

Board of Governors of the Federal Reserve System

Regulation I

Federal Reserve Bank Capital Stock

12 CFR 209; as amended effective December 29, 2023



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AUTHORITY: 12 U.S.C. 222, 248, 282, 286-288, 289, 321, 323, 327-328, and 466.

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SECTION 209.1—Authority, Purpose, Scope, and Definitions

(a) *Authority*. This part* is issued pursuant to 12 U.S.C. 222, 248, 282, 286-288, 289, 321, 323, 327-328, and 466.

(b) *Purpose*. The purpose of this part is to implement the provisions of the Federal Reserve Act relating to the issuance and cancellation of Federal Reserve Bank stock upon becoming or ceasing to be a member bank, or upon changes in the capital and surplus of a member bank, of the Federal Reserve System. This part also implements the provisions of the Federal Reserve Act relating to the payment of dividends to member banks.

(c) *Scope*. This part applies to member banks of the Federal Reserve System, to national banks in process of organization, and to state banks applying for membership. National banks and locally-incorporated banks located in United States dependencies and possessions are eligible (with the consent of the Board) but not required to apply for membership under section 19(h) of the Federal Reserve Act, 12 U.S.C. 466.¹

* The words “this part,” as used herein, mean Regulation I (Code of Federal Regulations, title 12, chapter II, part 209).

¹ A bank located in the Virgin Islands or Puerto Rico should communicate with the Federal Reserve Bank of

(d) *Definitions*. For purposes of this part—

(1) *Capital stock and surplus*. Capital stock and surplus of a member bank means the paid-in capital stock² and paid-in surplus of the bank, less any deficit in the aggregate of its retained earnings, gains (losses) on available for sale securities, and foreign currency translation accounts, all as shown on the bank’s most recent report of condition. Paid-in capital stock and paid-in surplus of a bank in organization means the amount which is to be paid in at the time the bank commences business.

(2) *Dividend proration basis* means the use of a 360-day year of 12 30-day months for purposes of computing dividend payments.

(3) *Total consolidated assets* means the total assets on the stockholder’s balance sheet as reported by the stockholder on its Consolidated Report of Condition and Income (Call Report) as of the most recent December 31, except in the case of:

(i) A new member “total consolidated assets” means (until the next December 31 Call Report becomes available) the total consolidated assets of the new member at the time of its application for capital stock; and

(ii) A surviving stockholder after a merger “total consolidated assets” means (until the next December 31 Call Report becomes available) the total consolidated assets reported by that stockholder pursuant to section 209.3(d)(5).

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SECTION 209.2—Banks Desiring to Become Member Banks

(a) *Application for stock or deposit*. Each na-

Continued

New York regarding applications for membership under the provisions of section 19(h) of the Federal Reserve Act. A bank located in Guam, American Samoa, or the Northern Mariana Islands should communicate with the Federal Reserve Bank of San Francisco regarding applications for membership under the provisions of section 19(h) of the Federal Reserve Act.

² Capital stock includes common stock and preferred stock (including sinking fund preferred stock).

Continued

tional bank in process of organization,³ each nonmember state bank converting into a national bank, and each nonmember state bank applying for membership in the Federal Reserve System under Regulation H, 12 CFR part 208, shall file with the Federal Reserve Bank (Reserve Bank) in whose district it is located an application for stock (or deposit in the case of mutual savings banks not authorized to purchase Reserve Bank stock⁴) in the Reserve Bank. This application for stock must state whether the applicant's total consolidated assets exceed \$12,517,000,000. The bank shall pay for the stock (or deposit) in accordance with section 209.4 of this part.

(b) *Issuance of stock; acceptance of deposit.* Upon authorization to commence business by the Comptroller of the Currency in the case of a national bank in organization or upon approval of conversion by the Comptroller of the Currency in the case of a state nonmember bank converting to a national bank, or when all applicable requirements have been complied with in the case of a state bank approved for membership, the Reserve Bank shall issue the appropriate number of shares by crediting the bank with the appropriate number of shares on its books. In the case of a national or state member bank in organization, such issuance shall be as of the date the bank opens for business. In the case of a mutual savings bank not authorized to purchase Reserve Bank shares, the Reserve Bank shall accept the deposit in place of issuing shares. The bank's membership shall become effective on the date of such issuance or acceptance.

³ A new national bank organized by the Federal Deposit Insurance Corporation under section 11(n) of the Federal Deposit Insurance Act (12 U.S.C. 1821(n)) should not apply until in the process of issuing stock pursuant to section 11(n)(15) of that act. Reserve Bank approval of such an application shall not be effective until the issuance of a certificate by the Comptroller of the Currency pursuant to section 11(n)(16) of that act.

⁴ A mutual savings bank not authorized to purchase Federal Reserve Bank stock may apply for membership evidenced initially by a deposit. (See section 208.3(a) of Regulation H, 12 CFR 208.) The membership of the savings bank shall be terminated if the laws under which it is organized are not amended to authorize such purchase at the first session of the legislature after its admission, or if it fails to purchase such stock within six months after such an amendment.

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(c) *Location of bank.*

(1) *General rule.* For purposes of this part, a national bank or a state bank is located in the Federal Reserve District that contains the location specified in the bank's charter or organizing certificate, or as specified by the institution's primary regulator, or, if no such location is specified, the location of its head office, unless otherwise determined by the Board under paragraph (c)(2) of this section.

(2) *Board determination.* If the location of a bank as specified in paragraph (c)(1) of this section, in the judgment of the Board of Governors of the Federal Reserve System (Board), is ambiguous, would impede the ability of the Board or the Reserve Banks to perform their functions under the Federal Reserve Act, or would impede the ability of the bank to operate efficiently, the Board will determine the Federal Reserve District in which the bank is located, after consultation with the bank and the relevant Reserve Banks. The relevant Reserve Banks are the Reserve Bank whose District contains the location specified in paragraph (c)(1) of this section and the Reserve Bank in whose District the bank is proposed to be located. In making this determination, the Board will consider any applicable laws, the business needs of the bank, the location of the bank's head office, the locations where the bank performs its business, and the locations that would allow the bank, the Board, and the Reserve Banks to perform their functions efficiently and effectively.

3-463

SECTION 209.3—Cancellation of Reserve Bank Stock; Mergers Involving Member Banks

(a) *Application for cancellation.* Any bank that desires to withdraw from membership in the Federal Reserve System (including a national bank that wants to convert into a nonmember bank), voluntarily liquidates or ceases business, is merged or consolidated into a nonmember bank, or is involuntarily liquidated by a receiver or conservator or otherwise, shall promptly file with its Reserve

Bank an application for cancellation of all its Reserve Bank stock (or withdrawal of its deposit, as the case may be) and payment therefor in accordance with section 209.4.

(b) *Involuntary termination of membership.* If an application is not filed promptly after a cessation of business by a state member bank, a vote to place a member bank in voluntary liquidation, or the appointment of a receiver for (or a determination to liquidate the bank by a conservator of) a member bank, the Board may, after notice and an opportunity for hearing where required under section 9(9) of the Federal Reserve Act (12 U.S.C. 327), order the membership of the bank terminated and all of its Reserve Bank stock canceled.

(c) *Effective date of cancellation.* Cancellation in whole of a bank's Reserve Bank capital stock shall be effective, in the case of:

- (1) Voluntary withdrawal from membership by a state bank, as of the date of such withdrawal;
- (2) Merger into, consolidation with, or (for a national bank) conversion into, a nonmember bank, as of the effective date of the merger, consolidation, or conversion; and
- (3) Involuntary termination of membership, as of the date the Board issues the order of termination.

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(d) *Exchange of stock on merger or change in location; stock adjustment upon merger with a nonmember bank; reporting of total consolidated assets following merger.*

(1) *Applications.*

(i) Before a merger or consolidation of member banks, the nonsurviving member bank shall file an application with the appropriate Reserve Bank to cancel its shares of Reserve Bank stock (or in the case of a mutual savings bank not authorized to purchase Reserve Bank stock, shall file an application to transfer its deposit to the account of the surviving bank) and the surviving member bank shall file an application with the appropriate Reserve Bank for issue of a corresponding number of shares of Reserve Bank stock (or in the case of a mutual

savings bank not authorized to purchase Reserve Bank stock, shall file an application to increase its deposit obligation).

(ii) Before a merger or consolidation of a member bank and a nonmember bank, a surviving member bank shall file an application with the appropriate Reserve Bank to adjust its Reserve Bank capital stock subscription to equal 6 percent of the member bank's anticipated post-merger capital and surplus, or, in the case of member bank that is a mutual savings bank, six-tenths of 1 percent of the member bank's anticipated post-merger total deposit liabilities. A mutual savings bank not authorized to purchase Reserve Bank stock shall file an application to adjust its deposit obligation in a like manner.

(2) *Merger of member banks in the same Federal Reserve District.* Upon a merger or consolidation of member banks located in the same Federal Reserve District, the Reserve Bank shall cancel the shares of the nonsurviving bank (or in the case of a mutual savings bank not authorized to purchase Reserve Bank stock, shall credit the deposit to the account of the surviving bank) and shall credit the appropriate number of shares on its books to (or in the case of a mutual savings bank not authorized to purchase Reserve Bank stock, shall accept an appropriate increase in the deposit of) the surviving bank, subject to paragraph (d)(3) of section 209.4.

(3) *Change of location or merger of member banks in different Federal Reserve Districts.* Upon a determination under paragraph (c)(2) of section 209.2 that a member bank is located in a Federal Reserve District other than the District of the Reserve Bank of which it is a member, or upon a merger or consolidation of member banks located in different Federal Reserve Districts—

(i) The Reserve Bank of the member bank's former District, or of the nonsurviving member bank, shall cancel the bank's shares and transfer the amount paid in for those shares, plus accrued dividends (as specified in paragraph (d)(1)(ii) of section 209.4) and subject to paragraph (d)(3) of section 209.4 (or, in

the case of a mutual savings bank member not authorized to purchase Federal Reserve Bank stock, the amount of its deposit, adjusted in a like manner), to the Reserve Bank of the bank's new District or of the surviving bank; and

(ii) the Reserve Bank of the member bank's new district or of the surviving bank shall issue the appropriate number of shares by crediting the bank with the appropriate number of shares on its books (or, in the case of a mutual savings bank, by accepting the deposit of an appropriate increase in the deposit).

(4) *Merger with a nonmember bank.* Upon a merger or consolidation of a member bank and a nonmember bank, the Reserve Bank will adjust the surviving member bank's stock subscription to equal 6 percent of the member bank's capital and surplus, or, in the case of a member bank that is a mutual savings bank, six-tenths of 1 percent of the member bank's total deposit liabilities. If a mutual savings bank has a deposit with the appropriate Reserve Bank in lieu of Reserve Bank capital stock, its deposit obligation shall be adjusted in a like manner.

(5) *Statement of total consolidated assets.* When a member bank merges or consolidates with another bank and the surviving bank remains a Reserve Bank stockholder, the surviving stockholder must report whether its total consolidated assets exceed \$12,517,000,000 in the application described in paragraph (d)(1) of this section.

(e) *Voluntary withdrawal.* Any bank withdrawing voluntarily from membership shall give six months' written notice, and shall not cause the withdrawal of more than 25 percent of any Reserve Bank's capital stock in any calendar year, unless the Board waives these requirements.

3-465

SECTION 209.4—Amounts and Payments for Subscriptions and Cancellations; Timing and Rate of Dividends

(a) *Amount of subscription.* The total sub-

scription of a member bank (other than a mutual savings bank) shall equal 6 percent of its capital and surplus as shown on its most recent Call Report. After a member bank files a Call Report, the appropriate Reserve Bank will adjust the member bank's Reserve Bank capital stock subscription to equal 6 percent of the member bank's capital and surplus.

3-466

(b) *Mutual savings banks.* The total subscription of a member bank that is a mutual savings bank shall equal six-tenths of 1 percent of its total deposit liabilities as shown on its most recent Call Report. After a member bank that is a mutual savings bank files a Call Report, the appropriate Reserve Bank will adjust the member bank's Reserve Bank capital stock subscription to equal six-tenths of 1 percent of the member bank's total deposit liabilities. If a mutual savings bank has a deposit with the appropriate Reserve Bank in lieu of Reserve Bank capital stock, its deposit obligation shall be adjusted in a like manner.

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(c) *Payment for subscriptions.*

(1) When a Reserve Bank issues capital stock to a member bank (or accepts a deposit in lieu thereof), the member bank shall pay the Reserve Bank—

(i) One-half of the subscription amount; and

(ii) Accrued dividends equal to the paid-in subscription amount in paragraph (c)(1)(i) of this section multiplied by—

(A) In the case of a bank with total consolidated assets of more than \$12,517,000,000, an annual rate equal to the lesser of the high yield of the 10-year Treasury note auctioned at the last auction held prior to the date of the last dividend payment and 6 percent, adjusted to reflect the period from the last dividend payment date to the subscription date according to the dividend proration basis.

(B) In the case of a bank with total consolidated assets of \$12,517,000,000 or less, 6 percent, adjusted to reflect the period from the last dividend pay-

ment date to the subscription date according to the dividend proration basis.

(2) A Reserve Bank shall obtain settlement for the payment described in paragraph (c)(1) of this section by debit to an account on the Reserve Bank's books or other form of settlement to which the Reserve Bank agrees.

(3) Upon payment (and in the case of a national banks in organization or state non-member bank converting into a national bank, upon authorization or approval by the Comptroller of the Currency), the Reserve Bank shall issue the appropriate number of shares by crediting the bank with the appropriate number of shares on its books. In the case of a mutual savings bank not authorized to purchase Reserve Bank stock, the Reserve Bank will accept the deposit or addition to the deposit in place of issuing shares. The remaining half of the subscription or additional subscription (including subscriptions for deposits or additions to deposits) shall be subject to call by the Board.

(4) If the dividend rate applied at the next scheduled dividend payment date is based on a different annual rate than the rate used to compute the amount of the accrued dividend payment pursuant to paragraph (c)(1)(ii) of this section, the amount of the dividends paid at the next scheduled dividend payment date should be adjusted accordingly. The amount of the adjustment should equal the difference between—

(i) The accrued dividend payment pursuant paragraph (c)(1)(ii) of this section, and

(ii) The result of multiplying the subscription amount paid pursuant to paragraph (c)(1)(i) of this section by the dividend rate applied at the next scheduled dividend payment, adjusted to reflect the period from the last dividend payment date to the subscription date according to the dividend proration basis.

3-468

(d) *Payment for cancellations.*

(1) When a Reserve Bank cancels Reserve Bank capital stock of a member bank, or (in the case of involuntary termination of

membership) upon the effective date of cancellation specified in section 209.3(c)(3), the Reserve Bank shall—

(i) Reduce the bank's shareholding on the Reserve Bank's books by the number of shares required to be canceled and shall pay the paid-in subscription of the canceled stock; and

(ii) Pay accrued dividends equal to the paid-in subscription of the canceled stock in paragraph (d)(1)(i) of this section multiplied by—

(A) In the case of a bank with total consolidated assets of more than \$12,517,000,000, an annual rate equal to the lesser of the high yield of the 10-year Treasury note auctioned at the last auction held prior to the date of cancellation and 6 percent, adjusted to reflect the period from the last dividend payment date to the cancellation date according to the dividend proration basis; or

(B) In the case of a bank with total consolidated assets of \$12,517,000,000 or less, 6 percent, adjusted to reflect the period from the last dividend payment date to the cancellation date according to the dividend proration basis.

(2) The sum of the payments under paragraph (d)(1) of this section cannot exceed the book value of the stock.⁵

(3) In the case of any cancellation of Reserve Bank stock under this Part, the Reserve Bank may first apply such sum to any liability of the bank to the Reserve Bank and pay over the remainder to the bank (or receiver or conservator, as appropriate).

(e) *Dividend.*

(1) After all necessary expenses of a Reserve Bank have been paid or provided for, the stockholders of a Reserve Bank shall be entitled to receive a dividend on paid-in capital stock of—

(i) in the case of a bank with total consolidated assets of more than

⁵ Under sections 6 and 9(10) of the act, a Reserve Bank is under no obligation to pay unearned accrued dividends on redemption of its capital stock from an insolvent member bank for which a receiver has been appointed or from state member banks on voluntary withdrawal from or involuntary termination of membership.

\$12,517,000,000, the lesser of the annual rate equal to the high yield of the 10-year Treasury note auctioned at the last auction held prior to the payment of such dividend and an annual rate of 6 percent, or

(ii) in the case of a bank with total consolidated assets of \$12,517,000,000 or less, an annual rate of 6 percent.

(2) The dividend pursuant to paragraph (e)(1) of this section will be adjusted to reflect the period from the last dividend payment date to the current dividend payment date according to the dividend proration basis.

(3) The entitlement to dividends under paragraph (e)(1) of this section shall be cumulative.

(f) *Annual adjustment to total consolidated assets.* The dollar amounts for total consolidated assets specified in paragraphs (c), (d), and (e) of this section and sections 209.2 and 209.3 shall be adjusted annually to reflect the

change in the Gross Domestic Product Price Index, published by the Bureau of Economic Analysis.

3-469**SECTION 209.5—The Share Register**

(a) *Electronic or written record.* A member bank's holding of Reserve Bank capital stock shall be represented by one (or at the option of the Reserve Bank, more than one) notation on the Reserve Bank's books. Such books may be electronic or in writing. Upon any issue or cancellation of Reserve Bank capital stock, the Reserve Bank shall record the member bank's new share position in its books (or eliminate the bank's share position from its books, as the case may be).

(b) *Certification.* A Reserve Bank may certify on request as to the number of shares held by a member bank and purchased before March 28, 1942, or as to the purchase and cancellation dates and prices of shares cancelled, as the case may be.

Statutory Authority for Regulation I

3-477

FEDERAL RESERVE ACT

SECTION 2—Federal Reserve Districts

Establishment of reserve cities and districts.[†]

* * * Every national bank in any State shall, upon commencing business or within ninety days after admission into the Union of the State in which it is located, become a member bank of the Federal Reserve System by subscribing and paying for stock in the Federal Reserve bank of its district in accordance with the provisions of this Act and shall thereupon be an insured bank under the Federal Deposit Insurance Act, and failure to do so shall subject such bank to the penalty provided by the sixth paragraph of this section.

[12 USC 222.]

* * * * *

3-478

Subscription to stock by national banks. Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required, and every eligible bank in the United States and every trust company within the District of Columbia, is hereby authorized to signify in writing, within sixty days after the passage of this Act, its acceptance of the terms and provisions hereof. When the organization committee shall have designated the cities in which Federal reserve banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required within thirty days after notice from the organization committee, to subscribe to the capital stock of such Federal reserve bank in a sum equal to six per centum of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Board of Governors of the Federal Re-

[†] Captions have been added to facilitate reference.

serve System, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Board of Governors of the Federal Reserve System, said payments to be in gold or gold certificates.

[12 USC 282.]

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3-479

Transfer of stock. The Board of Governors of the Federal Reserve System is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock.

[12 USC 286.]

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3-480

SECTION 5—Stock Issues; Increase and Decrease of Capital

Amount of shares; increase and decrease of capital; surrender and cancellation of stock.

The capital stock of each Federal reserve bank shall be divided into shares of \$100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members. Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated. When a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to six per centum of the said increase, one-half of said subscription to be paid in the manner hereinbefore provided for original subscription, and one-half subject to call of the Board of Governors of the Federal Reserve System. A bank applying for stock in a Federal reserve bank at any time after the organization thereof must sub-

scribe for an amount of the capital stock of the Federal reserve bank equal to six per centum of the paid-up capital stock and surplus of said applicant bank, paying therefor its par value plus one-half of one per centum a month from the period of the last dividend. When a member bank reduces its capital stock or surplus it shall surrender a proportionate amount of its holdings in the capital stock of said Federal Reserve bank. Any member bank which holds capital stock of a Federal Reserve bank in excess of the amount required on the basis of 6 per centum of its paid-up capital stock and surplus shall surrender such excess stock. When a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal Reserve bank and be released from its stock subscription not previously called. In any such case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Board of Governors of the Federal Reserve System, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of 1 per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal Reserve bank.

[12 USC 287. As amended by act of Aug. 23, 1935 (49 Stat. 713).]

3-481

SECTION 6—Insolvency of Member Banks

Insolvency of member banks. If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of 1 per centum per month from the period of last dividend, if earned, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank.

[12 USC 288. As amended by act of April 23, 1930 (46 Stat. 250).]

3-482

National bank discontinuing banking operations. If any national bank which has not gone into liquidation as provided in section 5220 of the Revised Statutes (United States Code, title 12, section 181) and for which a receiver has not already been appointed for other lawful cause, shall discontinue its banking operations for a period of sixty days the Comptroller of the Currency may, if he deems it advisable, appoint a receiver for such bank. The stock held by the said national bank in the Federal reserve bank of its district shall thereupon be canceled and said national bank shall receive in payment therefor, under regulations to be prescribed by the Board of Governors of the Federal Reserve System, a sum equal to its cash-paid subscriptions on the shares canceled and one-half of 1 per centum a month from the period of the last dividend, if earned, not to exceed the book value thereof, less any liability of such national bank to the Federal reserve bank.

[12 USC 288. As added by act of April 23, 1930 (46 Stat. 250) and amended by act of Aug. 23, 1935 (49 Stat. 713).]

3-483

SECTION 9—State Banks as Members

Applications for membership by State banks. Any bank incorporated by special law of any State, operating under the Code of Law for the District of Columbia, or organized under the general laws of any State or of the United States, including Morris Plan banks and other incorporated banking institutions engaged in similar business, desiring to become a member of the Federal Reserve System, may make application to the Board of Governors of the Federal reserve system, under such rules and regulations as it may prescribe, for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. For the purposes of membership of any such bank the terms “capital” and “capital stock” shall include the amount of outstanding capital notes and debentures legally issued by the applying bank

and purchased by the Reconstruction Finance Corporation. The Board of Governors of the Federal Reserve System, subject to the provisions of this Act and to such conditions as it may prescribe pursuant thereto may permit the applying bank to become a stockholder of such Federal reserve bank.

[12 USC 321. As amended by act of June 21, 1917 (40 Stat. 232), which completely revised this section; and by acts of Feb. 25, 1927 (44 Stat. 1229); June 16, 1933 (48 Stat. 164); June 16, 1934 (48 Stat. 971). See also 3-487, concerning membership of mutual savings banks.]

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3-484

Payment of subscription. Whenever the Board of Governors of the Federal Reserve System shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Board of Governors of the Federal Reserve System, and stock issued to it shall be held subject to the provisions of this Act.

[12 USC 323. As amended by act of June 21, 1917 (40 Stat. 233), which completely revised this section.]

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3-485

Forfeiture of membership. If at any time it shall appear to the Board of Governors of the Federal Reserve System that a member bank has failed to comply with the provisions of this section or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, or has ceased to exercise banking functions without a receiver or liquidating agent having been appointed therefor, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership.

* * *

[12 USC 327. As amended by act of June 21, 1917 (40 Stat. 233), which completely revised this section; and further amended by act of April 23, 1930 (46 Stat. 251).]

3-486

Voluntary withdrawal from membership. Any State bank or trust company desiring to withdraw from membership in a Federal reserve

bank may do so, after six months' written notice shall have been filed with the Board of Governors of the Federal Reserve System, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided*, That the Board of Governors of the Federal Reserve System, in its discretion and subject to such conditions as it may prescribe, may waive such six months' notice in individual cases and may permit any such State bank or trust company to withdraw from membership in a Federal reserve bank prior to the expiration of six months from the date of the written notice of its intention to withdraw: *Provided, however*, That no Federal reserve bank shall, except under express authority of the Board of Governors of the Federal Reserve System, cancel within the same calendar year more than twenty-five per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Board of Governors of the Federal Reserve System, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal Reserve bank it shall be entitled to a refund of its cash subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

[12 USC 328. As added by act of June 21, 1917 (40 Stat. 233), which completely revised this section; and amended by act of April 17, 1930 (46 Stat. 170).]

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3-487

Admission to membership of mutual savings banks. Any mutual savings bank having no capital stock (including any other banking institution the capital of which consists of

weekly or other time deposits which are segregated from all other deposits and are regarded as capital stock for the purposes of taxation and the declaration of dividends), but having surplus and undivided profits not less than the amount of capital required for the organization of a national bank in the same place, may apply for and be admitted to membership in the Federal Reserve System in the same manner and subject to the same provisions of law as State banks and trust companies, except that any such savings banks shall subscribe for capital stock of the Federal reserve bank in an amount equal to six-tenths of 1 per centum of its total deposit liabilities as shown by the most recent report of examination of such savings bank preceding its admission to membership. Thereafter such subscription shall be adjusted semiannually on the same percentage basis in accordance with rules and regulations prescribed by the Board of Governors of the Federal Reserve System. If any such mutual savings bank applying for membership is not permitted by the laws under which it was organized to purchase stock in a Federal reserve bank, it shall, upon admission to the system, deposit with the Federal reserve bank an amount equal to the amount which it would have been required to pay in on account of a subscription to capital stock. Thereafter such deposit shall be adjusted semiannually in the same manner as subscriptions for stock. Such deposits shall be subject to the same conditions with respect to repayment as amounts paid upon subscriptions to capital stock by other member banks and the Federal reserve bank shall pay interest thereon at the same rate as dividends are actu-

ally paid on outstanding shares of stock of such Federal reserve bank. If the laws under which any such savings bank was organized be amended so as to authorize mutual savings banks to subscribe for Federal reserve bank stock, such savings bank shall thereupon subscribe for the appropriate amount of stock in the Federal reserve bank, and the deposit hereinbefore provided for in lieu of payment upon capital stock shall be applied upon such subscription. If the laws under which any such savings bank was organized be not amended at the next session of the legislature following the admission of such savings bank to membership so as to authorize mutual savings banks to purchase Federal reserve bank stock, or if such laws be so amended and such bank fail within six months thereafter to purchase such stock, all of its rights and privileges as a member bank shall be forfeited and its membership in the Federal Reserve System shall be terminated in the manner prescribed elsewhere in this section with respect to State member banks and trust companies. Each such mutual savings bank shall comply with all the provisions of law applicable to State member banks and trust companies, with the regulations of the Board of Governors of the Federal Reserve System and with the conditions of membership prescribed for such savings bank at the time of admission to membership, except as otherwise hereinbefore provided with respect to capital stock.

[12 USC 333. As added by act of June 16, 1933 (48 Stat. 164).]

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