

**Supporting Statement for the  
Federal Reserve Membership Application (FR 2083-2083C; OMB No. 7100-0046)  
and the Federal Reserve Bank Stock Applications  
(FR 2030, FR 2030a, FR 2056, FR 2086, FR 2086a, and FR 2087; OMB No. 7100-0042)**

## **Summary**

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the following application forms:<sup>1</sup>

- Application for Membership in the Federal Reserve System (FR 2083-2083C; OMB No. 7100-0046);
- Federal Reserve Bank Stock Applications (OMB No. 7100-0042):
  - Application for Adjustment in the Holding of Federal Reserve Bank Stock (FR 2056),
  - Member Banks Converting into or Merging into Nonmember Banks (FR 2086a),
  - De Novo National Banks (FR 2030),
  - Nonmember State Banks Converting into National Banks (FR 2030a),
  - Member Banks in Voluntary Liquidation (FR 2086), and
  - Insolvent Member Banks (FR 2087).

The application for membership (FR 2083) is a required one-time submission that collects the information necessary for the Federal Reserve to evaluate the statutory criteria, outlined in section 9 of the Federal Reserve Act, for admission of a new or existing state bank into membership in the Federal Reserve System. The total annual reporting burden for the membership application form is estimated to be 184 hours.

The FR 2030, FR 2030a, FR 2056, FR 2086, FR 2086a, and FR 2087 stock application forms are required by the Federal Reserve Act and Regulation I. These application forms must be used by a new or existing member bank (including a national bank) to request the issuance, adjustment in, or cancellation of Federal Reserve Bank stock. The application forms must contain certain certifications by the Applicant as well as certain other financial and shareholder data that is needed by a Reserve Bank to process the request. The total annual reporting burden for the stock application forms is estimated to be 734 hours.

Additional information about the paperwork burden associated with this information collection, including statutory and regulatory history, a description of the requirements, and how the estimated total annual burden was calculated, is discussed below.

## **Background and Justification**

A state-chartered bank may become a member of the Federal Reserve System by filing an application and having the Board of Governors determine that the bank meets the statutory

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<sup>1</sup> Available on the Board of Governors of the Federal Reserve System's public website:  
<http://www.federalreserve.gov/apps/reportforms/default.aspx>

standards for membership. National banks automatically become members of the Federal Reserve System upon being chartered by the Office of the Comptroller of the Currency.

When acting upon a membership application filed by a state-chartered bank, the Federal Reserve is required under Section 9 of the Federal Reserve Act to consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers to be exercised are consistent with the Federal Reserve Act. The other relevant criteria established by the statute (as well as by Regulation H) include the adequacy of capital, financial history and condition, future earnings prospects, and the convenience and needs of the community(ies) to be served. Information requested of a new bank (such as deposits and earnings projections, proposed premises, and the background of proposed bank officials) is not available from any source but the Applicant, and certain information regarding the operation of an existing bank is also not available from any other source. The information requested in the FR 2083 application is necessary for the Federal Reserve to be able to fulfill its responsibilities with respect to admitting a bank into membership. The Federal Reserve uses the information collected through the application form, along with other Federal Reserve System-generated data, to determine whether the Applicant bank meets the standards for approval.

When a bank receives approval for membership in the Federal Reserve System, the bank agrees to certain conditions of membership that are contained in the approval letter. At the same time, the bank is advised that, under Section 5 of the Federal Reserve Act (as well as Regulation I), the bank must subscribe to the capital stock of the Federal Reserve Bank in whose district the head office of the member bank is located. The Federal Reserve Bank stock application forms are necessary to obtain current information on the member bank's capital and surplus and to document the bank's request for an increase or decrease in its holdings of Federal Reserve Bank stock. This information is also used to verify that a request has been duly authorized and to prevent unauthorized requests for issuance or cancellation of Federal Reserve Bank stock. The application forms are used exclusively by the applying banks and the Federal Reserve Banks. The information collected on these application forms is not available from any other source.

## **Description of Information Collection**

### *Federal Reserve Membership Application*

The four individual application forms in the FR 2083 series (membership application and relevant attachments) are all one-time submissions that are used by organizing (de novo) or existing state-chartered banks to apply for membership in the Federal Reserve System:

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|----------|--|
| FR 2083  | Cover sheet, with general information and instructions detailing the information to be submitted according to the type of applicant bank.                              |
| FR 2083A | Application form for the purchase of Federal Reserve Bank stock by state banks (except mutual savings banks) and by national banks converting into state member banks. |

- FR 2083B Application form for the purchase of Federal Reserve Bank stock by mutual savings banks.
- FR 2083C Certificate of Organizers or Directors certifying that the information being submitted is true and complete, and the proposed capital is not impaired.

### *Federal Reserve Bank Stock Applications*

Any national bank wanting to purchase stock in the Federal Reserve System, any member bank wanting to increase or decrease its Federal Reserve Bank stock holdings, or any bank wanting to cancel its stock holdings must file an application with the appropriate Federal Reserve Bank. The application forms for the initial subscription of Federal Reserve Bank stock filed by organizing national banks and nonmember state banks converting to national banks (FR 2030 and 2030a, respectively) and the application forms for the cancellation of Federal Reserve Bank stock filed by liquidating member banks, member banks merging or consolidating with nonmember banks, and insolvent member banks (FR 2086, 2086a, and 2087, respectively) require one or more of the following:

- a resolution by the applying bank's board of directors authorizing the transaction,
- an indication of the capital and surplus of the bank as of the date of application,
- a certification (by official signatures) of the resolution, and
- an indication of the number of shares and dollar amount of the Federal Reserve Bank stock to be purchased or canceled.

State-chartered banks and mutual savings banks do not use the FR 2030 or FR 2030a applications to purchase stock because the required information is collected on the FR 2083 application forms and received as part of the complete membership application.

The application form for an interim adjustment in a member bank's holdings of Federal Reserve Bank stock (FR 2056) requires:

- an indication of the capital and surplus of the bank as of the date of application and
- an indication of the number of shares held and the number of shares to be acquired or canceled.

A completed application form must be submitted for each required adjustment. Any member bank must use the FR 2056 to correct a discrepancy between the amount of Federal Reserve Bank stock required to be held and the amount actually held by the member bank. The latter is determined by the Reserve Bank through its monitoring of the bank's capital accounts reported quarterly on the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031 and 041; OMB No. 7100-0036). The Federal Reserve Bank stock applications are distributed by the Federal Reserve Banks and the information collected enables them to account for required subscription payments to the System and for dividends paid by the System on any outstanding stock.

## **Time Schedule for Information Collection**

Submission of these applications is event generated. The FR 2083 is filed by a new or existing bank when it wishes to become a member of the Federal Reserve System. Membership applications are usually acted upon within 60 days after filing. Expedited membership applications are usually acted upon within 15 days after filing. The FR 2086, 2086a, and 2087 are usually submitted 30 calendar days after the event triggering the need for cancellation of a bank's Federal Reserve Bank stock. The FR 2056 must be filed promptly after the first Call Report that reflects the increase or decrease or as necessitated by a merger or other consolidation. The FR 2030 must be submitted by a national bank while in the process of organizing and the FR 2030a must be submitted by a state nonmember bank while in the process of converting to a national bank. These applications are usually acted upon under delegated authority by the Federal Reserve Banks within 2 to 4 days after filing. The information in the applications is not published.

## **Legal Status**

The Board's Legal Division has determined that the applications are authorized as follows:

- FR 2030 and FR 2030a: Section 2 of the Federal Reserve Act (12 U.S.C. §§ 222 and 282) and Sections 9 and 11(a) of the Federal Reserve Act (12 U.S.C. §§ 248(a) and 321);
- FR 2056: Section 5 of the Federal Reserve Act (12 U.S.C. § 287) and Sections 11(a) and (i) of the Federal Reserve Act (12 U.S.C. § 248(a) and (i));
- FR 2083: Section 9 of the Federal Reserve Act (12 U.S.C. §§ 321, 322, and 333);
- FR 2086: Section 5 of the Federal Reserve Act (12 U.S.C. § 287) and Sections 11(a) and (i) of the Federal Reserve Act (12 U.S.C. § 248(a) and (i));
- FR 2086a: Section 9 of the Federal Reserve Act (12 U.S.C. § 321), Section 5 of the Federal Reserve Act (12 U.S.C. § 287), and Section 11(a) of the Federal Reserve Act (12 U.S.C. § 248(a)); and
- FR 2087: Section 6 of the Federal Reserve Act (12 U.S.C. § 288) and Sections 11(a) and (i) of the Federal Reserve Act (12 U.S.C. § 248 (a) and (i)).

The information solicited in these application forms is not considered confidential, but applicants may request that parts of the forms be kept confidential. Any request for confidential treatment of information must be accompanied by a detailed justification for confidentiality. For example, a justification for confidential treatment of business information under exemption 4 of the Freedom of Information Act (FOIA), 5 U.S.C. § 552(b)(4), should demonstrate that substantial harm would result from public release of the information. Submissions of these forms may also be exempt under exemption 6 of FOIA, 5. U.S.C. § 552(b)(6), if a submitter identifies information of a personal nature the disclosure of which would result in a clearly unwarranted invasion of personal privacy. Additionally, exemption 8 of FOIA, 5 U.S.C. § 552(b)(8) may apply to the extent the reported information is contained in or related to examination reports. Each request for confidentiality that is received by a submitter of these forms will need to be reviewed on a case-by-case basis.

## Consultation Outside the Agency

On October 17, 2014, the Federal Reserve published a notice in the *Federal Register* (79 FR 62442) requesting public comment for 60 days on the extension, without revision, of the applications. The comment period for this notice expired on December 16, 2011. The Federal Reserve did not receive any comments. On January 21, 2015, the Federal Reserve published a final notice in the *Federal Register* (80 FR 2932).

## Estimate of Respondent Burden

As shown in the following table, the annual reporting burden for the membership application is estimated to be 184 hours. The annual reporting burden for the bank stock applications is estimated to be 734 hours. The current estimates are based on the average of the number of applications filed in 2012 and 2013 and represent less than 1 percent of the total Federal Reserve System reporting burden.

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	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<i>Membership Applications:</i>				
FR 2083, A, B, and C	46	1	4.0	184
<i>Stock Applications:</i>				
FR 2030	4	1	0.5	2
FR 2030a	2	1	0.5	1
FR 2056	1333	1	0.5	667
FR 2086	45	1	0.5	23
FR 2086a	79	1	0.5	40
FR 2087	1	1	0.5	<u>1</u>
<i>Total Stock Applications</i>				734
<i>Total</i>				918

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The total annual cost to the public for the Federal Reserve membership and stock applications is estimated to be \$46,726.<sup>2</sup>

## Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for the reports is negligible.

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<sup>2</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$18, 45% Financial Managers at \$61, 15% Lawyers at \$63, and 10% Chief Executives at \$86). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2013, [www.bls.gov/news.release/ocwage.nr0.htm](http://www.bls.gov/news.release/ocwage.nr0.htm). Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/).

## **Sensitive Questions**

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.