

capital stock of the Federal Reserve Bank of its district equal to six percent of the paid-up⁴ capital and surplus of such national bank. If the application is found to be in proper form it will be approved by the Federal Reserve Bank effective if and when the Comptroller of the Currency issues to such bank his certificate of authority to commence business. Upon approval, the applying bank shall thereupon⁵ pay the Federal Reserve Bank of its district one-half of the amount of its subscription and, upon receipt of advice from the Federal Reserve Bank as to the required amount, one-half of one per cent of its paid-up subscription for each month from the period of the last dividend, and upon receipt of the payment for Federal Reserve Bank stock the Federal Reserve Bank will issue a receipt therefor, place the amount in a suspense account, and notify the Comptroller of the Currency that it has been received. When the Comptroller of the Currency issues his certificate of authority to commence business the Federal Reserve Bank will issue a stock certificate as of the date upon which the bank opens for business. The remaining half of the subscription of the

is increased or decreased, the national bank shall file an application on Form FR 56, as provided in § 209.3, for additional shares of Federal Reserve Bank stock or for cancellation of Federal Reserve Bank stock. The certificate of stock issued in the name of the State member bank shall be surrendered and canceled, and a new certificate will be issued in lieu thereof in the name of the national bank, as provided in § 209.13.

⁴ Subscriptions to the capital stock of the Federal Reserve Bank must be made in an amount at least equal to six per cent of the amount of the capital and surplus of the applying bank which is to be paid in at the time the Comptroller of the Currency authorizes it to commence business. In order to avoid the necessity of making applications for additional stock in the Federal Reserve Bank, as additional installments of the capital and surplus of the applying bank are paid in, application may be made for stock in the Federal Reserve Bank in an amount equal to six percent of the authorized capital of the applying bank, plus six per cent of the amount of surplus, if any, which the subscribers to the capital of the applying bank have agreed to pay in.

⁵ Payment may be made, if desired, at any time prior to approval of the application.

applying bank will be subject to call when deemed necessary by the Board of Governors of the Federal Reserve System.

§ 209.2 State bank becoming member.

Any State bank, Morris Plan bank, or mutual savings bank, desiring to become a member of the Federal Reserve System shall make application as provided in part 208 of this chapter (Regulation H) and, when such application has been approved by the Board of Governors of the Federal Reserve System and all applicable requirements have been complied with, the Federal Reserve Bank will issue an appropriate certificate of Federal Reserve Bank stock as provided in § 208.5(b) of this chapter.

§ 209.3 Increase or decrease of capital or surplus.

Whenever any member bank increases or decreases the aggregate amount of its paid-up capital and surplus,⁶ it shall file with the Federal Reserve Bank of its district an application on Form FR 56 for such additional amount or for the cancellation of such amount, as the case may be, of the capital stock of the Federal Reserve Bank of its district as may be necessary to make its total subscription to Federal Reserve Bank stock equal to six percent of its combined capital and surplus. After an application for additional Federal Reserve Bank stock has been approved by the Federal Reserve Bank, the applying member bank shall pay to the Federal Reserve Bank of its district one-half of its additional subscription, plus one-half of one percent a month from the period of the last dividend on such Federal Reserve Bank stock, whereupon the appropriate certificate of stock will be issued by the Federal Reserve Bank. The remaining

⁶ If a member bank sets up a reserve for dividends payable in common stock, such reserve will be regarded as surplus for the purpose of determining the amount of Federal Reserve Bank stock which the bank is required to hold, provided such reserve is established pursuant to a resolution of the board of directors, will become a part of the permanent capital of the bank, and will not be used for any other purpose than the payment of dividends in common stock.