

§ 263.305

12 CFR Ch. II (1–1–02 Edition)

is subject to such an immediately effective order may submit a written appeal of the order to the Board. Such an appeal must be received by the Board within 14 calendar days of the issuance of the order, unless the Board permits a longer period. The Board shall consider any such appeal, if filed in a timely matter, within 60 days of receiving the appeal. During such period of review, the order shall remain in effect unless the Board, in its sole discretion, stays the effectiveness of the order.

(b) *Contents of notice.* A notice of intent to issue an order shall include:

(1) A statement of the safety and soundness deficiency or deficiencies that have been identified at the bank;

(2) A description of any restrictions, prohibitions, or affirmative actions that the Board proposes to impose or require;

(3) The proposed date when such restrictions or prohibitions would be effective or the proposed date for completion of any required action; and

(4) The date by which the bank subject to the order may file with the Board a written response to the notice.

(c) *Response to notice*—(1) *Time for response.* A bank may file a written response to a notice of intent to issue an order within the time period set by the Board. Such a response must be received by the Board within 14 calendar days from the date of the notice unless the Board determines that a different period is appropriate in light of the safety and soundness of the bank or other relevant circumstances.

(2) *Contents of response.* The response should include:

(i) An explanation why the action proposed by the Board is not an appropriate exercise of discretion under section 39;

(ii) Any recommended modification of the proposed order; and

(iii) Any other relevant information, mitigating circumstances, documentation, or other evidence in support of the position of the bank regarding the proposed order.

(d) *Agency consideration of response.* After considering the response, the Board may:

(1) Issue the order as proposed or in modified form;

(2) Determine not to issue the order and so notify the bank; or

(3) Seek additional information or clarification of the response from the bank, or any other relevant source.

(e) *Failure to file response.* Failure by a bank to file with the Board, within the specified time period, a written response to a proposed order shall constitute a waiver of the opportunity to respond and shall constitute consent to the issuance of the order.

(f) *Request for modification or rescission of order.* Any bank that is subject to an order under this subpart may, upon a change in circumstances, request in writing that the Board reconsider the terms of the order, and may propose that the order be rescinded or modified. Unless otherwise ordered by the Board, the order shall continue in place while such request is pending before the Board.

§ 263.305 Enforcement of orders.

(a) *Judicial remedies.* Whenever a State member bank fails to comply with an order issued under section 39, the Board may seek enforcement of the order in the appropriate United States district court pursuant to section 8(i)(1) of the FDI Act.

(b) *Failure to comply with order.* Pursuant to section 8(i)(2)(A) of the FDI Act, the Board may assess a civil money penalty against any State member bank that violates or otherwise fails to comply with any final order issued under section 39 and against any institution-affiliated party who participates in such violation or non-compliance.

(c) *Other enforcement action.* In addition to the actions described in paragraphs (a) and (b) of this section, the Board may seek enforcement of the provisions of section 39 or this part through any other judicial or administrative proceeding authorized by law.

PART 264—EMPLOYEE RESPONSIBILITIES AND CONDUCT

AUTHORITY: 5 U.S.C. 7301; 12 U.S.C. 244.

Federal Reserve System

§ 264a.2

§ 264.101 Cross-reference to employees' ethical conduct standards and financial disclosure regulations.

Employees of the Board of Governors of the Federal Reserve System (Board) are subject to the executive branch-wide standards of ethical conduct at 5 CFR part 2635 and the Board's regulation at 5 CFR part 6801, which supplements the executive branch-wide standards, and the executive branch-wide financial disclosure regulation at 5 CFR part 2634.

[61 FR 53830, Oct. 16, 1996]

PART 264a—RESERVE BANK DIRECTORS—ACTIONS AND RESPONSIBILITIES

Sec.

264a.1 Purpose.

264a.2 Definitions.

264a.3 Prohibition against director participation in particular matters.

264a.4 Granting of ad hoc exemptions.

264a.5 Exemption of remote or inconsequential financial interests.

AUTHORITY: 18 U.S.C. 208, as amended by the Federal Reserve Reform Act of 1977, Pub. L. 95-188, sec. 205, 91 Stat. 1387; 12 U.S.C. 248, 301.

SOURCE: 43 FR 24667, June 7, 1978, unless otherwise noted.

§ 264a.1 Purpose.

Directors of Federal Reserve Banks are charged by law with the responsibility of supervising and controlling the operations of the Reserve Banks, under the general supervision of the Board of Governors, and for assuring that the affairs of the Banks are administered fairly and impartially. The Federal Reserve Act provides that Reserve bank directors will be selected with due consideration to the interests of various segments of the population and the economy, thus assuring that the Federal Reserve System will receive the benefit of the experienced judgment of individuals from a broad spectrum of the communities that will be affected by actions of the System. For example, the provisions of section 4 of the Federal Reserve Act, as amended by the Federal Reserve Reform Act of 1977, provide that both class B and C directors shall be chosen to represent the public and with "due but not exclu-

sive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers." Section 4 further provides that class A directors "shall be chosen by and be representative of the stock-holding banks" of the Federal Reserve System. Recognizing that Reserve Bank directors may have, in their private capacities, business, consumer, or other interests to which legitimate attention is to be given; but recognizing also that these same individuals have fiduciary responsibilities as directors of Reserve Banks, this regulation is promulgated for the purpose of assuring preservation of and adherence to the intent of both the Federal Reserve Act and section 208 of title 18, United States Code.

§ 264a.2 Definitions.

For purposes of this part, the following definitions shall apply:

(a) The term *director*, unless otherwise indicated, means a head office or branch director of a Federal Reserve Bank.

(b) The term *Board of Governors* means the Board of Governors of the Federal Reserve System.

(c) The term *board* means the board of directors of a Federal Reserve Bank or branch of a Federal Reserve Bank.

(d) The term *related person* means (1) a partner of a director, (2) any organization in which the director is serving as an officer, director, trustee, partner or employee, or (3) any person or organization with whom the director is negotiating or has any arrangement concerning prospective employment.

(e) The term *participate* means to act through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or as is otherwise within the meaning of the provisions of 18 U.S.C. 208.

(f) The term *particular matter* means a judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest or other subject within the meaning of the provisions of 18 U.S.C. 208.

(g) The term *discussions* means the consideration of a matter by a board and may include, depending upon the board's statutory authority, votes taken or other decisional action.