

from the period of last dividend, if earned, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank.

If any national bank which has not gone into liquidation as provided in section 181 of this title, and for which a receiver has not already been appointed for other lawful cause, shall discontinue its banking operations for a period of sixty days the Comptroller of the Currency may, if he deems it advisable, appoint a receiver for such bank. The stock held by the said national bank in the Federal reserve bank of its district shall thereupon be canceled and said national bank shall receive in payment therefor, under regulations to be prescribed by the Board of Governors of the Federal Reserve System, a sum equal to its cash-paid subscriptions on the shares canceled and one-half of 1 per centum a month from the period of the last dividend, if earned, not to exceed the book value thereof, less any liability of such national bank to the Federal reserve bank.

(Dec. 23, 1913, ch. 6, § 6, 38 Stat. 258; Apr. 23, 1930, ch. 207, § 1, 46 Stat. 250; Aug. 23, 1935, ch. 614, title II, § 203(a), title III, § 319(b), 49 Stat. 704, 713.)

Editorial Notes

AMENDMENTS

1935—Act Aug. 23, 1935, § 319(b), struck out provision requiring execution of certificate of reduction of capital stock.

1930—Act Apr. 23, 1930, among other changes, added second par.

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

Section 203(a) of act Aug. 23, 1935, changed name of Federal Reserve Board to Board of Governors of the Federal Reserve System.

Executive Documents

EXCEPTION AS TO TRANSFER OF FUNCTIONS

Functions vested by any provision of law in Comptroller of the Currency, referred to in this section, not included in transfer of functions to Secretary of the Treasury, see note set out under section 1 of this title.

§ 289. Dividends and surplus funds of reserve banks; transfer for fiscal year 2000

(a) Dividends and surplus funds of reserve banks

(1) Stockholder dividends

(A) Dividend amount

After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders of the bank shall be entitled to receive an annual dividend on paid-in capital stock of—

(i) in the case of a stockholder with total consolidated assets of more than \$10,000,000,000, the smaller of—

(I) the 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) 6 percent; and

(ii) in the case of a stockholder with total consolidated assets of \$10,000,000,000 or less, 6 percent.

(B) Dividend cumulative

The entitlement to dividends under subparagraph (A) shall be cumulative.

(C) Inflation adjustment

The Board of Governors of the Federal Reserve System shall annually adjust the dollar amounts of total consolidated assets specified under subparagraph (A) to reflect the change in the Gross Domestic Product Price Index, published by the Bureau of Economic Analysis.

(2) Deposit of net earnings in surplus fund

That portion of net earnings of each Federal reserve bank which remains after dividend claims under paragraph (1)(A) have been fully met shall be deposited in the surplus fund of the bank.

(3) Limitation on surplus funds

(A) In general

The aggregate amount of the surplus funds of the Federal reserve banks may not exceed \$6,825,000,000.

(B) Transfer to the general fund

Any amounts of the surplus funds of the Federal reserve banks that exceed, or would exceed, the limitation under subparagraph (A) shall be transferred to the Board of Governors of the Federal Reserve System for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury.

(b)¹ Transfer for fiscal year 2000

(1) In general

The Federal reserve banks shall transfer from the surplus funds of such banks to the Board of Governors of the Federal Reserve System for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury, a total amount of \$3,752,000,000 in fiscal year 2000.

(2) Allocated by Fed

Of the total amount required to be paid by the Federal reserve banks under paragraph (1) for fiscal year 2000, the Board shall determine the amount each such bank shall pay in such fiscal year.

(3) Replenishment of surplus fund prohibited

During fiscal year 2000, no Federal reserve bank may replenish such bank's surplus fund by the amount of any transfer by such bank under paragraph (1).

(Dec. 23, 1913, ch. 6, § 7(a), (b), 38 Stat. 258; Mar. 3, 1919, ch. 101, § 1, 40 Stat. 1314; June 16, 1933, ch. 89, § 4, 48 Stat. 163; Pub. L. 103-66, title III, § 3002(a), Aug. 10, 1993, 107 Stat. 337; Pub. L. 103-325, title VI, § 602(d), Sept. 23, 1994, 108 Stat. 2291; Pub. L. 106-113, div. B, § 1000(a)(5) [title III, § 302], Nov. 29, 1999, 113 Stat. 1536, 1501A-304; Pub. L. 114-94, div. C, title XXXII, §§ 32202, 32203(a), Dec. 4, 2015, 129 Stat. 1739; Pub. L. 115-123, div. C,

¹ See Codification note below.

title II, §30205, Feb. 9, 2018, 132 Stat. 127; Pub. L. 115-174, title II, §217, May 24, 2018, 132 Stat. 1326.)

Editorial Notes

CODIFICATION

Section is comprised of subsec. (a) [formerly first undesignated par.] of section 7 of act Dec. 23, 1913, and subsec. (b) [enacted by Pub. L. 106-113, div. B, §1000(a)(5) [title III, §302(2)], Nov. 29, 1999, 113 Stat. 1536, 1501A-304] of section 7. Another subsec. (b) of section 7 is classified to section 290 of this title. Subsec. (c) of section 7 is classified to section 531 of this title.

AMENDMENTS

2018—Subsec. (a)(3)(A). Pub. L. 115-174 substituted “\$6,825,000,000” for “\$7,500,000,000”.

Pub. L. 115-123 substituted “\$7,500,000,000” for “\$10,000,000,000”.

2015—Subsec. (a)(1)(A). Pub. L. 114-94, §32203(a)(1), amended subpar. (A) generally. Prior to amendment, text read as follows: “After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders of the bank shall be entitled to receive an annual dividend of 6 percent on paid-in capital stock.”

Subsec. (a)(1)(C). Pub. L. 114-94, §32203(a)(2), added subpar. (C).

Subsec. (a)(3). Pub. L. 114-94, §32202, added par. (3).

1999—Subsec. (a)(3). Pub. L. 106-113, §1000(a)(5) [title III, §302(1)], struck out heading and text of par. (3). Text read as follows: “During fiscal years 1997 and 1998, any amount in the surplus fund of any Federal reserve bank in excess of the amount equal to 3 percent of the total paid-in capital and surplus of the member banks of such bank shall be transferred to the Board for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury.”

Subsec. (b). Pub. L. 106-113, §1000(a)(5) [title III, §302(2)], added subsec. (b).

1994—Par. (1)(B). Pub. L. 103-325, §602(d)(1), inserted “(A)” after “subparagraph”.

Par. (2). Pub. L. 103-325, §602(d)(2), substituted “paragraph (1)(A)” for “subparagraph (A)”.

1993—Pub. L. 103-66 inserted section catchline and amended section generally. Prior to amendment, section read as follows: “After all necessary expenses of a Federal reserve bank shall have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, the net earnings shall be paid into the surplus fund of the Federal reserve bank.”

1993—Act June 16, 1933, provided that net earnings shall be paid into surplus instead of to the United States as a franchise tax.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2015 AMENDMENT

Pub. L. 114-94, div. C, title XXXII, §32203(b), Dec. 4, 2015, 129 Stat. 1740, provided that: “The amendments made by subsection (a) [amending this section] shall take effect on January 1, 2016.”

EFFECTIVE DATE OF 1933 AMENDMENT

Act June 16, 1933, ch. 89, §4, 48 Stat. 163, provided that the amendment made by that section is effective July 1, 1932.

DISCRETIONARY SURPLUS FUNDS

Pub. L. 116-283, div. F, title LXV, §6510, Jan. 1, 2021, 134 Stat. 4633, provided that: “The dollar amount specified under section 7(a)(3)(A) of the Federal Reserve Act (12 U.S.C. 289(a)(3)(A)) is reduced by \$40,000,000.”

ADDITIONAL TRANSFERS FOR FISCAL YEARS 1997 AND 1998

Pub. L. 103-66, title III, §3002(b), Aug. 10, 1993, 107 Stat. 337, provided that in addition to the amounts re-

quired to be transferred from the surplus funds of the Federal reserve banks pursuant to former section 289(a)(3) of this title, the Federal reserve banks should transfer \$106,000,000 in fiscal year 1997 and \$107,000,000 in fiscal year 1998 from their surplus funds to the Treasury for deposit in the general fund, and prohibited the banks from replenishing their surplus funds by the amount of such transfer.

§ 290. Use of earnings transferred to the Treasury

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

(Dec. 23, 1913, ch. 6, §7(b), 38 Stat. 258; Pub. L. 103-66, title III, §3002(c)(1), Aug. 10, 1993, 107 Stat. 337.)

Editorial Notes

CODIFICATION

Section is comprised of subsec. (b) [formerly second undesignated par.] of section 7 of act Dec. 23, 1913. Subsec. (a) and another subsec. (b) [enacted by Pub. L. 106-113, div. B, §1000(a)(5) [title III, §302(2)], Nov. 29, 1999, 113 Stat. 1536, 1501A-304] of section 7 are classified to section 289 of this title. Subsec. (c) of section 7 is classified to section 531 of this title.

AMENDMENTS

1993—Pub. L. 103-66 inserted section catchline.

SUBCHAPTER VII—DIRECTORS OF FEDERAL RESERVE BANKS; RESERVE AGENTS AND ASSISTANTS

§ 301. Powers and duties of board of directors; suspension of member bank for undue use of bank credit

Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board of directors shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and may, subject to the provisions of law and the orders of the Board of Governors of the Federal Reserve System, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks, the maintenance of sound credit conditions, and the accommodation of commerce, industry, and agriculture. The Board of Governors of the Federal Reserve System may prescribe regulations further defining within the limitations of this