



441 G St. N.W.
Washington, DC 20548

B-329048

May 10, 2017

The Honorable Michael Crapo
Chairman
The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Jeb Hensarling
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Federal Reserve System: Federal Reserve Bank Capital Stock*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Board of Governors of the Federal Reserve System (Board) entitled “Federal Reserve Bank Capital Stock” (RIN: 7100-AE 47). We received the rule on April 26, 2017. It was published in the *Federal Register* as a final rule on November 23, 2016. 81 Fed. Reg. 84,415. The effective date was January 1, 2017.

The final rule establishes procedures for payment of dividends by the Federal Reserve Banks (Reserve Banks) to implement the provisions of section 32203 of the Fixing America’s Surface Transportation Act. The final rule also sets out the dividend rates applicable to Reserve Bank depository institution stockholders and amends provisions of Regulation I regarding treatment of accrued dividends when a Reserve Bank issues or cancels Federal Reserve Bank capital stock.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). This final rule was published in the *Federal Register* on November 23, 2016. 81 Fed. Reg. 84,415. It was received by the House of Representatives on April 12, 2017 (*Congressional Record*, H2799) and by GAO on April 26, 2017. It has a stated effective date of January 1, 2017. Therefore, the final rule does not have the required 60-day delay in its effective date.

Enclosed is our assessment of the Board’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. With the exception of the 60-day delay in effective date requirement, our review of the procedural steps taken indicates that the Board complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shirley A. Jones, Assistant General Counsel, at (202) 512-8156.

signed

Robert J. Cramer
Managing Associate General Counsel

Enclosure

cc: Linda Robertson
Assistant to the Board of Governors
of the Federal Reserve System

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
FEDERAL RESERVE SYSTEM
ENTITLED
“FEDERAL RESERVE BANK CAPITAL STOCK”
(RIN: 7100-AE 47)

(i) Cost-benefit analysis

The Board did not discuss the costs and benefits of this final rule.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

The Board published a final regulatory flexibility analysis for this final rule in accordance with the Act. The Board stated that this final rule has no effect on small institutions.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, the Board is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

On February 24, 2016, the Board published an interim final rule and request for comment. 81 Fed. Reg. 9082. The Board received nine comments on the interim final rule: one from a trade association representing commercial banks, one from a small commercial bank, and seven from individual members of the public.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

The Board determined that the final rule contains requirements subject to PRA. The Board stated that the reporting requirements are found in §§ 209.2(a) and 209.3(d)(3) of the final rule. The Board received no comments on the PRA analysis in the interim final rule.

Statutory authorization for the rule

The Board stated that it promulgated this rule pursuant to section 32203 of the Fixing America's Surface Transportation Act, 12 U.S.C. § 287, 12 C.F.R. 209.4(a), 12 C.F.R. 209.4(c)(2), and 12 U.S.C. § 289(a)(1).

Executive Order No. 12,866 (Regulatory Planning and Review)

As an independent regulatory agency, the Board is not subject to the Order.

Executive Order No. 13,132 (Federalism)

As an independent regulatory agency, the Board is not subject to the Order.