

member's required minimum holdings of stock in the Bank in which it is a member using calendar year-end financial data provided by the member to the Bank, pursuant to §933.31(d) of this part, and shall notify each member of the adjustment.

(2) *Redemption of excess shares.* If, after the annual adjustment required by paragraph (b)(1) of this section is made, the amount of stock that a member is required to hold is decreased, the Bank may, in its discretion and upon proper application of the member, retire such excess stock, and the Bank shall pay for each share upon surrender of the stock an amount equal to the par value thereof (except that if at any time the Board finds that the paid-in capital of a Bank is or is likely to be impaired as a result of losses in or depreciation of the assets held, the Bank shall on the order of the Board withhold from the amount to be paid in retirement of the stock a *pro rata* share of the amount of such impairment as determined by the Board) or, at its election, the Bank may credit any part of such payment against the member's debt to the Bank.

(c) A member's stock holdings shall not be reduced under this section to an amount less than required by sections 6(b), 10(c) and 10(e) of the Act, 12 U.S.C. 1426(b), 1430(c), 1430(e).

(The information collection requirements contained in this section have been approved where applicable by the Office of Management and Budget under control number 3069-0004)

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#### §933.23 Purchase of excess stock.

A member may purchase stock in excess of the minimum amount required by §933.20(a) of this part as long as such purchase is approved by the member's Bank and the laws under which the member operates permit such purchase.

[58 FR 43542, Aug. 17, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996]

### Subpart E—Consolidations Involving Members

SOURCE: 58 FR 43542, Aug. 17, 1993, unless otherwise noted. Redesignated at 61 FR 42542, Aug. 16, 1996.

#### §933.24 Consolidations of members.

(a) *Consolidation of members in same district*—(1) Upon consolidation of two or more member institutions which are all members of the same Bank district into one institution operating under the charter of one of the consolidating institutions, the transfer of the Bank stock held by the disappearing institution(s) to the consolidated institution shall be deemed approved by the Board pursuant to section 6(f) of the Act, 12 U.S.C. 1426(f).

(2) The stock of the disappearing institution(s) held by a consolidated institution under this section may be redeemed, provided that the consolidated institution holds the minimum amount of stock calculated in the manner set forth in §933.20(a) of this part based on the consolidated institution's total assets and the consolidated institution's stock holdings are not reduced to an amount less than required by sections 6(b), 10(c) and 10(e) of the Act, 12 U.S.C. 1426(b), 1430(c), 1430(e).

(b) *Consolidation of members in different districts*—(1) *Termination of membership.* Upon consolidation of two member institutions which are members of different Banks into one institution operating under the charter of one of the consolidating institutions, the disappearing institution's membership terminates upon cancellation of its charter, except that if more than 80 percent of the assets of the consolidated institution are derived from the assets of the disappearing institution, then the consolidated institution shall continue to be a member of the Bank of which the disappearing institution was a member prior to the consolidation and the membership of the other institution terminates upon consummation of the consolidation.

(2) *Treatment of outstanding advances and Bank stock.* The liquidation of any outstanding indebtedness owed to the disappearing institution's Bank and redemption of stock of such Bank shall

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be carried out in accordance with § 933.29 of this part.

(3) *Dividends on acquired Bank stock.* The consolidated institution is entitled to receive dividends on outstanding Bank stock acquired in the consolidation from the disappearing institution in accordance with section 6(g) of the Act, 12 U.S.C. 1426(g), and § 932.3 of this chapter.

(4) *No voting rights.* The consolidated institution may not vote the Bank stock acquired in the consolidation from the disappearing institution.

[58 FR 43542, Aug. 17, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996]

**§ 933.25 Consolidations involving non-members.**

(a) *Termination of membership.* If a member is consolidated into an institution that is not a member, its membership in the Bank terminates upon cancellation of its charter.

(b) *Notification of decision to seek membership.* When a consolidated institution resulting from a consolidation described in paragraph (a) of this section has its principal place of business in a state in the same Bank district as the disappearing institution, the consolidated institution shall have 60 calendar days after the cancellation of the charter of the disappearing institution to notify the disappearing institution's Bank that it intends to apply for membership in such Bank.

(c) *Application for membership.* If the consolidated institution has provided notification pursuant to paragraph (b) of this section, it must apply for membership pursuant to subpart B of this part within 60 calendar days of the notification.

(d) *Treatment of outstanding advances, Bank stock and minimum stock requirements—(1) Prior to membership approval.* The disappearing institution's Bank may permit the consolidated institution to continue to hold any outstanding Bank advances and stock, and the consolidated institution shall have the limited rights associated with such stock in accordance with paragraphs (e) and (f) of this section: (i) During the initial 60-day notification period; (ii) for 60 calendar days after receipt of notification that the consolidated institution intends to apply for member-

ship; and (iii) during the processing of an application for membership.

(2) *Upon membership approval.* (i) If the application of the consolidated institution for membership is approved, the transfer of the Bank stock held by the disappearing institution to the consolidated institution shall be deemed approved by the Board pursuant to section 6(f) of the Act, 12 U.S.C. 1426(f).

(ii) If the application of the consolidated institution for membership is approved:

(A) The consolidated institution shall purchase any additional amount of stock required to meet the minimum stock requirement of § 933.20(a) of this part, based on the consolidated institution's total assets, within 60 calendar days of the date of approval of membership; or

(B) At the election of the consolidated institution, the amount of stock required to be purchased to meet the requirement of § 933.20(a) of this part may be purchased in installments, provided that not less than one-fourth of such total additional amount shall be purchased within 60 calendar days of the date of approval of membership, and that a further sum of not less than one-fourth of such total additional amount shall be purchased at the end of each succeeding period of four months from the date of approval of membership.

(iii) A consolidated institution that has been approved for membership shall become a member at the time it purchases the additional amount of stock required to meet the minimum stock requirement of § 933.20(a) of this part or the first installment thereof.

(3) *Upon failure to apply for or be approved for membership.* If the consolidated institution does not apply for membership, or if its application for membership is denied, then the liquidation of any outstanding indebtedness owed to the disappearing institution's Bank and redemption of stock of such Bank shall be carried out in accordance with § 933.29 of this part, and the consolidated institution shall have the limited rights associated with such stock in accordance with paragraphs (e) and (f) of this section.

(e) *Dividends on acquired Bank stock.* The consolidated institution is entitled