



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

REC'D IN RECORDS SECTION
OCT 12 1976
Z-8024 (On office
copies only)

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 2, 1976

The Board of Governors has amended Section 265.2 of its "Rules Regarding Delegation of Authority," effective September 1, 1976, to delegate to the Secretary of the Federal Open Market Committee authority to approve policy record entries for inclusion in the annual report if no Board member has asked for review at a Board meeting of a draft distributed for review by Board members individually.

Enclosed is the Federal Register document regarding the amendment. Please print the amendment in the usual slip sheet form for distribution in your District.

Very truly yours,

Theodore E. Allison
Secretary

Enclosure

SEP 1 1976

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS
AND THE OFFICERS IN CHARGE OF BRANCHES

REC'D IN RECORDS SECTION
August 00 1976

To: Board of Governors

Subject: Delegation of authority to the

From: Legal Division
(B. Tuttle)

Secretary of the FOMC.

As the Board is aware, Section 10 of the Federal Reserve Act requires the Board to keep a record of policy actions of the Federal Open Market Committee and to include such record in its Annual Report to Congress. On February 19, 1970 the Board delegated to the Secretary of the FOMC the authority to approve policy record entries for inclusion in the Annual Report if, after circularization of drafts, no Governor has asked for Board review and if the Secretary believes that any revisions made in earlier drafts were not likely to be controversial. The Board also delegated authority to release an entry to the press on the regularly scheduled date if (a) all available members of the Board had indicated individually that they had no objection to release in the form proposed, and (b) if the Secretary did not anticipate any particular problems in connection with release that, in his judgment, warranted discussion by the Board. The Secretary has been exercising this authority since 1970.

Section 11(k) of the Federal Reserve Act provides, in effect, that the Board may only delegate its statutory functions by published order or rule. It appears that, inadvertently, no publication was ever made of this delegation. While the authority to release to the press did not require such publication, the authority to approve for inclusion in the Annual Report did. The Legal Division therefore recommends that the Board adopt the attached delegation, to be published in the Federal Register, effective immediately.

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With respect to past actions, the Board's submission of the Annual Report to Congress would appear to constitute sufficient ratification. With respect to the policy actions adopted so far this year and released to the press, the delegation was effective and, therefore, no problem arises.

Attachment

REC'D IN RECORDS SECTION
OCT 12 1976

Title 12--Banks and Banking
CHAPTER II--FEDERAL RESERVE SYSTEM

SUBCHAPTER A--BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PART 265--RULES REGARDING DELEGATION OF AUTHORITY

Delegation of Authority to the Secretary of the
Federal Open Market Committee

Section 10 of the Federal Reserve Act (12 U.S.C. § 247(a)) requires the Board to keep a record of policy actions of the Federal Open Market Committee and to include such record in its annual report to Congress. Effective this date, the Board of Governors has delegated to the Secretary of the Federal Open Market Committee authority to approve policy record entries for inclusion in the annual report if no Board member has asked for review by the full Board of a draft distributed for review by Board members individually.

To reflect this delegation of authority, effective immediately, section 265.2 is amended by adding a new paragraph (i) to read as follows:

Section 265.2--Specific Functions Delegated to
Board Employees and to Federal Reserve Banks

* * * * *

(i) The Secretary of the Federal Open Market Committee (or, in his absence, the Deputy Secretary) is authorized:

To approve for inclusion in the Board's annual report to Congress records of policy actions of the Federal Open Market Committee.

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The provisions of section 553 of Title 5, United States Code, relating to notice and public participation and deferred effective date were not followed in connection with the adoption of § 265.2(i) because the rule is procedural in nature and does not constitute a substantive rule subject to the requirements of such section.

Board of Governors of the Federal Reserve System, September __,
1976.

Theodore E. Allison
Secretary of the Board