

101 Market Street, San Francisco, California 94105-1579:

1. *David W. Lanza, Roy E. Lanza, David W. Lanza Trust, Roy and Sondra Lanza Family Trust, Colusa Motor Sales, Inc., Hust Brothers, Inc., Marysville Auto Parts, Inc. and Yuba Street Ventures, LLC*, all of Marysville, California; to acquire additional voting shares of Gold Country Financial Services, Inc., and thereby indirectly acquire shares of Gold Country Bank, N.A., both of Marysville, California.

Board of Governors of the Federal Reserve System, February 2, 2006.

Robert deV. Frierson,

Deputy Secretary of the Board.

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FEDERAL RESERVE SYSTEM

[Docket No. OP-1249]

Rules Relating to Branches of Federal Reserve Banks

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board of Governors has reviewed and revised its Rules Relating to Branches of Federal Reserve Banks in light of the existing scope of, and other System-wide policies and procedures concerning, Federal Reserve branch operations. These revisions are designed to enable more efficient governance of Federal Reserve Bank branches and to streamline Federal Reserve System policies and procedures regarding branches.

DATES: The amendments became effective on January 30, 2006.

FOR FURTHER INFORMATION CONTACT: Adrienne G. Threatt, Counsel (202/452-3554), Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551. Users of Telecommunication Device for Deaf (TDD) *only*, call 202/263-4869.

SUPPLEMENTARY INFORMATION:

Background and Summary of Amendments

The Federal Reserve Act (Act) states that the Board may permit or require any Federal Reserve Bank to establish branches within its Federal Reserve District, and that such branches, subject to the rules and regulations of the Board, must be operated under a board of directors. *See* 12 U.S.C. 521. The Act also provides that the Board at any time may require any Federal Reserve Bank to discontinue a branch, which then

must be wound up in accordance with the rules and regulations of the Board. *Id.* The Board initially adopted its Rules Relating to Branches of Federal Reserve Banks (Branch Rule) in 1940, primarily to provide a uniform framework governing the appointment and responsibilities of branch directors. The Board most recently amended the Branch Rule in 1978 to conform the director-related provisions of the rule to the Federal Reserve Reform Act of 1977. *See* 43 FR 29189 (July 6, 1978).

The current revisions to the Branch Rule are designed to bring the rule up to date with the current role of Reserve Bank branches within the Federal Reserve System and to conform the Branch Rule to the other Federal Reserve policies and procedures that affect branches. When the Board initially adopted the Branch Rule, most Reserve Bank branches generally provided many of the banking services offered by their head offices. Today, however, improvements in technology permit the Reserve Banks to offer a comparable level of nationwide services with a reduced physical presence and at a lower cost. In addition, most decisions that affect the operational scope of Reserve Bank branches are handled through a coordinated process, set forth in the Federal Reserve Administrative Manual (FRAM), that includes involvement by the Board and its staff as appropriate. Moreover, the Board recently conducted a System-wide review of the general policies that govern all directors associated with Federal Reserve Banks, including the directors of Federal Reserve branches, and adopted changes to its policies concerning branch directors as part of that review. Section 3 of the revised Branch Rule reflects that responsibility for management of the branches rests largely with the Reserve Bank and not with the board of directors of the branch.

The Board has revised the Branch Rule so that it reflects more accurately the current organization of Reserve Bank operations and better coordinates with other relevant policies and procedures. Highlights of the amendments include the following:

1. *Branch territory and functions.* The Board removed provisions of the Branch Rule that required Board approval for changes in the territory served by a branch and for substantial changes in the authority or functions of a branch. Currently, the overall scope of a branch's operations does not necessarily correlate to its generally assigned territory, and proposed territory and function changes are reviewed thoroughly through the above-

mentioned procedures set forth in the FRAM. The Board has, however, added a sentence stating the Act's requirement that a Reserve Bank may neither establish nor discontinue a branch without Board approval.

2. *Branch directors.* The Board has eliminated the requirement for prior Board approval for a Reserve Bank to change the number of directors of a branch from seven to five (or vice versa) and has liberalized the qualification requirements for branch directors that are appointed by the Board. These changes should enable Reserve Banks more easily to obtain a board of directors that can serve the needs of a particular branch effectively. The Board also has simplified the provisions regarding director terms and made the term limit for branch directors consistent with that for Reserve Bank directors. The Board has deleted the quorum rule that previously applied to meetings of branch directors and has replaced a provision requiring branch directors to meet at least ten times per year with a rule requiring them to meet as set forth in the Reserve Bank by-laws.

3. *Officers, supplemental instructions, and Reserve Bank/branch relations generally.* The Board has revised and consolidated into a single section the previously existing provisions concerning the relationship between the branch, the Reserve Bank, and the Board. These include (1) a provision stating that the branch directors carry out their duties subject to the direction and control of the Reserve Bank and subject to the Board's rules, (2) a provision clarifying that the Reserve Bank, rather than the branch board of directors, is responsible for appointing branch officers and that officers serve at the pleasure of the Board, and (3) a provision stating that the Reserve Bank may adopt additional instructions or by-laws, consistent with the Branch Rule, concerning branch operations. The revisions to these provisions are intended to describe more accurately the current organization and operation of branches and their role within the Federal Reserve System.

Procedural Considerations

The Branch Rule is an uncodified rule issued for use within the Federal Reserve System pursuant to Section 3 of the Act. *See* 5 U.S.C. 521. The Board's amendments relate solely to the internal organization and procedures of the Federal Reserve System, particularly the operation of Federal Reserve Banks; accordingly, the public notice, public comment, and delayed effective date provisions of the Administrative Procedure Act do not apply. *See* 5

U.S.C. 553(b) and (d). Because public notice and comment are not required, the Regulatory Flexibility Act also does not apply to this action. See 5 U.S.C. 601 *et seq.*

For the reasons stated above, the Board has adopted amendments to the Branch Rule, and the amended rule in its entirety reads as follows:

Regulations Relating to Branches of Federal Reserve Banks

Section 1—Branches Generally

A Reserve Bank may conduct business through a branch that is established in accordance with section 3 of the Federal Reserve Act. The title of each branch shall include the name of the city or metropolitan area in which it is situated and the name of the Federal Reserve Bank of which it is a branch, such as "Detroit Branch of the Federal Reserve Bank of Chicago." A Reserve Bank may not establish or discontinue a branch unless the Board of Governors specifically has approved or directed that action.

Section 2—Directors of Branches

(a) *Number of directors.* The board of directors of each branch of a Federal Reserve Bank shall consist of seven members or five members, as may be determined by the Federal Reserve Bank. The Federal Reserve Bank shall appoint four members of a seven-member board and three members of a five-member board. The Board of Governors shall appoint the remainder of the board members.

(b) *Qualifications of directors.* (1) Directors shall be selected without discrimination on the basis of race, creed, color, sex, or national origin.

(2) The directors appointed by the Federal Reserve Banks shall be persons who meet the personal and occupational qualifications of class A or B Reserve Bank directors.

(3) The directors appointed by the Board of Governors shall be persons who meet the personal and occupational qualifications of class C Reserve Bank directors, except that—

(i) Board-appointed branch directors may be stockholders in banks and bank holding companies and may be advisory directors of a bank or bank holding company; and

(ii) One branch director appointed by the Board may, in extenuating circumstances and at the request of a Reserve Bank, be a director (but not an officer or employee) of a bank or bank holding company.

(4) No director of a Federal Reserve Bank shall serve as a director of a branch of the Bank during his or her

service as a director of the Federal Reserve Bank.

(5) Each director shall be a citizen of the United States and shall reside or have a significant occupational interest within the territory served by the branch.

(c) *Terms of directors.* The term of office of directors shall be three years. In order to make practicable an orderly rotation of branch directorships, the terms of directors shall be arranged such that—

(1) Less than a majority of the terms expire in any year;

(2) If an even number of terms expire in any year, at least one of those terms is of a director appointed by the Board of Governors;

(3) If an odd number of terms expire in any year, a majority of those terms are of directors appointed by the Reserve Bank.

(d) *Limitation on years of service.* A branch director will not be reappointed if he or she has served two full terms each, or if, by the end of the new term, the individual would have served as a branch director for more than seven years of continuous service. The Board may grant exceptions where appropriate, but would expect to do so only in limited circumstances.

(e) *Chairman.* The Federal Reserve Bank shall provide for the annual designation, in such manner as it may prescribe, of one of the members of the board of directors of each branch appointed by the Board of Governors as the chairman of the board.

(f) *Vacancies.* In the event of a vacancy occurring in the board of directors of a branch of a Federal Reserve Bank, the appointment to fill such vacancy shall be made by the body making the original appointment and such appointment shall be for the unexpired term.

(g) *Removal of directors.* As provided in section 3 of the Federal Reserve Act, directors of branches of Federal Reserve Banks hold office at the pleasure of the Board of Governors.

(h) *Meetings.* The board of directors of a branch shall meet according to the schedule set by the Federal Reserve Bank.

(i) *Fees and allowances.* The fees and allowances to be paid to directors of the branch for attendance at meetings of the board of directors of the branch or any committees of the branch shall be subject to the approval of the Board of Governors.

Section 3—Relationship Between Branches and Reserve Banks

(a) *Operation of branches.* (1) Supervision of the operations of a

branch shall be subject to the direction and control of the Federal Reserve Bank of the district and rules, regulations, policies, and procedures of the Board of Governors.

(2) The Federal Reserve Bank of the district shall appoint such officers for each branch as the Bank from time to time deems necessary.

(3) All officers and employees of a branch shall be subject to the same employment and compensation policies and procedures that the Board of Governors applies to officers and employees, respectively, of a Federal Reserve Bank, and all branch officers shall be subject to removal by the Board of Governors.

(b) *Supplemental instructions.* Each Federal Reserve Bank may issue instructions or adopt by-laws, not inconsistent with the law or these regulations, containing such further provisions with regard to the operation of its branches as it may deem advisable.

By order of the Board of Governors of the Federal Reserve System, January 31, 2006.

Jennifer J. Johnson,
Secretary of the Board.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

Statement of Organization, Functions, and Delegations of Authority

Part C (Centers for Disease Control and Prevention) of the Statement of Organization, Functions, and Delegations of Authority of the Department of Health and Human Services (45 FR 67772-76, dated October 14, 1980, and corrected at 45 FR 69296, October 20, 1980, as amended most recently at 70 FR 72842-72843, dated December 15, 2005) is amended to reorganize the Management Analysis and Services Office.

Section C-B, Organization and Functions, is hereby amended as follows:

After the title for the *Management Analysis and Services Office (CAJG)*, delete the functional statement and insert the following:

Management Analysis and Services Office (CAJG). (1) Plans, coordinates, and provides CDC-wide management and information services in the following areas: Policy development, management and consultation; management studies and surveys,