

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 986

[Doc. No. AMS–SC–20–0081; SC20–986–2 CR]

Pecans Grown in the States of Alabama, Arkansas, Arizona, California, Florida, Georgia, Kansas, Louisiana, Missouri, Mississippi, North Carolina, New Mexico, Oklahoma, South Carolina, and Texas; Continuance Referendum

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Referendum order.

SUMMARY: This document directs that a referendum be conducted among eligible growers of pecans grown in the states of Alabama, Arkansas, Arizona, California, Florida, Georgia, Kansas, Louisiana, Missouri, Mississippi, North Carolina, New Mexico, Oklahoma, South Carolina, and Texas to determine whether they favor continuance of the marketing order regulating the handling of pecans produced in the production area.

DATES: The referendum will be conducted from June 7 through June 28, 2021. Only current pecan growers within the production area that produced a minimum average of 50,000 pounds of inshell pecans over the four years from October 1, 2016, to September 30, 2020, or own a minimum of 30 pecan acres are eligible to vote in this referendum.

ADDRESSES: Copies of the marketing order may be obtained from the Southeast Marketing Field Office, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1124 First Street South, Winter Haven, FL 33880; Telephone: (863) 324–3375; or from the Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250–0237;

Telephone: (202) 720–2491; or on the internet: <https://www.ecfr.gov/cgi-bin/ECFR?page=browse>.

FOR FURTHER INFORMATION CONTACT:

Abigail Campos, Marketing Specialist, or Christian D. Nissen, Regional Director, Southeast Marketing Field Office, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1124 First Street South, Winter Haven, FL 33880; Telephone: (863) 324–3375, Fax: (863) 291–8614, or Email: Abigail.Campos@usda.gov or Christian.Nissen@usda.gov.

SUPPLEMENTARY INFORMATION: Pursuant to Marketing Agreement and Order No. 986, as amended (7 CFR part 986), hereinafter referred to as the “Order,” and the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the “Act,” it is hereby directed that a referendum be conducted to ascertain whether continuance of the Order is favored by growers. The referendum shall be conducted from June 7 through June 28, 2021, among pecan growers in the fifteen-state production area. To be eligible to participate in the continuance referendum, a grower must have produced a minimum average of 50,000 pounds of inshell pecans during the four-year period from October 1, 2016, to September 30, 2020, or must own a minimum of 30 pecan acres.

USDA has determined continuance referenda are an effective means for determining whether growers favor the continuation of marketing order programs. The Order will continue in effect if two-thirds of the growers that cast votes, or growers representing two-thirds of the volume of pecans voted in the referendum, cast ballots in favor of continuance. In evaluating the merits of continuance versus termination of the order, USDA will not exclusively consider the results of the continuance referendum. USDA will also consider all other relevant information regarding the operation of the Order and relative benefits and disadvantages to growers, handlers, and consumers in determining whether continued operation of the Order would tend to effectuate the declared policy of the Act.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the ballots used in the referendum have been approved by the Office of Management and Budget

(OMB) and have been assigned OMB No. 0581–0291, Federal Marketing Order for Pecans. It has been estimated it will take an average of 20 minutes for each of the approximately 4,267 growers of pecans to cast a ballot. Participation is voluntary. Ballots postmarked after June 28, 2021, will not be included in the vote tabulation.

Abigail Campos, Dolores Lowenstine, and Christian D. Nissen of the Southeast Marketing Field Office, Specialty Crops Program, AMS, USDA, are hereby designated as the referendum agents for the Secretary of Agriculture to conduct this referendum. The procedure applicable to the referendum shall be the “Procedure for the Conduct of Referenda in Connection with Marketing Orders for Fruits, Vegetables, and Nuts Pursuant to the Agricultural Marketing Agreement Act of 1937, as Amended” (7 CFR 900.400 *et seq.*).

Ballots will be mailed to all growers of record and may also be obtained from the referendum agents or their appointees.

List of Subjects in 7 CFR Part 986

Marketing agreements, Pecans, Reporting and recordkeeping requirements.

Authority: 7 U.S.C. 601–674.

Bruce Summers,
Administrator, Agricultural Marketing Service.

[FR Doc. 2021–07516 Filed 4–12–21; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

12 CFR Part 209

[Regulation I; Docket No. R–1745]

RIN 7100–AG13

Federal Reserve Bank Capital Stock

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of proposed rulemaking and request for comment.

SUMMARY: The Board of Governors (Board) invites public comment on a proposal to automate non-merger-related adjustments to member banks’ subscriptions to Federal Reserve Bank (Reserve Bank) capital stock. The Board is also proposing certain technical amendments to Regulation I and

conforming revisions to the FR 2056 reporting form.

DATES: Comments on the proposed rule must be received on or before June 14, 2021.

ADDRESSES: When submitting comments, please consider submitting your comments by email or fax because paper mail in the Washington, DC area and at the Board may be subject to delay. You may submit comments, identified by Docket No. R-1745, RIN 7100-AG13, by any of the following methods:

- **Agency Website:** <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.

- **Email:** regs.comments@federalreserve.gov. Include the docket number in the subject line of the message.

- **Fax:** (202) 452-3819 or (202) 452-3102.

- **Mail:** Ann Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

All public comments are available from the Board's website at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room 146, 1709 New York Avenue NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. You may make an appointment to inspect comments by calling (202) 452-3684.

FOR FURTHER INFORMATION CONTACT: Evan Winerman, Senior Counsel (202-872-7578), Legal Division; or Kimberly Zaikov, Manager (202-452-2256), Reserve Bank Operations and Payments Systems Division. Users of Telecommunication Device for Deaf (TDD) only, call (202) 263-4869.

SUPPLEMENTARY INFORMATION:

I. Background

Regulation I governs the issuance and cancellation of capital stock by the Reserve Banks. Under section 5 of the Federal Reserve Act and Regulation I, a member bank (other than a mutual savings bank) must subscribe to capital stock of the Reserve Bank of its district in an amount equal to 6 percent of the member bank's capital and surplus.¹ Similarly, under section 9 of the Federal

Reserve Act and Regulation I, a member bank that is a mutual savings bank must subscribe to capital stock of the Reserve Bank of its district in an amount equal to six-tenths of 1 percent of its total deposit liabilities.² The member bank must pay for one-half of this subscription on the date that the Reserve Bank approves its application for capital stock, while the remaining half of the subscription shall be subject to call by the Board.³

Under section 7 of the Federal Reserve Act and Regulation I, smaller member banks (currently those with \$10.785 billion or less in total consolidated assets) receive a 6 percent annual dividend on their Reserve Bank stock.⁴ Other member banks receive a dividend at the lesser of (i) 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 (ii) an annual rate of 6 percent.⁵

A. Non-Merger-Related Adjustments to Reserve Bank Stock Subscriptions

Regulation I requires that a member bank apply to adjust its stock subscription "promptly after filing" its December 31 report of condition (Call Report).⁶ Additionally, a member bank must apply to adjust its stock subscription promptly after filing any other quarterly Call Report showing that the member bank has experienced an increase or decrease to its capital and surplus (or its total deposit liabilities for a mutual savings bank) requiring a change in excess of the lesser of 15 percent or 100 shares of Reserve Bank capital stock.⁷ Member banks use the FR 2056 reporting form to apply for adjustments to their stock subscriptions.⁸

² 12 U.S.C. 333 and 12 CFR 209.4(b). The Federal Reserve Act and Regulation I allow a mutual savings bank to maintain a temporary "deposit" with a Reserve Bank in lieu of obtaining capital stock if the mutual savings bank is not permitted to purchase Reserve Bank stock under state law. However, if the relevant state law is not amended at the first session of the legislature after the bank is admitted to authorize the purchase of Reserve Bank stock, or if the bank fails to purchase the stock within six months of such amendment, the Reserve Bank will terminate the membership of the mutual savings bank. 12 U.S.C. 333; 12 CFR 209.2(a) and 208.3(a)(1).

³ 12 U.S.C. 287 and 12 CFR 209.4(c)(2).

⁴ 12 U.S.C. 289 and 12 CFR 209.4(e). Regulation I generally defines total consolidated assets by reference to the total assets reported on a member bank's most recent December 31 Call Report. 12 CFR 209.1(d)(3).

⁵ *Id.*

⁶ 12 CFR 209.4(a) and (b).

⁷ *Id.*

⁸ See https://www.federalreserve.gov/reportforms/forms/FR_205620200115_f.pdf.

B. Merger-Related Adjustments to Reserve Bank Stock Subscriptions

Regulation I provides that, when two member banks merge or consolidate, the appropriate Reserve Banks shall cancel shares of the nonsurviving bank and credit shares to the surviving bank.⁹ In order to effectuate this requirement, the Reserve Banks direct surviving member banks to apply to adjust their stock subscriptions before they merge or consolidate with other member banks. Similarly, the Reserve Banks direct nonsurviving member banks to apply to cancel their stock subscriptions before they merge or consolidate with other member banks.¹⁰

Regulation I does not expressly require that a surviving member bank apply to adjust its stock subscription before it merges or consolidates with a nonmember bank. In practice, however, the Reserve Banks request that surviving member banks apply to adjust their stock subscriptions before they merge or consolidate with nonmember banks.¹¹ This practice allows the Reserve Banks to make timely changes to the stock subscriptions of surviving member banks that merge or consolidate with nonmember banks.

When a surviving member bank applies to adjust its stock subscription, it must state whether its total consolidated assets exceed \$10.785 billion.¹² This requirement ensures that a Reserve Bank receives timely and accurate notice of whether a merger has caused a surviving member bank's total consolidated assets to exceed \$10.785 billion, which (as noted above) determines the dividend rate to which the member bank is entitled.

II. Description of the Proposed Rule

The Board is proposing to automate non-merger-related adjustments to member banks' subscriptions to Reserve Bank capital stock. The Board is also proposing to clarify that a surviving member bank must apply to adjust its stock subscription before merging or consolidating with another bank.

⁹ 12 CFR 209.3(d)(1) and (2). If the surviving or nonsurviving bank is a mutual savings bank that is not permitted to purchase Reserve Bank stock under state law, Regulation I instead directs the Reserve Bank to transfer or increase the member bank's deposit obligation. *Id.*

¹⁰ Nonsurviving member banks use the FR 2086a reporting form to apply to cancel their stock subscriptions. https://www.federalreserve.gov/reportforms/forms/FR_2086a20200115_f.pdf.

¹¹ The surviving bank applies to adjust its stock subscription based on its anticipated post-merger capital and surplus or, in the case of a member bank that is a mutual savings bank, its anticipated post-merger total deposit liabilities.

¹² 12 CFR 209.1(d)(3) and 209.3(d)(3).

¹ 12 U.S.C. 287 and 12 CFR 209.4(a).

Finally, the Board is proposing two technical amendments to Regulation I.

A. Automation of Non-Merger-Related Stock Adjustments

As noted above, Regulation I currently requires that a member bank apply to adjust its stock subscription at least annually and sometimes quarterly. A member bank determines its required stock subscription based on its capital and surplus (or total deposit liabilities for a mutual savings bank) as reported in the member bank's most recent Call Report.

The Reserve Banks are developing software that will automatically pull the information needed to calculate member banks' required stock subscriptions from Call Reports. The Board is therefore proposing amendments to section 209.4 that would automate the stock adjustment process. Specifically, the Board proposes that a Reserve Bank would adjust a member bank's stock subscription each time the member bank files a Call Report.¹³ This automated process would eliminate the need for member banks to file applications to adjust their stock subscriptions (except in the context of mergers, as described *infra*).

The Board also proposes to clarify that, when a Reserve Bank issues stock to a member bank, the Reserve Bank would obtain payment for that stock by debit to an account on the Reserve Bank's books or by other form of settlement to which the Reserve Bank agrees.

B. Merger-Related Stock Adjustments

As noted above, before two member banks merge or consolidate, the Reserve Banks direct the surviving member bank to apply to adjust its stock subscription and the nonsurviving member bank to apply to cancel its stock subscription. Similarly, before a member bank merges or consolidates with a nonmember bank, the Reserve Banks request that the surviving member bank apply to adjust its stock subscription.

The Board is proposing amendments to section 209.3 that would codify the Reserve Banks' current practice of requesting pre-merger stock adjustment applications. The amendments would expressly require a surviving member bank to apply to adjust its stock subscription before merging or consolidating with another (member or

nonmember) bank.¹⁴ ¹⁵ These proposed amendments would ensure that the Reserve Banks make timely changes to the stock subscriptions of surviving member banks that merge or consolidate with other banks.

Relatedly, the Board proposes to make conforming amendments to two provisions of Regulation I (current 12 CFR 209.1(d)(3) and 209.3(d)(3)) to clarify that, consistent with the existing text of Regulation I, a surviving member bank must state in its stock adjustment application whether its total consolidated assets exceed \$10.785 billion.

C. Technical Amendments

The Board is also proposing two technical amendments to Regulation I. Section 209.1(c) recognizes that a bank located in a United States dependency or possession may apply for membership, and a footnote in § 209.1(c) explains that such a bank "should communicate with the Federal Reserve Bank with which it desires to do business." The Board is proposing to amend this footnote to clarify that a bank located in the Virgin Islands or Puerto Rico should communicate with the Federal Reserve Bank of New York, while a bank located in Guam, American Samoa, or the Northern Mariana Islands should communicate with the Federal Reserve Bank of San Francisco. The proposed amendment would make this footnote in Regulation I consistent with a provision in the Board's Regulation J that clarifies the Federal Reserve Districts in which banks from United States dependencies and possessions are deemed to be located.¹⁶

Section 209.3(a) requires that any bank that desires to withdraw from membership in the Federal Reserve System promptly file with its Reserve Bank an application for cancellation of all its Reserve Bank stock. The Board is

¹⁴ Similarly, if a surviving bank is a mutual savings bank that is not permitted to purchase Reserve Bank stock under state law, the proposed amendments would require the surviving bank to apply to adjust its deposit obligation.

¹⁵ Regulation I expressly requires that a nonsurviving member bank apply to cancel its stock subscription when it "is merged or consolidated into a nonmember bank." 12 CFR 209.3(a). The proposed amendments would also expressly require that a nonsurviving member bank apply to cancel its stock subscription (or, in the case of a mutual savings bank that is not permitted to purchase Reserve Bank stock, transfer its deposit obligation) before merging or consolidating with another member bank. This amendment would be consistent with the existing requirement in Regulation I that a member bank apply to cancel its stock subscription when it "desires to withdraw from membership" or "voluntarily . . . ceases business." 12 CFR 209.3(a).

¹⁶ See 12 CFR 210.2(i)(1)(A).

proposing to amend section 209.3(a) to clarify that, consistent with the Board's current understanding, this requirement applies to any national bank that wants to convert into a state nonmember bank.

III. Solicitation of Comments

The Board invites comments on all aspects of this rulemaking, including the following questions.

1. If the Reserve Banks automate non-merger-related stock adjustments, would member banks experience any challenges in managing balances in their Reserve Bank accounts? If so, what steps could the Reserve Banks take to mitigate those challenges?

2. Under the proposal, a Reserve Bank would adjust a member bank's stock subscription each time the member bank files a Call Report. Should a Reserve Bank adjust a member bank's stock subscription if the member bank refiles a quarterly Call Report after identifying an error?

IV. Regulatory Analysis

A. Regulatory Flexibility Act

In accordance with section 4 of the Regulatory Flexibility Act ("RFA"), 5 U.S.C. 601 *et seq.*, the Board is publishing an initial regulatory flexibility analysis for the proposed rule. The RFA generally requires an agency to assess the impact a rule is expected to have on small entities.¹⁷ The RFA requires an agency either to provide a regulatory flexibility analysis or to certify that the proposed will not have a significant economic impact on a substantial number of small entities.

Two of the requirements of an initial regulatory flexibility analysis¹⁸—a description of the reasons why the action is being considered and a statement of the objectives of, and legal basis for, the proposed rule—are contained in the information above. There are no reporting provisions or relevant federal rules that duplicate, overlap, or conflict with the proposed rule.

Another requirement for the initial regulatory flexibility analysis is a description of, and where feasible, an estimate of, the number of small entities to which the proposed rule will apply. The proposed rule would apply to all member banks, of which 991 are small entities.¹⁹

¹⁷ Under size standards established by the Small Business Administration, banks and other depository institutions are considered "small" if they have less than \$600 million in assets. 13 CFR 121.201.

¹⁸ 5 U.S.C. 603(b).

¹⁹ 991 member banks have less than \$600 million in assets based on data reported in December 31, 2020 Call Reports.

¹³ Similarly, the Board is proposing to automate the process for adjusting the deposit obligation of a mutual savings bank that has a deposit with the appropriate Reserve Bank in lieu of Reserve Bank capital stock.

Finally, an initial regulatory flexibility analysis must include a description of the projected reporting, recordkeeping and other compliance requirements of the proposed rule. As described in the information above, the proposed rule would reduce reporting requirements for member banks by automating non-merger-related stock adjustments. However, the proposed rule would expressly require that a surviving stockholder apply to adjust its stock subscription before merging or consolidating with another bank.²⁰ There are approximately 50 mergers each year in which the surviving stockholder is a member bank.

B. Paperwork Reduction Act

Certain provisions of the proposed rule contain “collections of information” within the meaning of the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3521). The Board may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The Board reviewed the proposed rule under the authority delegated to the Board by OMB.

The proposed rule contains revisions to sections 209.3 and 209.4 that would automate non-merger-related adjustments to member banks’ subscriptions to Reserve Bank capital stock. Automating the adjustment process would reduce the frequency of reporting. To implement this requirement, the Board proposes to extend for three years, with revision, the Federal Reserve Bank Stock Applications (FR 2030, FR 2030a, FR 2056, FR 2086, FR 2086a, 2087; OMB No. 7100–0042). The revisions would affect only the FR 2056.

Comments are invited on:

(a) Whether the proposed collections of information are necessary for the proper performance of the Board’s functions, including whether the information has practical utility;

(b) The accuracy of the estimates of the burden of the proposed information collections, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

Proposed Revision, With Extension, of the Following Information Collection

Report title: Federal Reserve Bank Stock Applications.

Agency form numbers: FR 2030; FR 2030a; FR 2056; FR 2086; FR 2086a; FR 2087.

OMB control number: 7100–0042.

Frequency: On occasion.

Respondents: New national banks, non-member state banks converting into national banks, member banks, and member banks converting into or merging into member or nonmember banks.

Estimated number of respondents: FR 2030, 4; FR 2030a, 7; FR 2056, 50; FR 2086, 10; FR 2086a, 86; FR 2087, 1.

Estimated average hours per response: 0.5.

Estimated annual burden hours: FR 2030, 2; FR 2030a, 3.5; FR 2056, 25; FR 2086, 5; FR 2086a, 43; FR 2087, 0.5.

General description of report: 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, FR 2086a, and FR 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/or an indication of the number of shares and dollar amount of the Federal Reserve Bank stock to be purchased or cancelled.

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 (or total deposit liabilities for a mutual savings 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 member bank must submit a completed FR 2056 form 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 through information that the member bank reports quarterly on the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100–0036).

Legal authorization and confidentiality: 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 pursuant to sections 9 and 11(a) of the FRA (12 U.S.C. 321 and 248(a)). Additionally, the FR 2030 and FR 2030a are specifically authorized by section 2 of the FRA (12 U.S.C. 222 and 282), 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 FR 2083 is required to obtain a benefit, while the FR 2030, FR 2030a, FR 2056, FR 2086, FR 2086a, and FR 2087 are mandatory.

Individual respondents may request that information submitted to the Board in these applications be kept confidential on a case-by-case basis. Such applications may contain information related to the business plans of the respondent. Under certain circumstances, this information may be withheld under exemption 4 of the Freedom of Information Act (FOIA), which protects privileged or confidential commercial or financial information (5 U.S.C. 552(b)(4)). These applications may also contain information of a personal nature the disclosure of which would result in a clearly unwarranted invasion of personal privacy, which may be protected under exemption 6 of the FOIA (5 U.S.C. 552(b)(6)). Additionally, exemption 8 of the FOIA (5 U.S.C. 552(b)(8)) may apply to the extent the reported information is contained in or related to examination reports.

Current Actions: The Board is proposing to automate non-merger-related adjustments to member banks’ subscriptions to Reserve Bank capital stock. The Board is also proposing two technical amendments to Regulation I. Regulation I currently requires that a member bank apply to adjust its stock subscription at least annually and

²⁰ Consistent with the current text of Regulation I, a surviving member bank would need to report in its stock adjustment application whether its total consolidated assets exceed \$10.785 billion. See n. 12, *supra*. Additionally, consistent with the current text of Regulation I, a nonsurviving member bank would need to apply to cancel its stock before merging or consolidating with another bank. See n. 15, *supra*.

sometimes quarterly. A member bank determines its required stock subscription based on its capital and surplus (or total deposit liabilities for a mutual savings bank) as reported in the member bank's most recent Call Report.

The Reserve Banks are developing software that will automatically pull the information needed to calculate member banks' required stock subscriptions from Call Reports. Accordingly, the Board is proposing amendments to section 209.4 that would automate non-merger-related stock adjustments. The Board is also proposing amendments to § 209.3(d) that would require a surviving stockholder to apply to adjust its stock subscription before merging with another bank. Consistent with these proposed changes to Regulation I, the Board is proposing to eliminate the requirement that member banks routinely submit FR 2056 reporting forms to adjust their stock subscriptions. The Board is proposing to amend the FR 2056 reporting form to clarify that the form should be filed only by a surviving member bank that merges or consolidates with another bank.

C. Plain Language

Section 722 of the Gramm-Leach Bliley Act requires the Board to use plain language in all proposed and final rules published after January 1, 2000. The Board invites your comments on how to make this proposed rule easier to understand. For example:

- Has the Board organized the material to suit your needs? If not, how could this material be better organized?
- Are the requirements in the proposed rule clearly stated? If not, how could the proposed rule be more clearly stated?
- Does the proposed rule contain language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the proposed rule easier to understand? If so, what changes to the format would make the proposed rule easier to understand?
- What else could the Board do to make the regulation easier to understand?

List of Subjects in 12 CFR Part 209

Banks and banking, Federal Reserve System, Reporting and recordkeeping requirements, Securities.

Authority and Issuance

For the reasons set forth in the preamble, the Board proposes to amend Regulation I, 12 CFR part 209, as follows:

PART 209—FEDERAL RESERVE BANK CAPITAL STOCK (REGULATION I)

■ 1. The authority citation for part 209 continues to read as follows:

Authority: 12 U.S.C. 12 U.S.C. 222, 248, 282, 286–288, 289, 321, 323, 327–328, and 466.

■ 2. Revise the heading to part 209 as shown above.

■ 3. Amend § 209.1 by revising paragraphs (c) and (d)(3) to read as follows.

§ 209.1 Authority, purpose, scope, and definitions.

* * * * *

(c) *Scope.* This part applies to member banks of the Federal Reserve System, to national banks in process of organization, and to state banks applying for membership. National banks and locally-incorporated banks located in United States dependencies and possessions are eligible (with the consent of the Board) but not required to apply for membership under section 19(h) of the Federal Reserve Act, 12 U.S.C. 466.¹

¹ A bank located in the Virgin Islands or Puerto Rico should communicate with the Federal Reserve Bank of New York regarding applications for membership under the provisions of § 19(h) of the Federal Reserve Act. A bank located in Guam, American Samoa, or the Northern Mariana Islands should communicate with the Federal Reserve Bank of San Francisco regarding applications for membership under the provisions of § 19(h) of the Federal Reserve Act.

(d) * * *

(3) *Total consolidated assets* means the total assets on the stockholder's balance sheet as reported by the stockholder on its Consolidated Report of Condition and Income (Call Report) as of the most recent December 31, except in the case of (i) a new member "total consolidated assets" means (until the next December 31 Call Report becomes available) the total consolidated assets of the new member at the time of its application for capital stock and (ii) a surviving stockholder after a merger "total consolidated assets" means (until the next December 31 Call Report becomes available) the total consolidated assets reported by that stockholder pursuant to § 209.3(d)(5) of this part.

■ 4. Amend § 209.3 by:

■ a. Revising the section heading;

■ b. Revising paragraph (a);

■ c. Revising the introductory text of paragraph (d), redesignating paragraphs (d)(1), (2) and (3) as paragraphs (d)(2), (3), and (5), adding new paragraphs

(d)(1) and (4), and revising paragraph (d)(5).

The revisions and additions to read as follows:

§ 209.3 Cancellation of Reserve Bank stock; mergers involving member banks.

(a) *Application for cancellation.* Any bank that desires to withdraw from membership in the Federal Reserve System (including a national bank that wants to convert into a State nonmember bank), voluntarily liquidates or ceases business, is merged or consolidated into a nonmember bank, or is involuntarily liquidated by a receiver or conservator or otherwise, shall promptly file with its Reserve Bank an application for cancellation of all its Reserve Bank stock (or withdrawal of its deposit, as the case may be) and payment therefor in accordance with § 209.4.

* * * * *

(d) *Exchange of stock on merger or change in location; stock adjustment upon merger with a nonmember bank; reporting of total consolidated assets following merger.*

(1) *Applications.*

(i) Before a merger or consolidation of member banks, the nonsurviving member bank shall file an application with the appropriate Reserve Bank to cancel its shares of Reserve Bank stock (or in the case of a mutual savings bank not authorized to purchase Reserve Bank stock, shall file an application to transfer its deposit to the account of the surviving bank) and the surviving member bank shall file an application with the appropriate Reserve Bank for issue of a corresponding number of shares of Reserve Bank stock (or in the case of a mutual savings bank not authorized to purchase Reserve Bank stock, shall file an application to increase its deposit obligation).

(ii) Before a merger or consolidation of a member bank and a nonmember bank, a surviving member bank shall file an application with the appropriate Reserve Bank to adjust its Reserve Bank capital stock subscription to equal six percent of the member bank's anticipated post-merger capital and surplus, or, in the case of member bank that is a mutual savings bank, six-tenths of 1 percent of the member bank's anticipated post-merger total deposit liabilities. A mutual savings bank not authorized to purchase Reserve Bank stock shall file an application to adjust its deposit obligation in a like manner.

* * * * *

(4) *Merger with a nonmember bank.* Upon a merger or consolidation of a member bank and a nonmember bank, the Reserve Bank will adjust the

surviving member bank's stock subscription to equal six percent of the member bank's capital and surplus, or, in the case of a member bank that is a mutual savings bank, six-tenths of 1 percent of the member bank's total deposit liabilities. If a mutual savings bank has a deposit with the appropriate Reserve Bank in lieu of Reserve Bank capital stock, its deposit obligation shall be adjusted in a like manner.

(5) *Statement of total consolidated assets.* When a member bank merges or consolidates with another bank and the surviving bank remains a Reserve Bank stockholder, the surviving stockholder must report whether its total consolidated assets exceed \$10,785,000,000 in the application described in paragraph (d)(1) of this section.

* * * * *

■ 5. Amend § 209.4 by:

- a. Revising paragraphs (a) and (b);
- b. Revising the introductory text of paragraph (c)(1), redesignating paragraphs (c)(2) and (3) as paragraphs (c)(3) and (4), and adding a new paragraph (c)(2); and
- c. Revising the introductory text of paragraph (d)(1).

The revisions and addition read as follows:

§ 209.4 Amounts and payments for subscriptions and cancellations; timing and rate of dividends.

(a) *Amount of subscription.* The total subscription of a member bank (other than a mutual savings bank) shall equal six percent of its capital and surplus as shown on its most recent Call Report. After a member bank files a Call Report, the appropriate Reserve Bank will adjust the member bank's Reserve Bank capital stock subscription to equal six percent of the member bank's capital and surplus.

(b) *Mutual savings banks.* The total subscription of a member bank that is a mutual savings bank shall equal six-tenths of 1 percent of its total deposit liabilities as shown on its most recent Call Report. After a member bank that is a mutual savings bank files a Call Report, the appropriate Reserve Bank will adjust the member bank's Reserve Bank capital stock subscription to equal six-tenths of 1 percent of the member bank's total deposit liabilities. If a mutual savings bank has a deposit with the appropriate Reserve Bank in lieu of Reserve Bank capital stock, its deposit obligation shall be adjusted in a like manner.

(c) *Payment for subscriptions.* (1) When a Reserve Bank issues capital stock to a member bank (or accepts a

deposit in lieu thereof), the member bank shall pay the Reserve Bank—

* * * * *

(2) A Reserve Bank shall obtain settlement for the payment described in paragraph (c)(1) of this section by debit to an account on the Reserve Bank's books or other form of settlement to which the Reserve Bank agrees.

* * * * *

(d) *Payment for cancellations.* (1) When a Reserve Bank cancels Reserve Bank capital stock of a member bank, 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—

* * * * *

By order of the Board of Governors of the Federal Reserve System.

Ann Misback,

Secretary of the Board.

[FR Doc. 2021-07477 Filed 4-12-21; 8:45 am]

BILLING CODE P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2021-0297; Project Identifier 2019-SW-062-AD]

RIN 2120-AA64

Airworthiness Directives; Airbus Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to adopt a new airworthiness directive (AD) for Airbus Helicopters Model SA330J helicopters, all serial numbers. This proposed AD was prompted by reports of the failure of the lower bearing cage of the main rotor hub (MRH) flapping hinges and of the presence of metallic particles at the bottom of a drag hinge. This proposed AD would require repetitive inspections of the MRH chip detectors, or for helicopters not equipped with chip detectors, repetitive inspections of the oil for contamination by metallic particles, and corrective actions if necessary, as specified in a European Union Aviation Safety Agency (EASA) AD, which is proposed for incorporation by reference (IBR). The FAA is proposing this AD to address the unsafe condition on these products.

DATES: The FAA must receive comments on this proposed AD by May 28, 2021.

ADDRESSES: You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- *Federal eRulemaking Portal:* Go to <https://www.regulations.gov>. Follow the instructions for submitting comments.

- *Fax:* 202-493-2251.

- *Mail:* U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

- *Hand Delivery:* Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For material that is proposed for IBR in this AD, contact the EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: ADs@easa.europa.eu; internet: www.easa.europa.eu. You may find this material on the EASA website at <https://ad.easa.europa.eu>. You may view this material at the FAA, Office of the Regional Counsel, Southwest Region, 10101 Hillwood Pkwy., Room 6N-321, Fort Worth, TX 76177. For information on the availability of this material at the FAA, call 817-222-5110. It is also available in the AD docket on the internet at <https://www.regulations.gov> by searching for and locating Docket No. FAA-2021-0297.

Examining the AD Docket

You may examine the AD docket on the internet at <https://www.regulations.gov> by searching for and locating Docket No. FAA-2021-0297; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, any comments received, and other information. The street address for Docket Operations is listed above. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT:

Mahmood G. Shah, Aviation Safety Engineer, Fort Worth ACO Branch, FAA, 10101 Hillwood Pkwy., Fort Worth, TX 76177; phone: 817-222-5538; email: mahmood.g.shah@faa.gov.

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under **ADDRESSES**. Include "Docket No. FAA-2021-0297; Project Identifier 2019-SW-062-AD" at the beginning of your comments. The most helpful comments reference a specific portion of