Jet Series 700, 701 & 702), CL–600–2D15 (Regional Jet Series 705), and CL–600–2D24 (Regional Jet Series 900) airplanes. This AD was prompted by a determination that new and more restrictive airworthiness limitations are necessary for operational checks of the landing gear alternate extension system (AES). This AD requires revising the existing maintenance or inspection program, as applicable, to incorporate new and more restrictive airworthiness limitations. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective August 7, 2019.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of August 7, 2019.

ADDRESSES: For service information identified in this final rule, contact Bombardier, Inc., 400 Côte-Vertu Road West, Dorval, Québec H4S 1Y9, Canada; Widebody Customer Response Center North America toll-free telephone 1–866–538–1247 or direct-dial telephone 1–514–855–2999; fax 514–855–7401; email *ac.yul@aero.bombardier.com*; internet *http://www.bombardier.com*. You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195. It is also available on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2019–0185.

Examining the AD Docket

You may examine the AD docket on the internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2019–0185; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the regulatory evaluation, any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Darren Gassetto, Aerospace Engineer, Mechanical Systems and Administrative Services Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7323; fax 516–794–5531; email *9-avs-nyaco-cos@faa.gov*.

SUPPLEMENTARY INFORMATION:

Discussion

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to all Bombardier, Inc., Model CL–600–2C10 (Regional Jet Series 700, 701 & 702), CL–600–2D15 (Regional Jet Series 705), and CL–600–2D24 (Regional Jet Series 900) airplanes. The NPRM published in the **Federal Register** on March 28, 2019 (84 FR 11656). The NPRM was prompted by a determination that new and more restrictive airworthiness limitations are