

**FEDERAL RESERVE BANK  
OF DALLAS**

Dallas, Texas, December 14, 1935

**REVISED REGULATION I, EFFECTIVE JANUARY 1, 1936**

**To the Member Bank Addressed:**

The Board of Governors of the Federal Reserve System has revised its Regulation I, pertaining to the increase or decrease of capital stock of Federal Reserve banks and cancellation of old and issue of new stock certificates, and superseding Regulation I, Series of 1930. The Regulation as revised, a copy of which is enclosed herewith, will become effective January 1, 1936.

Forms for making application for the issuance or surrender of stock of the Federal Reserve Bank of Dallas may be obtained from us upon request.

Yours very truly,

A handwritten signature in cursive script, appearing to read "C. Walsh". The signature is written in black ink and has a decorative flourish at the end.

Federal Reserve Agent

**BOARD OF GOVERNORS**  
*of*  
**THE FEDERAL RESERVE SYSTEM**

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**INCREASE OR DECREASE OF CAPITAL STOCK  
OF FEDERAL RESERVE BANKS AND CAN-  
CELLATION OF OLD AND ISSUE OF  
NEW STOCK CERTIFICATES**

**REGULATION I**



*This Regulation as printed herewith is in the form as revised,  
effective January 1, 1936*

Printed and Distributed by  
THE FEDERAL RESERVE BANK OF DALLAS

## **INQUIRIES REGARDING THIS REGULATION**

**Any inquiry relating to this regulation should be addressed to the Federal Reserve bank of the district in which the inquiry arises.**

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## REGULATION I

Revised effective January 1, 1936

(Superseding Regulation I, Series of 1930)

# INCREASE OR DECREASE OF CAPITAL STOCK OF FEDERAL RESERVE BANKS AND CANCELLATION OF OLD AND ISSUE OF NEW STOCK CERTIFICATES

## STATUTORY PROVISIONS

This regulation is based upon and issued pursuant to various provisions of the Federal Reserve Act, the most important of which are published in the Appendix hereto.

### SECTION I. NATIONAL BANKS IN PROCESS OF ORGANIZATION

Each national bank,<sup>1</sup> while in process of organization<sup>2</sup> (including each nonmember State bank converting into a national bank,<sup>3</sup> while in process of such conversion) shall file with the Federal Reserve Agent at the Federal Reserve bank of its district an application on Form 30, or, if a nonmember State bank converting into a national bank, on Form 30a, for an amount of capital stock of the Federal Reserve bank of its district equal to six per cent of the paid-up<sup>4</sup> capital and surplus of such national bank. If such application be found to be in proper form it shall be approved by the Federal Reserve Agent effective if and when the Comptroller of the Currency issues to such bank his certificate of authority to commence business. If its application be approved, the applying bank shall thereupon<sup>5</sup> 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

<sup>1</sup> Under the provisions of section 19 of the Federal Reserve Act, national banks located in Alaska or in a dependency or insular possession or any part of the United States outside the continental United States are not required to become members of the Federal Reserve System but may, with the consent of the Board, become members of the System. Any such bank desiring to be admitted to the System under the provisions of section 19 should communicate with the Federal Reserve bank with which it desires to do business.

<sup>2</sup> A new national bank with no capital or board of directors which is organized by the Federal Deposit Insurance Corporation pursuant to the provisions of paragraph (9) of subsection (1) of section 12B of the Federal Reserve Act, as amended, should not apply for stock of the Federal Reserve bank of its district until it is in process of organization as a national bank with capital pursuant to the provisions of paragraph (11) of subsection (1) of section 12B of the Federal Reserve Act, as amended.

<sup>3</sup> Whenever any State member bank is converted into a national bank under section 5154 of the Revised Statutes, as amended by section 8 of the Federal Reserve Act, it may continue to hold as a national bank its shares of Federal Reserve bank stock previously held as a State bank, and need not file any application for additional shares of Federal Reserve bank stock or for cancellation of Federal Reserve bank stock unless the aggregate amount of its capital and surplus is increased or decreased, in which event it should file an application for additional stock or for cancellation of part of its holdings of such stock, as the case may be, as provided in section 3 of this regulation. The certificate of stock issued in the old name of the member bank, however, should be surrendered and canceled, and a new certificate should be issued in lieu thereof in the new name of the member bank, as provided in section 11 of this regulation.

<sup>4</sup> 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 per cent 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.

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

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 shall 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 to such applying bank his certificate of authority to commence business the Federal Reserve bank shall issue a stock certificate to the applying bank as of the date upon which the Comptroller of the Currency issues his certificate of authority to commence business. The remaining half of the subscription of the applying bank shall be subject to call when deemed necessary by the Board of Governors of the Federal Reserve System.

## SECTION 2. STATE BANKS BECOMING MEMBERS

Any State bank, Morris Plan bank, or mutual savings bank, as defined in the Board's Regulation H, desiring to become a member of the Federal Reserve System shall make application as provided in 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 shall issue an appropriate certificate of stock as provided in Regulation H.

## SECTION 3. INCREASE OR DECREASE OF CAPITAL OR SURPLUS BY MEMBER BANKS

Whenever any member bank shall increase or decrease the aggregate amount of its paid-up capital<sup>6</sup> and surplus,<sup>7</sup> it shall file with the Federal Reserve Agent at the Federal Reserve bank of its district an application on Form 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 stock of the Federal Reserve bank equal to six per cent of its combined capital and surplus. After an application for additional Federal Reserve bank stock has been approved by the Federal Reserve Agent, 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 per cent a month from the period of the last dividend on such Federal Reserve bank stock, whereupon the appropriate certificate of stock shall be issued by the Federal Reserve bank. The remaining half of such additional subscription shall be subject to call when deemed necessary by the Board of Governors of the Federal Reserve System. After an application for the cancellation of Federal Reserve bank stock has been approved by the Federal Reserve Agent, the Federal Reserve bank shall accept and cancel the stock which the applying bank is required to surrender, and shall pay to the member

<sup>6</sup> In view of the provisions of section 9 of the Federal Reserve Act, as amended June 16, 1934, the amount of outstanding capital notes and debentures legally issued by the applying bank and purchased by the Reconstruction Finance Corporation should be included, and the amount sold to others should not be included, in determining the amount of Federal Reserve bank stock which a member bank is required to hold.

<sup>7</sup> In the case of a member bank which sets up a reserve for dividends payable in common stock, whether in connection with the retirement of preferred stock, capital notes or debentures or otherwise, such reserve shall 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 of the bank involved, 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.

bank a sum equal to all cash paid subscriptions made on the stock canceled with one-half of one per cent a month from the period of the last dividend, not to exceed the book value thereof.

#### SECTION 4. INCREASE OR DECREASE OF DEPOSITS BY MUTUAL SAVINGS BANKS

Whenever, as shown by the last report of condition as of a date preceding January 1 or July 1 of each year, the total deposit liabilities of a mutual savings bank which is a member of the Federal Reserve System shall have increased or decreased since the last adjustment of its holdings of Federal Reserve bank stock, the bank shall file with the Federal Reserve Agent at the Federal Reserve bank of its district an application on Form 56a 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 stock of the Federal Reserve bank equal to six-tenths of one per cent of its total deposit liabilities as shown by such last report of condition. After an application for additional Federal Reserve bank stock has been approved by the Federal Reserve Agent, the applying member bank shall pay to the Federal Reserve bank of its district one-half of the amount of its additional subscription, plus one-half of one per cent a month from the period of the last dividend on such Federal Reserve bank stock, whereupon the appropriate certificate of stock shall be issued by the Federal Reserve bank. The remaining one-half of such additional subscription shall be subject to call when deemed necessary by the Board of Governors of the Federal Reserve System. After an application for the cancellation of Federal Reserve bank stock has been approved by the Federal Reserve Agent, the Federal Reserve bank shall accept and cancel the stock which the applying bank is required to surrender and shall pay to the member bank a sum equal to all cash paid subscriptions made on the stock canceled with one-half of one per cent a month from the period of the last dividend, not to exceed the book value thereof. In the case of any mutual savings bank which is not permitted by the laws under which it was organized to purchase stock in the Federal Reserve bank and has a deposit with the Federal Reserve bank in lieu of such subscription, such deposit shall be adjusted in the same manner as subscriptions for stock.

#### SECTION 5. CONSOLIDATION OF MEMBER BANKS

Whenever two or more member banks consolidate and such consolidation results in the consolidated bank acquiring by operation of law<sup>8</sup> the

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<sup>8</sup> Section 5 of the Federal Reserve Act provides that "Shares of the capital stock of Federal Reserve banks owned by member banks shall not be transferred or hypothecated." This provision prevents a transfer of Federal Reserve bank stock by purchase, but does not prevent a transfer by operation of law. When there is a merger of member banks involving the liquidation of one of such banks and the purchase of the assets of the liquidating bank by the bank continuing in existence, or where one member bank purchases all or a substantial portion of the assets of another member bank, the latter being put into liquidation, it is necessary for the liquidating bank to surrender its Federal Reserve bank stock and for the purchasing bank, if its capital and surplus is increased or decreased, to adjust its holdings of Federal Reserve bank stock as provided in section 3 of this regulation.

If member banks consolidate, under a statute which does not require the liquidation of any of the consolidating banks, and the assets and obligations of the consolidating banks are transferred to the consolidated bank by operation of law, the consolidated bank becomes the owner of the Federal Reserve bank stock of the consolidating banks as soon as the consolidation takes effect and such stock need not be surrendered. A consolidation under the act of Congress entitled "An act to provide for the consolidation of national banking associations," approved Nov. 7, 1918, as amended, meets all of these conditions.

Federal Reserve bank stock owned by the other consolidating bank or banks, and which also results in the consolidated bank having an aggregate capital and surplus in excess of, or less than, the aggregate capital and surplus of the consolidating member banks, such consolidated bank shall file with the Federal Reserve Agent at the Federal Reserve bank of its district an application on Form 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 the stock of the Federal Reserve bank equal to six per cent of its combined capital and surplus, as provided in section 3 of this regulation. In the case of any such consolidation the consolidated bank shall surrender to the Federal Reserve bank the certificates of Federal Reserve bank stock held by the consolidated bank and a new certificate will be issued as provided in section 11.

#### SECTION 6. INSOLVENCY OF MEMBER BANK

Whenever a member bank shall be declared insolvent and a receiver<sup>9</sup> appointed by the proper authorities, such receiver shall, within three months from the date of his appointment, file with the Federal Reserve Agent at the Federal Reserve bank of the district an application on Form 87 for the cancellation of the stock held by such insolvent member bank and for the refund of all balances due to it. If the receiver shall fail to make such application within the time specified, the Federal Reserve Agent shall report the facts to the board of directors of the Federal Reserve bank with a recommendation as to the action to be taken, whereupon the board of directors of the Federal Reserve bank will either issue an order to cancel such stock, or, if the circumstances warrant it, grant the receiver additional time in which to file an application. Upon approval of such an application by the Federal Reserve Agent, or upon the issuance of such an order, the Federal Reserve bank shall cancel such stock and shall adjust accounts between the member bank and the Federal Reserve bank by applying to any indebtedness of the insolvent member bank to such Federal Reserve bank all cash paid subscriptions made on the stock canceled with one-half of one per cent a month from the period of the last dividend, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized receiver of such insolvent member bank.

#### SECTION 7. VOLUNTARY LIQUIDATION OF MEMBER BANK

Whenever a member bank goes into voluntary liquidation, the liquidating agent or some other person or persons duly authorized by the stockholders or board of directors to act on behalf of such bank shall, within three months from the date of the vote to place such bank in voluntary liquidation, file with the Federal Reserve Agent at the Federal Reserve bank of the district an application on Form 86 for the cancellation of the stock held by it and for the refund of all balances due to such liquidating member bank. If such application be not filed within the time specified, the Federal Reserve Agent shall report the facts to the board of directors of the Federal Reserve bank with a recommendation as to the action

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<sup>9</sup> The term "receiver" includes any person, commission or other agency charged by law with the duty of winding up the affairs of the bank.



to be taken, whereupon the board of directors of the Federal Reserve bank will either issue an order to cancel such stock, or, if the circumstances warrant it, grant additional time in which to file an application. Upon approval of such an application by the Federal Reserve Agent, or upon the issuance of such an order, the Federal Reserve bank shall cancel such stock and shall adjust accounts between the liquidating member bank and the Federal Reserve bank by applying to any indebtedness of the liquidating member bank to such Federal Reserve bank all cash paid subscriptions made on the stock canceled with one-half of one per cent a month from the period of the last dividend, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized agent of such liquidating member bank.

#### SECTION 8. OTHER CLOSED NATIONAL BANKS

Whenever a national bank which has not gone into liquidation as provided in section 5220 of the Revised Statutes of the United States, as amended, and for which a receiver has not been appointed, shall discontinue its banking operations for a period of sixty days, the Federal Reserve Agent shall report the facts to the Comptroller of the Currency with a statement of his reasons as to whether a receiver should be appointed for the national bank. If such receiver be appointed, the Federal Reserve bank stock held by the national bank shall be canceled in the manner described in section 6 of this regulation. Whenever a national bank has been placed in the hands of a conservator, the Federal Reserve bank stock held by such bank may be canceled upon submission of an application by the conservator in the same manner as provided in section 6 of this regulation; provided a certificate is furnished by the Comptroller of the Currency to the effect that the conservator has been authorized to apply for the cancellation of Federal Reserve bank stock, and that the bank is to be liquidated and is not to be permitted to resume business or to reorganize.

#### SECTION 9. OTHER CLOSED STATE MEMBER BANKS

Whenever a State member bank, as defined in the Board's Regulation H, shall cease to exercise banking functions without being placed in liquidation in accordance with the laws of the State in which it is located and without a receiver<sup>10</sup> having been appointed for it and such bank has not within sixty days of the cessation of banking functions applied for withdrawal from membership in the Federal Reserve System as provided in the Board's Regulation H, the Federal Reserve Agent at the Federal Reserve bank of the district in which such State member bank is located shall furnish the Board of Governors of the Federal Reserve System with full information with reference to the facts involved in the case and with a definite recommendation as to whether the Board should require the State member bank to surrender its stock in the Federal Reserve bank and to forfeit all rights and privileges of membership in the Federal Reserve System. Upon receipt of this advice, if termination of the membership of the State member bank appears desirable, the Board will give the member bank notice of the date upon which a hearing will be

<sup>10</sup> The term "receiver" includes any person, commission or other agency charged by law with the duty of winding up the affairs of the bank.

held to determine whether its membership should be forfeited. If, after such hearing, the membership of a State member bank be forfeited, the Board will direct the Federal Reserve bank of the Federal Reserve district in which the member bank is located to cancel the Federal Reserve bank stock it holds and makes appropriate refund thereon.

#### SECTION 10. VOLUNTARY WITHDRAWALS FROM MEMBERSHIP

Any State member bank desiring to withdraw from membership in the Federal Reserve System shall follow the procedure set forth in Regulation H, and when all applicable requirements of that regulation have been complied with the Federal Reserve bank shall cancel the stock held by the member bank and make appropriate refund thereon.

#### SECTION 11. CANCELLATION OF OLD AND ISSUE OF NEW STOCK CERTIFICATES

Whenever a member bank changes its name it shall surrender to the Federal Reserve bank the certificate of Federal Reserve bank stock which was issued to it under its old name. If the Federal Reserve bank has or is furnished with proper proof of the change of name, it shall cancel the certificate so surrendered and shall issue in lieu thereof to and in the name of the member bank surrendering it a new certificate for the number of shares represented by the certificate so surrendered. If a member bank has filed an application for an increase or a decrease in its holdings of Federal Reserve bank stock pursuant to the provisions of section 3 of this regulation, or has acquired the Federal Reserve bank stock from another bank by virtue of a consolidation of the kind described in section 5 of this regulation, it shall surrender the stock certificate previously issued to it and the certificate representing any stock so acquired, and the Federal Reserve bank shall issue a new certificate for the number of shares represented by the surrendered certificate or certificates decreased by the number of shares canceled or increased by the number of additional shares to be issued.

#### SECTION 12. BOARD FORMS

All forms referred to in this regulation and all such forms as they may be amended from time to time shall be a part of this regulation.

## APPENDIX

Section 2 of the Federal Reserve Act reads in part as follows:

"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 Reserve 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.

"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."

Section 5 of the Federal Reserve Act reads as follows:

"Sec. 5. 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 subscribe 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 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."

Section 6 of the Federal Reserve Act reads as follows:

"Sec. 6. 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.

"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."

Section 9 of the Federal Reserve Act reads in part as follows:

"Sec. 9. Any bank incorporated by special law of any State, 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.

"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.

"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.

"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 paid 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.

"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 bank 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 semi-annually 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 semi-annually 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 actually 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."