

114TH CONGRESS
2D SESSION

H. R. 5027

To amend the Federal Reserve Act to adjust the circumstances under which Federal reserve bank stock is callable, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 2016

Mr. NEUGEBAUER (for himself and Mr. SESSIONS) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Reserve Act to adjust the circumstances under which Federal reserve bank stock is callable, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CALLABLE STOCK OF FEDERAL RESERVE**
4 **BANKS.**

5 (a) IN GENERAL.—The Federal Reserve Act (12
6 U.S.C. 221 et seq.) is amended—

7 (1) in the third undesignated paragraph of sec-
8 tion 2—

9 (A) by striking “Under regulations” and
10 inserting the following:

1 “(3) SUBSCRIPTION TO STOCK.—

2 “(A) IN GENERAL.—Under regulations”;

3 (B) by striking “one-sixth of the subscrip-
4 tion to be payable on call of the organization
5 committee or of the Board of Governors of the
6 Federal Reserve System, one-sixth within three
7 months and one-sixth within six months there-
8 after, and the remainder of the subscription, or
9 any part thereof, shall be subject to call when
10 deemed necessary by the Board of Governors of
11 the Federal Reserve System” and inserting
12 “one-twelfth of the subscription to be paid at
13 such time as the Board of Governors of the
14 Federal Reserve System directs (or, in the case
15 of a member bank with total consolidated assets
16 of \$10,000,000,000 or less, as provided under
17 subparagraph (B)) and the remainder of the
18 subscription, or any part thereof, shall be sub-
19 ject to call by the Board of Governors of the
20 Federal Reserve System in the manner de-
21 scribed under subparagraph (C)”;

22 (C) by adding at the end the following:

23 “(B) TREATMENT OF MEMBER BANKS
24 WITH \$10,000,000,000 OR LESS IN ASSETS.—

1 “(i) IN GENERAL.—With respect to
2 the payment of subscription under sub-
3 paragraph (A) or section 5, a member
4 bank with total consolidated assets of
5 \$10,000,000,000 or less may elect to pay
6 one-half of the subscription in lieu of the
7 one-twelfth amount specified under such
8 subparagraph (A) or section 5.

9 “(ii) TIMING OF ELECTION.—The
10 election described under clause (i)—

11 “(I) may only be made once; and

12 “(II) shall be made before the
13 end of the 1-year period beginning on
14 the date the entity becomes a member
15 bank.

16 “(C) SUBSCRIPTION SUBJECT TO CALL.—

17 “(i) IN GENERAL.—The Board of
18 Governors of the Federal Reserve System
19 may only call the subscription of a member
20 bank under subparagraph (A) or section 5
21 if the aggregate amount of surplus funds
22 of the Federal reserve banks is exhausted.

23 “(ii) RETURN OF CALLED
24 AMOUNTS.—With respect to amounts
25 called under clause (i), a member bank

1 may elect to have such amounts returned
2 to the member bank if the aggregate
3 amount of surplus funds of the Federal re-
4 serve banks is \$1,000,000,000 or more.

5 “(D) INFLATION ADJUSTMENT.—The
6 Board of Governors of the Federal Reserve Sys-
7 tem shall annually adjust the dollar amounts of
8 total consolidated assets specified under sub-
9 paragraphs (A) and (B)(i) of this paragraph
10 and under section 5 to reflect the change in the
11 Gross Domestic Product Price Index, published
12 by the Bureau of Economic Analysis.”; and

13 (2) in section 5, by striking “one-half of said
14 subscription to be paid in the manner hereinbefore
15 provided for original subscription, and one-half sub-
16 ject to call of the Board of Governors of the Federal
17 Reserve System” and inserting “one-twelfth of said
18 subscription to be paid in the manner hereinbefore
19 provided for original subscription (or, in the case of
20 a member bank with total consolidated assets of
21 \$10,000,000,000 or less, as provided under section
22 2(3)(B)) and the remainder of the subscription, or
23 any part thereof, subject to call of the Board of Gov-
24 ernors of the Federal Reserve System in the manner
25 described under section 2(3)(C)”.

1 (b) TRANSITION PROVISIONS.—

2 (1) ELECTION BY MEMBER BANKS WITH
3 \$10,000,000,000 OR LESS IN ASSETS.—Notwith-
4 standing section 2(3)(B)(ii) of the Federal Reserve
5 Act, as added by subsection (a), a member bank
6 with total consolidated assets of \$10,000,000,000 or
7 less shall make the election described under section
8 2(3)(B) of such Act before the end of the 1-year pe-
9 riod beginning on the date of the enactment of this
10 Act.

11 (2) RETURN OF PAYMENTS.—With respect to
12 an entity that is a member bank on the date of the
13 enactment of this Act, the Board of Governors of
14 the Federal Reserve System shall direct the appro-
15 priate Federal reserve bank to return to the member
16 bank an amount equal to 2.5 percent of the paid-up
17 capital stock and surplus of the member bank if, on
18 the date of the enactment of this Act—

19 (A) the member bank has total consoli-
20 dated assets of more than \$10,000,000,000; or

21 (B) the member bank has total consoli-
22 dated assets of \$10,000,000,000 or less and
23 elects, pursuant to paragraph (1), to pay one-
24 twelfth of the subscription amount described

1 under section 2(3) of the Federal Reserve Act
2 instead of one-half.

3 (3) MEMBER BANK DEFINED.—For purposes of
4 this subsection, the term “member bank” has the
5 meaning given that term under section 1 of the Fed-
6 eral Reserve Act.

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