

X-9237

REGULATIONS COVERING COMPUTATION BY MEMBER  
BANKS OF TOTAL DEPOSIT LIABILITIES FOR  
PURPOSES OF SUBSCRIPTIONS FOR STOCK OF  
FEDERAL DEPOSIT INSURANCE CORPORATION.

Pursuant to the provisions of section 12B(e) of the Federal Reserve Act authorizing the Federal Reserve Board to prescribe regulations covering computation by member banks of total deposit liabilities on which are to be based subscriptions for class A stock of the Federal Deposit Insurance Corporation for which member banks are required by existing law to apply on or before July 1, 1935, the Federal Reserve Board, on June 14, 1935, prescribed the following regulations and telegraphed a request to the Federal Reserve Agents at the various Federal Reserve banks to transmit them to all member banks:

"The term 'total deposit liabilities' for purpose of determination by member banks of the amounts of subscriptions for class A stock of Federal Deposit Insurance Corporation under provisions of section 12B(e) of the Federal Reserve Act means the member bank's gross deposits as of the close of business on March 4, 1935, less items in process of collection: Provided, however, That any bank organized subsequent to March 4, 1935 shall compute the amount of its subscription for class A stock of the Federal Deposit Insurance Corporation on the basis of such total deposit liabilities as of the close of business on the date upon which it becomes a member bank. The term

'gross deposits' (items 15 to 19 inclusive in Comptroller of the Currency's form of report of condition for national banks used as of March 4, 1933 and items numbered 14 to 18 inclusive in Federal Reserve Board's form of report of condition for State member banks used as of same date) means the sum of United States Government and Postal Savings deposits, public funds of States, counties, school districts, or other subdivisions or municipalities, deposits of other banks, certified and cashier's checks outstanding, and cash letters of credit and traveler's checks outstanding and all other demand and time deposits, including items credited to depositors' accounts subject to final payment but not including deposits payable only at an office located in a foreign country. The term 'items in process of collection' means the sum of cash items with Federal Reserve Banks in process of collection and exchanges for clearing house and other checks on local banks (items 4 and 7 of schedule I in the form of report of condition used by member banks as of March 4, 1935) plus such part of amounts 'due from banks' (items 5 and 6 of the same schedule) as represents uncollected cash items."

Note: The Board has been advised that the Federal Deposit Insurance Corporation feels that a member bank organized subsequent to June 16,

1933 and which applies for class A stock of the Federal Deposit Insurance Corporation within twelve months after its organization would subscribe for class A stock on the basis of its paid-up capital and surplus under the provisions of the following exception contained in the second sentence commencing in subdivision (e) of section 12B of the Federal Reserve Act: " \* \* \* except that in the case of a member bank organized after the date this section takes effect, the amount of such class A stock applied for by such member bank during the first twelve months after its organization shall equal 5 per centum of its paid-up capital and surplus, and beginning after the expiration of such twelve months' period the amount of such class A stock of such member bank shall be adjusted annually in the same manner as in the case of other member banks." The determination of what member banks should subscribe to class A stock of the Federal Deposit Insurance Corporation on the basis of total deposit liabilities and what banks should subscribe to such stock on the basis of capital and surplus is a question within the jurisdiction of the Federal Deposit Insurance Corporation and the Board's regulation does not apply to any bank which under the law should subscribe on the basis of its capital and surplus instead of its total deposit liabilities.