

**Supporting Statement for the
Federal Reserve Membership Application
(FR 2083, FR 2083A, FR 2083B, and FR 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 (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the following application reporting forms:

Federal Reserve Membership Application (OMB No. 7100-0046)¹, which comprises:

- Application to the Board of Governors of the Federal Reserve System for Membership in the Federal Reserve System (FR 2083),
- Application for Federal Reserve Bank Stock (for use by state banks, except mutual savings banks, and by national banks converting into state member banks) (FR 2083A),
- Application for Federal Reserve Bank Stock (for use by mutual savings banks) (FR 2083B), and
- Certificate of Organizers or of Directors (FR 2083C).

Federal Reserve Bank Stock Applications (OMB No. 7100-0042), which comprises:

- Application for Federal Reserve Bank Stock (for use by new national banks) (FR 2030),
- Application for Federal Reserve Bank Stock (for use by nonmember state banks converting into national banks and federal savings associations that have elected to operate as a covered savings association (CSA))² (FR 2030a),
- Application for Adjustment in the Holding of Federal Reserve Bank Stock (FR 2056),
- Application for Cancellation of Federal Reserve Bank Stock (for use by member banks in voluntary liquidation) (FR 2086),
- Application for Cancellation of Federal Reserve Bank Stock (for use by member banks converting into or merging into member or nonmember banks and CSAs terminating an election to operate as a CSA) (FR 2086a), and
- Application for Cancellation of Federal Reserve Bank Stock (for use by insolvent

¹ As part of this clearance, the Board cleared the FR 2083, FR 2083A, FR 2083B, and FR 2083C (FR 2083/A/B/C) under the FR 2030, FR 2030a, FR 2056, FR 2086, FR 2086a, and FR 2087 OMB control number (7100-0042), and then discontinued the FR 2083/A/B/C's separate OMB control number (7100-0046). This change was aimed at simplifying the tracking and clearance process for the two related sets of forms. This change did not modify the reporting requirements of the forms in any way. The collection is now titled "Federal Reserve Membership and Bank Stock Applications" (FR 2083, FR 2083A, FR 2083B, FR 2083C, FR 2030, FR 2030a, FR 2056, FR 2086, FR 2086a, and FR 2087; 7100-0042).

² 12 U.S.C. § 1464a(c). Because a CSA has the "duties, restrictions, penalties, liabilities, conditions, and limitations" that apply to a national bank, the information collection requirements that apply to a national bank (and a member bank) generally apply to a CSA. For clarity, however, this clearance specifically identifies forms that should be used by a CSA where no direct analogue exists for a national bank or a member bank (electing to operate as a CSA, for example). For more information, see Board of Governors of the Federal Reserve System, Frequently Asked Questions about Covered Savings Associations Pursuant to Section 5A of the Home Owners' Loan Act (December 30, 2021), available at <https://www.federalreserve.gov/supervisionreg/legalinterpretations/covered-savings-associations-frequently-asked-questions.htm>.

member banks) (FR 2087).

The Board revised the FR 2083, FR 2056, FR 2086, FR 2086a, and FR 2087 by updating the reference to the Board's Rules Regarding Availability of Information, aligning the Applicant's Interagency Biographical and Financial Report (FR 2081c; OMB No. 7100-0134) requirements with Federal Reserve internal guidance, requiring updated shareholder records if changes are proposed, updating the total consolidated assets threshold for the purchase of Federal Reserve Bank stock to conform with the Board's Regulation I - Federal Reserve Bank Capital Stock (12 CFR Part 209), and removing items in the current application forms that are no longer required in the application process, and adding additional guidance for several line items. These revisions are intended to improve the clarity of the information requests. There are no revisions to the FR 2030, FR 2030a, FR 2083A, FR 2083B, or FR 2083C as part of this clearance.

The current estimated total annual burden for the Federal Reserve Membership Application and Federal Reserve Bank Stock Applications is 99 hours, and would increase to 112 hours. The revisions would result in an increase of 13 hours. The forms and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportingforms>.

Background and Justification

A state-chartered bank may become a member of the Federal Reserve System by filing an application and having the Board determine that the bank meets the statutory standards for membership. A national bank automatically becomes a member of the Federal Reserve System upon being chartered by the Office of the Comptroller of the Currency (OCC).³ A CSA automatically has the same rights, privileges, duties, restrictions, penalties, liabilities, conditions, and limitations that apply to a national bank that has its main office situated in the same location as the home office of the CSA upon the effective date of its election to operate as a CSA, including membership in the Federal Reserve System.⁴

When acting upon an initial Federal Reserve Membership Application (FR 2083/A/B/C) filed by a state-chartered bank, the Federal Reserve is required under section 9 of the Federal Reserve Act (FRA) to consider the financial condition of the applying bank, the general character of its management, and whether the corporate powers to be exercised are consistent with the FRA. The other relevant criteria established by the statute⁵ and by regulation⁶ include the adequacy of capital, financial history and condition, future earnings prospects, and the convenience and needs of the community or communities to be served. Information requested of a new or existing state-chartered bank applying for Federal Reserve membership (such as deposits and earnings projections, proposed premises, and the background of proposed bank officials) is not available from any source other than the applicant. Without the information collected on these applications, the Federal Reserve would be unable to effectively regulate a bank's membership in and compliance with the Federal Reserve System. These applications are initiated by the bank and specific to the type of filing institution and proposed action regarding

³ 12 U.S.C. § 222.

⁴ 12 U.S.C. § 1464a(c); 12 CFR 101.3, 101.4.

⁵ 12 U.S.C. § 322.

⁶ Regulation H - Membership of State Banking Institutions in the Federal Reserve System (12 CFR Part 208).

its Federal Reserve Bank stock. 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. The information requested in the FR 2083/A/B/C application for membership is necessary for the Federal Reserve to be able to fulfill its responsibilities with respect to evaluating a state-chartered bank for membership.

The Federal Reserve Bank Stock Applications forms (FR 2030, FR 2030a, FR 2056, FR 2086, FR 2086a, and FR 2087) are used to fulfill the Board's responsibilities under the FRA, Home Owners' Loan Act, and Regulation I. These application forms must be used by a new or existing member bank (including a national bank or a CSA) to request the issuance, adjustments (related to a merger) 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 are needed by a Reserve Bank to process the request.

Under section 5 of the FRA,⁷ as well as Regulation I, when a bank receives approval for membership in the Federal Reserve System, 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, using either the FR 2030 or FR 2030a. 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, using the FR 2056. 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 Federal Reserve Bank stock application forms are also necessary to surrender cancellation of member bank holdings of Federal Reserve Bank stock and terminate membership in the Federal Reserve System, using either the FR 2086, FR 2086a, or FR 2087. The application forms are submitted by the member banks to the appropriate 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

Any state-chartered bank (or national bank converting to become a state-chartered bank) applying for membership in the Federal Reserve System must file an application with the appropriate Federal Reserve Bank. The application forms for the initial subscription of Federal Reserve Bank stock filed by new or existing state-chartered bank requires 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, and
- a certification (by official signatures) of the resolution.

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

⁷ 12 U.S.C. § 287.

- 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, and
- 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 seeking to purchase stock in the Federal Reserve System, any member bank seeking to increase or decrease its Federal Reserve Bank stock holdings, or any member bank seeking 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 or federal savings associations electing to operate as a CSA (FR 2030 and FR 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 or CSAs terminating an election to operate as a CSA, and insolvent member banks (FR 2086, FR 2086a, and FR 2087, respectively) may 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/or
- an indication of the number of shares and dollar amount of the Federal Reserve Bank stock to be purchased or canceled.

The application form for an 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 by the survivor member bank due to legal merger or other consolidation as a result of Regulation I. The amount of Federal Reserve Bank stock actually held by the member bank is determined by the Reserve Bank through its monitoring of the member bank's capital accounts reported quarterly on the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031, FFIEC 041, and FFIEC 051; 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, adjustment, or cancellation payments to and from the System and for dividends paid by the System on any outstanding stock.

Respondent Panel

The Federal Reserve Membership Application panel comprises state-chartered banks (or national banks converting to become state-chartered banks) applying for membership in the Federal Reserve System. The Federal Reserve Bank Stock Applications respondent panel

comprises banks seeking to become state member banks, existing banks or savings institutions seeking to convert to state member bank status, national banks seeking to purchase stock in the Federal Reserve System, and member banks seeking to increase, decrease, or cancel their Federal Reserve Bank stock holdings.

Revisions to the FR 2083, FR 2056, FR 2086, FR 2086a, and FR 2087

The Board revised the FR 2083, FR 2056, FR 2086, FR 2086a, and FR 2087 by updating the reference to the Board's Rules Regarding Availability of Information, aligning the Applicant's Interagency Biographical and Financial Report (FR 2081c; OMB No. 7100-0134) requirements with Federal Reserve internal guidance, requiring updated shareholder records if changes are proposed, updating the total consolidated assets threshold for the purchase of Federal Reserve Bank stock to conform with the Board's Regulation I - Federal Reserve Bank Capital Stock (12 CFR Part 209), removing items in the current application forms that are no longer required in the application process, and adding additional guidance for several line items. The exact revisions are outlined below in greater detail.

FR 2083

Removed language from questions 2f and 3⁸ in Section II Financial and Managerial Information for currently operating banks. The first sentence of question 2f was removed, reducing the Applicant's Interagency Biographical and Financial Report filing obligations for principals, as defined in footnote 1 of the form, owning less than 10 percent of the Applicant or the Applicant's parent company. Language in the second sentence of question 3 was removed, which increased the amount of information received on the Interagency Biographical and Financial Report for any proposed new officers or directors of the Applicant or the Applicant's parent company. These revisions provide more information on shareholders, directors, and executive officers with greater control over the Applicant and also reduce the amount of information collected on shareholders with less decision-making authority to allow Federal Reserve staff to better assess the general character of the Applicant's management as provided by the statutory factors of the Board's Regulation H.

Added the requirement to include an updated copy of the Applicant's shareholder list reflecting any ownership changes or additions after achieving membership for currently operating banks. This revision allows staff to determine the total number of shares owned by each shareholder and the relationships amongst the shareholders in order to better assess which shareholder(s) exercise control over the Applicant and to assist the Federal Reserve staff in better assessing the general character of the Applicant's management as provided by Regulation H.

Added two footnotes and one clarifying note in the instructions to direct Applicants to additional resources when completing the application.

⁸ Question 3 is represented as question 4 in the revised version due to the addition of a question regarding the Applicant's shareholders, as described in next paragraph of this page.

FR 2056

Added dollar amounts of surviving commercial banks' perpetual preferred stock and related surplus, common stock, paid-in surplus, and retained earnings and accumulated other comprehensive income. These revisions provide information needed to process these transactions.

FR 2086

Removed the requirement to include Charter Number and add the requirement to include ABA number instead. This revision is intended to simplify the information required.

FR 2086A and FR 2087

Removed the requirement to include Charter Number. This revision is intended to make the process more efficient by removing a field that is no longer needed.

The Board anticipates that the existing electronic application function, E-Apps, may be replaced within the next three years. When the replacement is available, references to E-Apps will be deleted and updated with information on the new function.

Time Schedule for Information Collection

Submission of these applications is event generated. The FR 2083/A/B/C is filed by a new or existing state-chartered bank when it wishes to become a member of the Federal Reserve System. 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. The FR 2056 must be filed by a surviving member bank upon a legal merger. The FR 2086, FR 2086a, and FR 2087 should be filed promptly after the event triggering the need for cancellation of a bank's Federal Reserve Bank stock.

Public Availability of Data

No data collected by this information collection are published.

Legal Status

The Federal Reserve Membership Application is authorized by section 9 of the FRA (12 U.S.C. §§ 321, 322, 323, 329, and 333). The Federal Reserve Bank Stock Applications are authorized by sections 9 and 11(a) (12 U.S.C. § 248(a)) of the FRA for state banks and national banks and by section 5A(12 U.S.C. § 1464a(c)) of the Home Owners' Loan Act for covered savings associations. Additionally, the FR 2030 is specifically authorized by section 2 of the FRA (12 U.S.C. §§ 222 and 282); the FR 2030a is authorized by section 2 of the FRA; the FR 2056, FR 2086, and FR 2086a are authorized by section 5 of the FRA (12 U.S.C. § 287); and the FR 2087 is authorized by section 6 of the FRA (12 U.S.C. § 288). The Federal Reserve

Membership Application is required to obtain a benefit. The Federal Reserve Bank Stock Applications are mandatory.

Information submitted to the Board under these collections may be protected from disclosure pursuant to exemption 8 of the Freedom of Information Act (FOIA) if it is contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions (5 U.S.C. § 552(b)(8)). Individual respondents may also request confidential treatment in accordance with the Board's Rules Regarding Availability of Information.⁹ Requests for confidential treatment of information are reviewed on a case-by-case basis. To the extent information provided under these collections is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, or to the extent the information reflects personnel and medical files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, the information may be protected from disclosure pursuant to FOIA exemption 4 or 6, respectively (5 U.S.C. §§ 552(b)(4) or (b)(6)).

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On September 14, 2022, the Board published an initial notice in the *Federal Register* (87 FR 56421) requesting public comment for 60 days on the extension, with revision, of the Federal Reserve Membership Application and Federal Reserve Bank Stock Applications. The comment period for this notice expired on November 14, 2022. The Board did not receive any comments. The Board adopted the extension, with revision, of the Federal Reserve Membership Application and Federal Reserve Bank Stock Applications as originally proposed. On December 23, 2022, the Board published a final notice in the *Federal Register* (87 FR 78962).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the Federal Reserve Membership Application and Federal Reserve Bank Stock Applications is 99 hours, and would increase to 112 hours with the revisions. With the exception of the FR 2056, the number of respondents is based on the average number of all filings received in the past 2 years. The number of FR 2056 respondents is based on the average number of filings received in the past two years, adjusted based on the recently implemented changes to Regulation I and the estimated impact those changes will have on the number of respondents. The average hours per response is based on the estimate that the filers would require one person to spend 5 hours to complete the Federal Reserve Membership Application and 0.5 hours to complete the Federal Reserve Bank Stock Applications. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

⁹ 12 CFR 261.17.

| | <i>Estimated number of respondents¹⁰</i> | <i>Estimated annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|--|---|---|---|--|
| Current | | | | |
| Federal Reserve Membership Application | | | | |
| FR 2083, FR 2083A, FR 2083B, and FR 2083C | 13 | 1 | 4 | 52 |
| Federal Reserve Bank Stock Applications | | | | |
| FR 2030 | 2 | 1 | 0.5 | 1 |
| FR 2030a | 5 | 1 | 0.5 | 3 |
| FR 2056 | 50 | 1 | 0.5 | 25 |
| FR 2086 | 1 | 1 | 0.5 | 1 |
| FR 2086a | 31 | 1 | 0.5 | 16 |
| FR 2087 | 1 | 1 | 0.5 | <u>1</u> |
| <i>Current Total</i> | | | | 99 |
| Proposed | | | | |
| Federal Reserve Membership Application | | | | |
| FR 2083, FR 2083A, FR 2083B, and FR 2083C | 13 | 1 | 5 | 65 |
| Federal Reserve Bank Stock Applications | | | | |
| FR 2030 | 2 | 1 | 0.5 | 1 |
| FR 2030a | 5 | 1 | 0.5 | 3 |
| FR 2056 | 50 | 1 | 0.5 | 25 |
| FR 2086 | 1 | 1 | 0.5 | 1 |
| FR 2086a | 31 | 1 | 0.5 | 16 |
| FR 2087 | 1 | 1 | 0.5 | <u>1</u> |
| <i>Proposed Total</i> | | | | 112 |
| <i>Change</i> | | | | 13 |

¹⁰ Of these respondents, 10 of the FR 2083/A/B/C respondents, 2 of the FR 2030 respondents, 1 of the FR 2030a respondents, 4 of the FR 2056 respondents, 1 of the FR 2086 respondents, 2 of the FR 2086a respondents, and 0 of the FR 2087 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$750 million in total assets), <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

The estimated total annual cost to the public for the Federal Reserve Membership Application and Federal Reserve Bank Stock Applications is \$5,985, and would increase to \$6,770 with the revisions.¹¹

Sensitive Questions

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

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing these reports is negligible.

¹¹ 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 \$21, 45% Financial Managers at \$74, 15% Lawyers at \$71, and 10% Chief Executives at \$102). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2021*, published March 31, 2022, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.