

## Federal Reserve System

## § 209.5

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 to 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.

(d) *Payment for cancellations.* (1) Upon approval of an application for cancellation of Reserve Bank capital stock, or (in the case of involuntary termination of membership) upon the effective date of cancellation specified in §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 \$10,000,000,000, 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 \$10,000,000,000 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.<sup>5</sup>

<sup>5</sup>Under sections 6 and 9(10) of the Act, a Reserve Bank is under no obligation to pay

(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 \$10,000,000,000, 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 \$10,000,000,000 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 §§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.

[63 FR 37663, July 13, 1998, as amended by Reg. I, 81 FR 9088, Feb. 24, 2016]

### § 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

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.

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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.

**PART 210—COLLECTION OF CHECKS AND OTHER ITEMS BY FEDERAL RESERVE BANKS AND FUNDS TRANSFERS THROUGH FEDWIRE (REGULATION J)**

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APPENDIX A TO SUBPART B OF PART 210—COMMENTARY

APPENDIX B TO SUBPART B OF PART 210—ARTICLE 4A, FUNDS TRANSFERS

AUTHORITY: 12 U.S.C. 248(i), (j), and 248–1, 342, 360, 464, 4001–4010, and 5001–5018.

SOURCE: 45 FR 68634, Oct. 16, 1980, unless otherwise noted.

**Subpart A—Collection of Checks and Other Items By Federal Reserve Banks**

**§ 210.1 Authority, purpose, and scope.**

The Board of Governors of the Federal Reserve System (Board) has issued this subpart pursuant to the Federal Reserve Act, sections 11 (i) and (j) (12 U.S.C. 248 (i) and (j)), section 13 (12 U.S.C. 342), section 16 (12 U.S.C. 248(o) and 360), and section 19(f) (12 U.S.C. 464); the Expedited Funds Availability Act (12 U.S.C. 4001 *et seq.*); the Check Clearing for the 21st Century Act (12 U.S.C. 5001–5018) and other laws. This subpart governs the collection of checks and other cash and noncash items and the handling of returned checks by Federal Reserve Banks. Its purpose is to provide rules for collecting and returning items and settling balances.

[53 FR 21984, June 13, 1988, as amended at Reg. J, 59 FR 22965, May 4, 1994; Reg. J, 69 FR 62557, Oct. 27, 2004]

**§ 210.2 Definitions.**

As used in this subpart, unless the context otherwise requires:

(a) *Account* means an account on the books of a Federal Reserve Bank. A subaccount is an informational record of a subset of transactions that affect an account and is not a separate account.

(b) *Actually and finally collected funds* means cash or any other form of payment that is, or has become, final and irrevocable.

(c) *Administrative Reserve Bank* with respect to an entity means the Reserve Bank in whose District the entity is located, as determined under the procedure described in §204.3(g) of this chapter (Regulation D), even if the entity is not otherwise subject to that section.

(d) *Bank* means any person engaged in the business of banking. A branch or