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varied in the circumstances of a particular banking office, and whether to require corrective action.

(9) *Classifying member banks for election of directors*. To classify member banks for the purposes of electing Federal Reserve Bank class A and class B directors under section 4(16) of the Federal Reserve Act (12 U.S.C. 304), giving consideration to:

(i) The statutory requirement that each of the three groups shall consist as nearly as may be of banks of similar capitalization; and

(ii) The desirability that every member bank have the opportunity to vote for a class A or a class B director at least once every three years.

(10) *Waiver of penalty for deficient reserves*. To waive the penalty for deficient reserves by a member bank if, after a review of all the circumstances relating to the deficiency, the Reserve Bank concludes that waiver is warranted, except that in no case may a penalty be waived if the deficiency in reserves arises out of the bank's gross negligence or conduct inconsistent with the principles and purposes of reserve requirements.

(11) *Retirement of subordinated debt*. To approve the retirement prior to maturity of capital notes described in § 204.2(a)(1)(vii)(C) of Regulation D (12 CFR part 204) and issued by a state member bank, provided the Reserve Bank is satisfied that the capital position of the bank will be adequate after the proposed redemption.

(12) *Public welfare investments*. To permit a state member bank to make a public welfare investment that meets the conditions of 12 CFR 208.22(b)(1)–(3), (b)(5) and (b)(7), if the Reserve Bank is satisfied that:

(i) The state member bank received at least an overall rating of ''3'' as of its most recent consumer compliance examination; and

(ii) The aggregate of all such investments of the state member bank does not exceed 10 percent of its capital stock and surplus as defined under 12 CFR 208.2(d).

(f) *Securities*. To approve applications by a registered lender for termination of the registration under § 221.3(b)(2) of Regulation U (12 CFR 221.3(b)(2)).

(g) *Management interlocks*—(1) *Change in circumstances requiring termination of management interlocks; Regulation L*. To grant time for compliance with § 121.6 of Regulation L (12 CFR part 212) of up to an aggregate of 15 months from the date on which the change in circumstances as specified in that section occurs when the additional time appears to be appropriate to avoid undue disruption to the depository organizations involved in the management interlocks.

(2) *Depository Institutions Management Interlocks Act*. After consultation with the General Counsel of the Board, to decide not to disapprove notices to establish director interlocks with diversified savings and loan holding companies. (12 U.S.C. 3204(8)).

[56 FR 25619, June 5, 1991, as amended at 56 FR 67154, Dec. 30, 1991; 57 FR 11907, Apr. 8, 1992; 57 FR 40600, Sept. 4, 1992; 58 FR 6363, Jan. 28, 1993; 59 FR 22968, May 4, 1994; 60 FR 22257, May 5, 1995; 63 FR 2839, Jan. 16, 1998; 63 FR 58622, Nov. 2, 1998; 66 FR 54398, Oct. 26, 2001; 66 FR 58656, Nov. 23, 2001]

PART 266—LIMITATIONS ON ACTIVITIES OF FORMER MEMBERS AND EMPLOYEES OF THE BOARD

Sec.

266.1 Basis and scope.
266.2 Definitions.
266.3 Limitations.
266.4 Suspension of appearance privilege.
266.5 Criminal penalties.

AUTHORITY: Sec. 11(i), Federal Reserve Act (12 U.S.C. 248(i)); 5 U.S.C. 552.

SOURCE: 38 FR 31672, Nov. 16, 1973, unless otherwise noted.

§ 266.1 Basis and scope.

This part, issued under authority of section 11(i) of the Federal Reserve Act (12 U.S.C. 248(i)), and pursuant to section 552 of title 5 of the United States Code, which requires that every agency shall publish in the FEDERAL REGISTER its rules of procedure, relates to limitations on former members and employees of the Board with respect to participation in matters connected with

their former duties and official responsibilities while serving with the Board.[1]

§ 266.2 Definitions.

(a) *Employee* means a regular officer or employee of the Board; it does not include a consultant to the Board.[2]

(b) *Official responsibility*, with respect to a matter, means administrative, supervisory, or decisional authority, whether intermediate or final, exercisable alone or with others, personally or through subordinates, to approve, disapprove, decide, or recommend Board action or to express staff opinions in dealings with the public.

(c) *Appear personally* includes personal appearance or attendance before, or personal communication, either written or oral, with the Board or a Federal Reserve Bank of any member or employee thereof, or personal participation in the formulation or preparation of any material presented or communicated to, or filed with, the Board, in connection with any application or interpretation arising under the statutes or regulations administered by the Board or the Federal Reserve Banks, except that requests for general information or explanations of Board policy or interpretation shall not be construed to be a personal appearance.

§ 266.3 Limitations.

(a) *Matters on which Board member or employee worked*. No former member or employee of the Board shall appear personally before the Board or a Federal Reserve Bank on behalf of anyone other than the United States, an agency thereof, or a Federal Reserve Bank, in connection with any judicial or other proceedings, application, request for ruling or determination, or other particular matter involving a specific party or parties in which the United States, an agency thereof, or a Federal Reserve Bank is also a party or has a direct and substantial interest and in which he participated personally and substantially as a member or employee of the Board through approval, disapproval, decision, recommendation, advice, investigation or otherwise.

(b) *Matters within Board member or employee's official responsibility*. No former member or employee of the Board shall appear personally before the Board or a Federal Reserve Bank on behalf of anyone other than the United States, an agency thereof, or a Federal Reserve Bank, in connection with any judicial or other proceeding, application, request for ruling or determination, or other particular matter involving a specific party or parties in which the United States, an agency thereof, or a Federal Reserve Bank is also a party or has a direct and substantial interest, and which matter was in process during his tenure of office or period of employment and under his official Board responsibility, at any time within a period of one year after the termination of such responsibility.

(c) *Consultation as to propriety of appearance before the Board*. Any former member or employee of the Board who wishes to personally appear before the Board or a Federal Reserve Bank on behalf of any party other than the United States or an agency thereof or a Federal Reserve Bank at any time within two years from termination of employment with the Board is advised to consult the General Counsel or the Secretary of the Board as to the propriety of such appearance.

(d) *Rulemaking proceedings*. Nothing in this section shall preclude a former member or employee of the Board from representing another person in any Board or Federal Reserve Bank proceeding governed by a rule, regulation, standard, or policy of the Board solely by reason of the fact that such former member or employee participated in or had official responsibility in the formation or adoption of such rule, regulation, standard, or policy.

[1] While the Board has not adopted rules with regard to the disclosure of unpublished information by former Board members and employees, it advises such persons not to disclose unpublished information of the Board obtained in the course of their work. Questions in this regard may be addressed to the General Counsel or the Secretary of the Board.

[2] While former consultants to the Board are not covered by these Rules, they appear to fall within the coverage of section 207 of the United States Criminal Code (18 U.S.C. 207) that provides criminal penalties for engaging in activities similar, although not identical, to those described in paragraphs (a) and (b) of § 266.3.

(e) *Effective date*. This part shall become effective November 6, 1973. Notwithstanding the foregoing, the limitations of this part shall not apply to any activities with respect to a specific matter before the Board in which any former Board member or employee may be engaged on September 21, 1973, the date of publication of this part, until the expiration of 60 days following the effective date of this part or of such additional period as the Secretary of the Board may determine to be appropriate in order to avoid inequity.

§ 266.4 Suspension of appearance privilege.

If any person knowingly and willfully fails to comply with the provisions of this part, the Board may decline to permit such person to appear personally before it or a Federal Reserve Bank for such periods of time as it may determine and may impose such other sanctions as the Board may deem just and proper.

§ 266.5 Criminal penalties.

Any former member or employee of the Board who engages in actions in contravention of paragraph (a) or (b) of § 266.3 may be subject to criminal penalties for violation of section 207 of the United States Criminal Code (18 U.S.C. 207).

PART 267—RULES OF ORGANIZATION AND PROCEDURE OF THE CONSUMER ADVISORY COUNCIL

Sec.
267.1 Statutory authority.
267.2 Purposes and objectives of the Council.
267.3 Members.
267.4 Officers.
267.5 Meetings.
267.6 Amendments.

AUTHORITY: Sec. 703, Equal Credit Opportunity Act, as amended in Pub. L. 94–239.

SOURCE: 41 FR 49802, Nov. 11, 1976, unless otherwise noted.

§ 267.1 Statutory authority.

Section 703 of the Equal Credit Opportunity Act, as amended, provides:

The Board [of Governors of the Federal Reserve System] shall establish a Consumer Advisory Council to advise and consult with it in the exercise of its functions under the Consumer Credit Protection Act and to advise and consult with it concerning other consumer related matters it may place before the Council. In appointing the members of the Council, the Board shall seek to achieve a fair representation of the interests of creditors and consumers. The Council shall meet from time to time at the call of the Board. Members of the Council who are not regular full-time employees of the United States shall, while attending meetings of such Council, be entitled to receive compensation at a rate fixed by the Board, but not exceeding $100 per day, including travel time. Such members may be allowed travel expenses, including transportation and subsistence, while away from their homes or regular place of business.

§ 267.2 Purposes and objectives of the Council.

The Council shall advise and consult with the Board in the exercise of the Board's functions under the Consumer Credit Protection Act and with regard to other matters the Board may place before the Council.

§ 267.3 Members.

(a) The Council shall consist of not more than 30 members appointed by the Board. The term of office of each member of the Council shall be three years. However, the initial terms of the members first taking office shall expire as follows: approximately one-third on December 31, 1977, and approximately one-third at the end of each of the two succeeding calendar years. After the expiration of any member's term of office, such member may continue to serve until a successor has been appointed by the Board. The Board shall have the authority to appoint persons to fill vacancies on the Council.

(b) *Resignation*. Any member may resign at any time by giving notice to the Board. Any such resignation shall take effect upon its acceptance by the Board.

(c) *Compensation*. Members who are not regular full-time employees of the United States shall be paid travel expenses, including transportation and subsistence, and compensation of $100 for each day devoted to attending and traveling to and from meetings.