



APPENDIX A

PROPOSED DRAFT BILL TO REVISE
THE FEDERAL RESERVE ACT

(Draft of January 15, 1969)

[Howard MacKley]

Attachment:

Correlation Table - Appendix B

Explanation

The draft of bill that follows would completely revise the Federal Reserve Act. This revision is essentially "technical" in nature. While it would make a number of substantive changes, it would make no major or basic changes in present law. As a matter of organization, the provisions of the Act would be rearranged and divided into 10 chapters.

The first section of the bill would constitute the revision of the Federal Reserve Act; the remaining sections would make necessary conforming amendments to other laws or re-enact provisions withdrawn from the Federal Reserve Act.

References in the left margin of the bill are to numbers of corresponding recommendations in the memorandum to which this document is appended. References in the right margin are to the corresponding provisions of present law; unless otherwise indicated, such references are to sections and paragraphs of the present Federal Reserve Act in the form in which published by the Board.

PROPOSED BILL TO REVISE

THE FEDERAL RESERVE ACT

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A BILL

To revise the Federal Reserve Act in order to eliminate obsolete and anachronistic provisions, correct inaccuracies, reconcile inconsistencies, and clarify ambiguities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Reserve Act (38 Stat. 251), as amended, is amended to read as follows:

"CHAPTER 1 - SHORT TITLE AND DEFINITIONS

"§ 101. Short title

"The short title of this Act shall be the 'Federal Reserve Act'. [§ 1, ¶ 1]

"§ 102. Definitions

[# 1-A] "As used in this Act, unless the context otherwise requires,

[# 1-B] "(a) 'national bank' means any national banking association organized under the provisions of the National Bank Act, as amended; [§ 1, ¶ 3]

[# 1-C] "(b) 'State bank' means any bank, banking association, savings bank, or trust company organized under the laws of any State of the United States or of the District of Columbia; [NEW]

[# 1-D] "(c) 'member bank' means any bank that is a member of the Federal Reserve System under the provisions of this Act; [§ 1, ¶ 3]

"(d) 'State member bank' means any State bank that [NEW]
is a member bank;

"(e) 'Board' or 'Board of Governors' means the [§ 1, ¶ 3]
Board of Governors of the Federal Reserve System;

"(f) 'Reserve Bank' means Federal Reserve Bank; [§ 1, ¶ 3]

[# 1-E] "(g) 'district' means Federal Reserve district; [§ 1, ¶ 3]

[# 1-F] "(h) 'affiliate', with respect to any member bank, [Bkg. Act
of 1933,
§ 2(b)]
means any corporation, business trust, association,
or other similar organization -

"(1) of which such member bank, directly or
indirectly, owns or controls either a majority of
the voting shares or more than 50 per centum of the
number of shares voted for the election of its
directors, trustees, or other persons exercising
similar functions at the preceding election, or
controls in any manner the election of a majority
of its directors, trustees, or other persons exer-
cising similar functions; or

"(2) of which control is held, directly or
indirectly, through stock ownership or in any other
manner, by the shareholders of such member bank who
own or control either a majority of the shares of
such bank or more than 50 per centum of the number
of shares voted for the election of directors of
such bank at the preceding election, or by trustees
for the benefit of the shareholders of such bank; or

"(3) of which a majority of its directors, trustees, or other persons exercising similar functions are directors of such member bank; or

"(4) which owns or controls, directly or indirectly, either a majority of the shares of capital stock of such member bank or more than 50 per centum of the number of shares voted for the election of directors of such member bank at the preceding election, or controls in any manner the election of a majority of the directors of such member bank, or for the benefit of whose shareholders or members all or substantially all the capital stock of such member bank is held by trustees; or

[# 1-F]

"(5) which, within the meaning of the Bank Holding Company Act of 1956, as amended, is a bank holding company with respect to such member bank or is another subsidiary of such bank holding company.

[NEW]

"CHAPTER 2. BOARD OF GOVERNORS

"§ 201. Members of the Board

["# 29-A] "(a) The Board of Governors of the Federal Reserve [§ 10, ¶ 1]
System shall be composed of seven members, to be appointed
by the President, by and with the advice and consent of
the Senate, in such manner that the term of one member
will expire on June 30 in each odd-numbered year. Each
member shall hold office for a term of fourteen years
from the expiration of the term of his predecessor, unless [§ 10, ¶ 2]
sooner removed for cause by the President. Each member
shall, within fifteen days after notice of his appointment, [§ 10, ¶ 2]
make and subscribe to the oath of office. Upon the ex-
piration of his term of office as a member of the Board,
a member shall continue to serve until his successor is [§ 10, ¶ 2]
appointed and has qualified. A member shall not be
eligible for reappointment as such member after he shall
have served a full term of fourteen years. Whenever a [§ 10, ¶ 4]
vacancy shall occur, other than by expiration of term,
among the members of the Board, the President, by and
with the advice and consent of the Senate, shall appoint
a successor to fill such vacancy for the unexpired term.
The President shall have power to fill all vacancies that [§ 10, ¶ 5]
may happen on the Board during the recess of the Senate
by granting commissions which shall expire with the next
session of the Senate.

["# 29-A]

["# 29-D]

["# 29-F]

[# 29-B]

"(b) The members of the Board shall devote their entire time to the business of the Board. No member of the Board shall be an officer or director of, or hold stock in, any national bank, State bank, or Federal Reserve Bank. Before entering upon his duties as a member of the Board, he shall certify under oath that he has complied with this requirement, and such certification shall be filed with the Secretary of the Board. A member of the Board shall be ineligible during the time he is in office and for two years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed.

[\$ 10, ¶ 1]

[\$ 10, ¶ 4]

[\$ 10, ¶ 2]

[# 29-D]

"(c) One member of the Board shall be designated by the President as Chairman and one as Vice Chairman of the Board, each to serve as such for a term of four years expiring on June 30 of the year in which the term of office of the President expires. Upon the expiration of the term for which a member is designated as Chairman or Vice Chairman of the Board, such member shall continue to serve as Chairman or Vice Chairman, as the case may be, until his successor as such is designated by the President. Whenever a vacancy shall occur, other than by expiration of term, in the office of Chairman or Vice Chairman, the President shall designate another member of the Board to fill such vacancy for the unexpired term.

[\$ 10, ¶ 2]

"(d) The Chairman of the Board, subject to its supervision, shall be its active executive officer. At meetings of the Board, the Chairman shall preside, and, in his absence, the Vice Chairman shall preside. In the absence of the Chairman and the Vice Chairman, the Board shall elect a member to act as Chairman pro tempore.

[§ 10, ¶ 2]

[§ 10, ¶ 4]

"§ 202. Employees, expenses and funds

"(a) The Board is authorized to appoint such employees as may be deemed necessary for the conduct of its business. Such employees shall not be subject to provisions of law or regulations regarding the classified service; and the employment, compensation, leave, and expenses of members and employees of the Board shall be governed solely by the provisions of this Act, specific amendments thereof, and regulations of the Board not inconsistent therewith, except that the annual rate of basic pay of members of the Board shall be governed by the Executive Pay Act as now in effect or hereafter amended.

[# 55-C]

[§ 11(1)]

[# 55-A,B]

[§ 10, ¶ 4]

"(b) The Board shall have power to levy semiannually upon the Reserve Banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

[§ 10, ¶ 3]

"(c) The Board shall determine and prescribe the manner in which its obligations shall be incurred and its disbursements and expenses allowed and paid, and it may leave on deposit in the Reserve Banks the proceeds of assessments levied upon them to defray its estimated expenses and the salaries of its members and employees. Funds derived from such assessments shall not be construed to be Government funds or appropriated moneys. [§ 10, ¶ 4]

"§ 203. Offices

"(a) The principal offices of the Board shall be in the District of Columbia. [§ 10, ¶ 4]

"(b) The assessments levied by the Board upon the Reserve Banks pursuant to section 202(b) of this Act may include amounts sufficient to provide for the acquisition by the Board in its own name of such site or building in the District of Columbia as in its judgment alone shall be necessary for the purpose of providing suitable and adequate quarters for the performance of its functions. [§ 10, ¶ 3]

After approving such plans, estimates, and specifications as it shall have caused to be prepared, the Board may, notwithstanding any other provision of law, cause to be

constructed on the site so acquired by it a building suitable and adequate in its judgment for its purposes and proceed to take all such steps as it may deem necessary or appropriate in connection with the construction, equipment, and furnishing of such building. The Board may maintain, enlarge, or remodel any building so acquired or constructed and shall have sole control of such building and space therein.

"§ 204. Rules and regulations

"The Board is authorized to prescribe all such rules and regulations, including definitions of terms used in this Act, as may be necessary to enable it to perform effectively its duties and functions under this Act and to effectuate the purposes of this Act and prevent evasions thereof. [§ 11(i)]

[# 40]

"§ 205. Delegation of functions

"The Board is authorized to delegate, by published order or rule, any of its functions, other than those relating to rule making or pertaining principally to monetary and credit policies, to one or more hearing examiners, members or employees of the Board, or Federal Reserve Banks. [§ 11(k)]
The assignment of responsibility for the performance of any function that the Board determines to delegate shall be a function of the Chairman of the Board. The Board

shall, upon the vote of one member, review action taken at a delegated level within such time and in such manner as the Board shall by rule prescribe.

"§ 206. Reports to Congress

"(a) The Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

[§ 10, ¶ 7]

"(b) The Board shall keep a complete record of the actions taken by the Federal Open Market Committee upon all questions of policy relating to open market operations and shall record therein the votes taken in connection with the determination of open market policies and the reasons underlying the actions of the Committee in each instance. The Board shall keep a similar record with respect to all questions of policy determined by the Board. The Board shall include in its Annual Report to the Congress a full account of the actions so taken during the preceding year with respect to open market policies and operations and with respect to the policies determined by it, and shall include in such Report a copy of the records required to be kept under the provisions of this subsection.

[§ 10, ¶ 10]

"CHAPTER 3. FEDERAL ADVISORY COUNCIL

"§ 301. Members and meetings

[# 43] "There is hereby created a Federal Advisory Council, [§ 12, ¶ 1] which shall consist of as many members as there are Federal Reserve districts. Each Reserve Bank by its board of directors shall annually select from its district one member of such Council, who shall receive such compensation and allowances as may be fixed by the board of directors of the Reserve Bank, subject to the approval of the Board of Governors. No member of the Council who has served six full consecutive terms of one year each shall be eligible to serve again in such capacity until after an intervening period of not less than three years. The meetings of the Council shall be held in Washington, District of Columbia, at least four times each year, and oftener if called by the Board. The Council may, in addition to the meetings above provided for, hold such other meetings in Washington, District of Columbia, or elsewhere as it may deem necessary; and it may select its own officers and adopt its own methods of procedure. A majority of its members shall constitute a quorum for the transaction of business. Vacancies in the Council shall be filled by the respective Reserve Banks, and members selected to fill vacancies shall serve for the unexpired term of their predecessors.

"§ 302. Powers

"The Federal Advisory Council shall have power, by [§ 12, ¶ 2] itself or through its officers, (a) to confer directly with the Board on general business conditions; (b) to make oral or written representations concerning matters within the jurisdiction of the Board; and (c) to call for information and to make recommendations in regard to advances by the Reserve Banks under section 602 of this Act and rates of interest on such advances, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by Reserve Banks, open market operations by such Banks, and the general affairs of the Federal Reserve System.

"CHAPTER 4. FEDERAL OPEN MARKET COMMITTEE

"§ 401. Members and meetings

[# 44]

[§ 12A(a)]

"There is hereby created a Federal Open Market Committee (hereinafter referred to as the 'Committee'), which shall consist of the members of the Board of Governors and five representatives of the Reserve Banks to be selected as hereinafter provided. Such representatives shall be presidents or first vice presidents of Reserve Banks and shall be elected annually as follows: One by the board of directors of the Federal Reserve Bank of New York; one by the boards of directors of the Federal Reserve Banks of Boston, Philadelphia, and Richmond; one by the boards of directors of the Federal Reserve Banks of Cleveland and Chicago; one by the boards of directors of the Federal Reserve Banks of Atlanta, Dallas, and St. Louis; and one by the boards of directors of the Federal Reserve Banks of Minneapolis, Kansas City, and San Francisco. In such elections each board of directors shall have one vote; and the details of such elections may be governed by regulations prescribed by the Committee, which may be amended from time to time. An alternate to serve in the absence of each such representative shall likewise be a president or first vice president of a Reserve Bank and shall be elected annually in the same

manner. The meetings of said Committee shall be held at Washington, District of Columbia, at least four times each year upon the call of the Chairman of the Board of Governors or at the request of any three members of the Committee.

"§ 402. Regulations

"No Federal Reserve Bank shall engage or decline to engage in open market operations under section 603 of this Act except in accordance with the direction of and regulations adopted by the Committee. The Committee shall consider, adopt, and transmit to the several Reserve Banks regulations relating to the open market transactions of such Banks. [§ 12A(b)]

"§ 403. Governing principles

"The time, character, and volume of all purchases and sales of paper described in section 603 of this Act as eligible for open market operations shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country. [§ 12A(c)]

"CHAPTER 5. ORGANIZATION OF RESERVE BANKS

"§ 501. Federal Reserve districts and Reserve Banks

[# 2] "There shall be twelve Federal Reserve districts in [§ 2, ¶ 1] each of which there shall be a Federal Reserve city with a Federal Reserve Bank located therein. The boundaries of such districts may be readjusted from time to time by the Board; Provided, That such districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. When any State is admitted to the Union, such districts shall be readjusted by the Board in such manner as to include such State.

"§ 502. General corporate powers

[# 4-B] "Each Federal Reserve Bank shall be a body corporate, [§ 4, ¶ 4] and, as such and in the name designated in its organization certificate (which shall be carefully preserved by the Comptroller of the Currency in his Office), shall have power -

"(a) to adopt and use a corporate seal;

[# 6] "(b) to have succession until dissolved by Act of Congress or until forfeiture of its franchise for violation of law;

"(c) to make contracts;

"(d) to sue and be sued, complain and defend, in any court of law or equity;

"(e) to appoint by its board of directors a president, vice presidents, and other officers and employees, to define their duties, to require bonds for them and fix the penalty thereof, and to dismiss at pleasure such officers or employees; [§ 4, ¶ 4]

"(f) to prescribe by its board of directors bylaws not inconsistent with law, regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed; and [§ 4, ¶ 4]

"(g) to exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this Act. [§ 4, ¶ 4]

"§ 503. Capital stock

[# 5-A]

"(a) The capital stock of each Federal Reserve Bank shall be divided into shares of \$100 each; and such shares shall not be transferred or hypothecated. [§ 5]

[# 5-D]

"(b) A bank that becomes a member of the Federal Reserve System shall subscribe for the stock of the Reserve Bank of the district in which it is located in an amount equal to 6 per centum of the paid-up capital stock and surplus of the applicant bank, one-half of such amount to be paid for at the par value of the stock plus one-half of 1 per centum a month on the stock so paid in from the period [§ 5; § 9, ¶ 5]

of the last dividend and the remaining one-half of the subscription to be subject to call when deemed necessary by the Board of Governors. Any member bank that holds capital stock of a Reserve Bank in excess of the amount required on the basis of 6 per centum of its paid-up capital stock and surplus shall surrender such excess stock.

[# 5-E]

[\$ 5]

"(c) The outstanding capital stock of a Reserve Bank shall be increased from time to time as its member banks increase their capital stock or surplus or as additional banks become members and shall be decreased as member banks reduce their capital stock or surplus or cease to be members. When a member bank increases its capital stock or surplus, it shall subscribe for an additional amount of capital stock of the Reserve Bank of its district equal to 6 per centum of such increase, one-half to be paid in the manner hereinbefore provided for original subscription and one-half to be subject to call by the Board. When a member bank reduces its capital stock or surplus, it shall surrender a proportionate amount of its holdings in the capital stock of the Reserve Bank.

[# 5-E]

[\$ 5]

"(d) (1) Whenever a member bank (A) voluntarily

[# 5-F]

liquidates, (B) is declared insolvent and a receiver [\$ 6]

is appointed therefor, (C) merges or consolidates

with a nonmember bank under the charter of the latter, (D) converts into a nonmember bank, or (E) ceases to exercise banking functions without being placed in liquidation and a receiver is appointed therefor, or

"(2) whenever a State member bank (A) voluntarily withdraws from membership or (B) shall be ordered to do so by the Board under authority of law,

[§ 9, ¶ 10]

such bank shall surrender its holdings of Reserve Bank stock and be released from its stock subscription not previously called. In any such case, the stock held by such member bank shall be canceled by the Reserve Bank and the member bank shall receive in payment therefor, under regulations of the Board, a sum equal to such bank's cash-paid subscriptions on the stock so canceled with interest at the rate of one-half of 1 per centum per month from the date of the last dividend, not to exceed the book value thereof, less any liability of such bank to the Reserve Bank, and such member bank shall likewise be entitled to repayment of deposits and any other balance due from the Reserve Bank.

[§§ 5, 6]

"§ 504. Directors

"(a) Each Reserve Bank shall be conducted under the supervision and control of a board of directors which shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law. Such board of directors shall administer the affairs of the Reserve Bank fairly and impartially and without discrimination in favor of or against any member bank or banks.

[§ 4, ¶¶
6-8]

"(b) Such board of directors shall consist of nine members, holding office for three years and divided into three classes designated as classes A, B, and C, with the term of office of one director of each such class expiring at the end of each calendar year. No director who has served two full consecutive terms of three years each shall be eligible to serve again as a director pursuant to a new election or appointment until after an intervening period of not less than three years, except that a director designated as chairman of the board of directors may serve three full consecutive three-year terms without such an intervening period.

[§ 4, ¶¶ 9,
24]

[# 4-B]

[# 9-A]

"(c) Vacancies that may occur in the several classes of directors of a Reserve Bank shall be filled in the manner provided for the original selection of such directors, and directors appointed or elected to fill such vacancies shall hold office for the unexpired terms of their predecessors.

[# 4-B]

[§ 4, ¶ 24]

"(d) Class A directors shall consist of three members [§ 4, ¶ 10] who shall be chosen by and be representative of the stockholding banks. Any person who is an officer or director of more than one member bank shall not be eligible for nomination as a class A director except by banks in the same group as the bank having the largest aggregate resources of any of those banks of which such person is an officer or director. [§ 4, ¶ 18]

"(e) Class B directors shall consist of three members [§ 4, ¶ 11] who at the time of their election shall be actively engaged in their district in commerce, agriculture, or some other industrial pursuit. No director of class B shall be an officer, director, or employee of any bank. [§ 4, ¶ 14]

["# 4-B(5)] "(f) Class C directors shall consist of three members [§ 4, ¶ 12] who shall be designated by the Board of Governors. No director of class C shall be an officer, director, employee, or stockholder of any bank. [§ 4, ¶ 15]

"(g) One of such class C directors shall be designated by the Board of Governors as chairman of the board of directors of the Reserve Bank. Another of such class C directors shall be designated by the Board of Governors as deputy chairman to exercise the powers of the chairman of the board of directors when necessary. In the absence of the chairman and deputy chairman, the third class C director shall preside at meetings of the board of directors. [§ 4, ¶ 20]

[# 9-C]

"(h) Each director of a Reserve Bank shall be a resident of the district of the Reserve Bank on the board of which he is serving and shall cease to be a director if he ceases to meet such residence requirement. [§ 4, ¶ 20]

"(i) Directors of class A and class B shall be chosen in the following manner: [§ 4, ¶ 16]

"(1) The Board of Governors shall classify the member banks of the district into three groups, designating each group by number. Each group shall consist as nearly as may be of banks of similar capitalization. Each member bank shall be permitted to nominate to the chairman of the board of directors of the Reserve Bank of the district one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each member bank. Each member bank by a resolution of its board of directors or by an amendment to its bylaws shall authorize its president, cashier, or some other officer to cast the vote of the member bank in the elections of class A and class B directors: Provided, That, whenever any member banks within the same Federal Reserve district are subsidiaries of the same bank

holding company within the meaning of the Bank Holding Company Act of 1956, participation in any such nomination or election by such member banks, including such bank holding company if it is also a member bank, shall be confined to one of such banks, which may be designated for the purpose by such holding company.

"(2) Within fifteen days after receipt of the list of candidates, the duly authorized officer of a member bank shall certify to the chairman his first, second, and other choices for a director of class A and class B, respectively, upon a preferential ballot upon a form furnished by the chairman of the board of directors of the Reserve Bank of the district. Each such officer shall make a cross or other mark opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate. No officer or director of a member bank shall be eligible to serve as a class A director unless nominated and elected by banks which are members of the same group as the member bank of which he is an officer or director.

[§ 4, ¶ 17]

[# 9-B]

"(3) Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate shall have a

[§ 4, ¶ 19]

majority of all the votes in the first column, there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. The candidate then having a majority of the electors voting and the highest number of combined votes shall be declared elected. If no candidates shall have a majority of electors voting and the highest number of votes when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

"(j) No Senator or Representative in Congress shall be a member of the Board of Governors or an officer or director of a Federal Reserve Bank. [§ 4, § 13]

"§ 505. Federal Reserve agent

"(a) The chairman of the board of directors of each Federal Reserve Bank shall be designated by the Board of Governors as 'Federal Reserve agent'. Such agent shall act as the official representative of the Board of Governors in the performance of the functions conferred upon the agent by statute and shall make regular reports to the Board regarding the performance of such functions. [§ 4, § 20]

[# 10-A]
[# 10-B]

"(b) Subject to the approval of the Board, the Federal

[§ 4, ¶ 21]

Reserve agent shall appoint one or more assistants who shall assist such agent in the performance of his duties and perform such ministerial functions as the agent may delegate to them. Such assistants shall have power to act in the name and stead of the agent during his absence or disability or a vacancy in his office.

[# 10-E]

[# 10-D]

"(c) The Board shall require such bonds of the

[§ 11(i)]

assistant Federal Reserve agents as it may deem necessary for the protection of the United States. Assistant Federal Reserve agents shall receive an annual compensation to be fixed by the Board and paid monthly by the Reserve Bank to which they are accredited.

[# 10-C]

[# 38]

"§ 506. President and first vice president

"The president of each Reserve Bank shall be the chief executive officer of the Bank and shall be appointed by the board of directors, with the approval of the Board of Governors, for a term of five years; and all other officers and employees of the Bank shall be directly responsible to him. The first vice president of the Bank shall be appointed in the same manner and for the same term as the president and shall, in the absence or disability of the president or during a vacancy in the office of president, serve as chief executive officer of the Bank. Whenever a vacancy shall occur in the office of the president or the first vice

[# 7]

[§ 4, ¶ 4]

president, it shall be filled in the manner provided for original appointments; and the person so appointed shall hold office until the expiration of the term of his predecessor.

"§ 507. Compensation of directors, officers, and employees

"Directors of Reserve Banks shall receive, in addition [§ 4, ¶ 22] to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amounts shall be paid by the respective Reserve Banks. Any compensation that may be provided by boards of directors of Reserve Banks for directors, officers, or employees shall be subject to the approval of the Board of Governors.

"§ 508. Suspension or removal of officers and directors

"The Board of Governors may suspend or remove any [§ 11(f)] officer or director of any Federal Reserve Bank, the cause of such removal to be forthwith communicated in writing by the Board to the removed officer or director and to such Bank.

"§ 509. Branches and agencies

"(a) The Board of Governors may permit or require any [§ 3, ¶ 1] Reserve Bank to establish branch banks within its district or within the district of any Reserve Bank which may have been suspended. Each such branch, subject to such rules

and regulations as the Board may prescribe, shall be operated under the supervision of a board of directors to consist of not more than seven nor less than three directors, of whom a majority of one shall be appointed by the Reserve Bank and the remaining directors by the Board of Governors. Directors of branch banks shall hold office during the pleasure of the Board of Governors.

"(b) The Board of Governors may at any time require [§ 3, ¶ 1] any Reserve Bank to discontinue any branch established under this section. The Reserve Bank shall thereupon proceed to wind up the business of such branch, subject to such rules and regulations as the Board of Governors may prescribe.

[# 32]

"(c) No Reserve Bank shall have authority to enter [§ 3, ¶ 3] into any contract or contracts for the erection of any branch bank building of any kind or character or to authorize the erection of any such building, except with the approval of the Board of Governors.

[# 11]

"(d) With the prior approval of the Board of Governors [NEW] and subject to such limitations as the Board may prescribe, a Reserve Bank may establish offices for the performance of check collection or other limited functions, and such offices shall not be subject to the requirements of this section relating to branches of Reserve Banks.

"§ 510. Dividends and earnings

"(a) After all necessary expenses of a Reserve Bank shall have been paid or provided for, the stockholders of such Bank shall be entitled to receive an annual dividend of 6 per centum on the paid-in capital stock, which dividend shall be cumulative. After such dividend claims have been met, the Reserve Bank shall pay annually to the United States such percentage of its net earnings as the Board of Governors may determine and prescribe, and the remainder of such net earnings shall be paid into the surplus fund of the Reserve Bank. [§ 7, ¶ 1]

[# 12-A]

"(b) Should a Federal Reserve Bank be dissolved or go into liquidation, any surplus remaining after the payment of all debts, dividend requirements, and the par value of the stock, shall be paid to and become the property of the United States. [§ 7, ¶ 2]

[# 12-B]

"§ 511. Supervision by Board of Governors

"The Board of Governors shall exercise general supervision over the Federal Reserve Banks. [§ 11(j)]

"§ 512. Examinations and reports

"(a) The Board of Governors is authorized and empowered to examine at its discretion the accounts, books, and affairs of each Reserve Bank and to require such statements and reports from such Banks as it may deem necessary. At least once each year, the Board shall order an examination [§ 11(a)]

[# 67]

of each Reserve Bank and, upon joint application of ten member banks, the Board shall order a special examination and report of the condition of any Reserve Bank.

"(b) The Board shall publish once each week a state-ment showing the condition of each Reserve Bank and a consolidated statement for all Reserve Banks. Such statements shall show in detail the assets and liabilities of the Reserve Banks, single and combined, and shall furnish full information regarding the amount, nature, and maturities of the paper and other investments owned or held by the Reserve Banks. [§ 11(a)]

[# 34]

"(c) The Board may require the writing-off of doubtful or worthless assets upon the books and balance sheets of the Reserve Banks. [§ 11(g)]

"§ 513. Suspension or liquidation

"The Board of Governors is authorized and empowered to suspend, for the violation of any of the provisions of this Act, the operations of any Reserve Bank, to take possession thereof and administer such Bank during the period of suspension, and, when deemed advisable, to liquidate or reorganize such Bank. [§ 11(h)]

"§ 514. Taxation

"Federal Reserve Banks, including their capital stock and surplus and income derived therefrom, shall be exempt from Federal, State, and local taxation, except taxes upon [§ 7, ¶ 3]

[# 13-A]

real estate: Provided, That (1) dividends on Federal Reserve Bank stock, whenever issued, shall not have any such exemption from Federal taxation, notwithstanding any other provision of law; and (2) Reserve Banks shall be subject to the taxes imposed by the Federal Insurance Contributions Act (26 U.S.C., Ch. 21) and the Federal Unemployment Tax Act (26 U.S.C., Ch. 23).

[# 13-B]

"§ 515. Jurisdiction of suits

"Notwithstanding any other provision of law, all suits of a civil nature at common law or in equity to which any Reserve Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and any Reserve Bank which is a defendant in any such suit may, at any time before the trial thereof, remove such suit from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law. No attachment or execution shall be issued against any Reserve Bank or its property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court.

[# 74]

[§ 25(b),
¶ 2]

"CHAPTER 6. OPERATIONS OF FEDERAL RESERVE BANKS

"§ 601. Deposits, collections, and transfers

"(a) Subject to such regulations as may be prescribed by the Board, each Federal Reserve Bank is authorized -

"(1) to receive deposits from its member banks; [§ 13, ¶ 1]

[# 45-A-D]

"(2) to receive for collection checks and other items sent to it by (A) any of its member banks, [§ 13, ¶ 1]

(B) any nonmember bank in its district that is au- [§ 16, ¶ 13]

thorized by such Reserve Bank to maintain an account for such purpose and that maintains with the Reserve

Bank a balance sufficient to offset such items while in process of collection, (C) any other Reserve Bank,

[# 45-E]

and (D) any corporation or organization authorized [NEW] to maintain an account with the Reserve Bank; and

"(3) to make transfers of funds and securities and to enter into such arrangements as it may deem appropriate to establish mechanisms to effectuate such transfers.

[# 45-G]

[NEW]

[# 45-F]

"(b) No charges for the collection or payment of [§ 13, ¶ 1] checks and drafts and remission therefor by exchange or otherwise shall be made against any Reserve Bank.

[# 45-F]

"(c) The Board may by regulation fix the charges that [§ 16, ¶ 13] may be made by a member bank against its patrons with respect to checks cleared through a Reserve Bank and the charges that may be imposed by the Reserve Banks for the

clearing or collection of checks or other items or for transfers of funds and securities. The Board may at its discretion exercise the functions of a clearing house for the Reserve Banks or may designate a Reserve Bank to exercise such functions; and the Board may require each such Reserve Bank to exercise the functions of a clearing house for its member banks or groups of member banks.

[# 45-H]

[§ 16, ¶ 14]

"(d) The moneys held in the general fund of the Treasury may, upon the direction of the Secretary of the Treasury, be deposited in Federal Reserve Banks, which Banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such Banks and disbursements may be made by checks drawn against such deposits.

[§ 15, ¶ 1]

[# 45-I]

[# 59]

"§ 602. Advances to member banks and others

"(a) Any Federal Reserve Bank may make advances to any of its member banks on the notes of such banks secured to the satisfaction of such Reserve Bank, subject to such limitations, restrictions, and regulations as the Board may prescribe.

[§ 13, ¶ 8]

[# 46]

"(b) In making advances pursuant to this section, each Reserve Bank shall give due regard to the maintenance of sound credit conditions and the accommodation of commerce, industry, and agriculture. Each Reserve Bank shall

[§ 4, ¶ 8]

keep itself informed of the general character and amount of the loans and investments of its member banks with a view to ascertaining whether undue or inappropriate use is being made of bank credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and, in determining whether to grant or refuse advances, the Reserve Bank shall give consideration to such information. Whenever the Board, in the light of any reports made to it by a Reserve Bank, determines that any member bank is making such undue or inappropriate use of bank credit, the Board may, in its discretion, after reasonable notice and an opportunity for a hearing, suspend such bank from the use of the credit facilities of the Federal Reserve System and may terminate such suspension or may renew it from time to time.

[# 46]

"(c) Any Reserve Bank may make advances in exigent [\S 13, ¶ 13] circumstances to any individual, partnership, or corporation, on its promissory notes, secured to the satisfaction of the Reserve Bank, subject to such limitations, restrictions, and regulations as the Board may prescribe.

[# 46]

"(d) Each Reserve Bank shall establish from time to [\S 14(d)] time, subject to review and determination of the Board, rates of interest to be charged by the Reserve Bank on advances under this section. Such rates shall be fixed

with a view of accommodating commerce, business, and agriculture, and of maintaining sound credit conditions; and different rates may be fixed for different classes of paper or according to such other basis or bases as may be deemed necessary in order to accomplish such purposes; but each such Bank shall establish such rates every fourteen days, or oftener if deemed necessary by the Board.

"§ 603. Open market operations

[# 53]

"(a) Subject to direction and regulations of the Federal Open Market Committee, any Federal Reserve Bank may buy and sell in the open market, at home or abroad -

[# 51]

"(1) direct obligations of the United States; [§ 14(b)]

"(2) any obligation which is a direct obligation of, or fully guaranteed as to principal and interest by, any agency of the United States; [§ 14(b)]

"(3) cable transfers, bankers' acceptances, and bills of exchange; [§ 14, § 1]

"(4) bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State or any county, district, municipality, or other political subdivision thereof, including irrigation, drainage, and reclamation districts; and [§ 14(b)]

[# 52] "(5) acceptances of Federal Intermediate Credit [§ 14(f)]

[# 53] Banks, whenever the Federal Open Market Committee shall declare that the public interest requires the purchase and sale of such acceptances.

"(b) Notwithstanding any other provision of this Act,

"(1) until July 1, 1970, any direct obligations [§ 14(b)] of the United States or obligations which are fully guaranteed by the United States as to principal and interest may be bought and sold by any Reserve Bank without regard to maturities, either in the open market or directly from or to the United States; but all such purchases and sales shall be made in accordance with the provisions of sections 401-403 of this Act and the aggregate amount of such obligations acquired directly from the United States which is held at any one time by the twelve Reserve Banks shall not exceed \$5,000,000,000;

"(2) after June 30, 1970, any direct obligations of the United States or obligations which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities but only in the open market; and

"(3) the Board shall include in its Annual Report to Congress detailed information with respect to direct purchases and sales from or to the United States under the provisions of this subsection.

"§ 604. Federal Reserve notes

[# 60-A] "(a) Federal Reserve notes may be issued to the [§ 16, ¶ 1]
Reserve Banks, at the discretion of the Board, through
the Federal Reserve agents, for the purpose of meeting
the currency needs of the public. Upon their issuance
and delivery to a Reserve Bank, such notes shall be obliga- [§ 16, ¶ 4]
tions of the United States and shall become a first and
paramount lien on all the assets of such Bank.

[# 60-B-C] "(b) Any Reserve Bank may make application to the [§ 16, ¶ 2]
Federal Reserve agent accredited to such Bank for such
amount of Federal Reserve notes as it may require. The
Board, acting through such Federal Reserve agent, may
grant such application in whole or in part or reject the [§ 16, ¶ 4]
application entirely. To the extent that such application
may be granted, such Reserve Bank shall be charged with
the amount of the notes issued to it.

[# 60-D] "(c) Every such application by a Reserve Bank shall [§ 16, ¶ 2]
be accompanied by a tender to the Federal Reserve agent
of collateral in an amount at least equal to the amount
of the Federal Reserve notes applied for and issued pur-
suant to such application. Such collateral shall consist
of direct obligations of the United States, gold certifi-
cates (which term, as used in this section, includes
credits payable in gold certificates), or Special Drawing
Right certificates. The Board may at any time call upon

[# 60-L]

a Reserve Bank for additional security to protect the Federal Reserve notes issued to it. Under such regulations as the Board may prescribe, any Reserve Bank may withdraw any collateral securing its Federal Reserve notes if such collateral is in excess of the amount of such notes outstanding or if such Bank at the same time substitutes therefor, with the approval of the Federal Reserve agent, other collateral of at least equal amount. [§ 16, ¶ 2] [§ 16, ¶ 6]

"(d) The Federal Reserve agent shall each day notify the Board of all issues and withdrawals of Federal Reserve notes to and by the Reserve Bank to which he is accredited. [§ 16, ¶ 2]

"(e) All Federal Reserve notes and all gold certificates, Special Drawing Right certificates, direction obligations of the United States, and lawful money issued to or deposited with any Federal Reserve agent shall be held for such agent, under such rules and regulations as the Board may prescribe, in the joint custody of himself and the Reserve Bank to which he is accredited. Such agent and such Reserve Bank shall be jointly liable for the safekeeping of such notes, gold certificates, Special Drawing Right certificates, obligations of the United States, and lawful money. Nothing herein contained, however, shall be construed to prohibit a Federal Reserve agent from [§ 16, ¶ 7]

depositing gold certificates and Special Drawing Right certificates with the Board, to be held by the Board subject to his order, or with the Treasurer of the United States for the purposes authorized by law.

"(f) Any Reserve Bank may retire any of its Federal Reserve notes by depositing them with the Federal Reserve agent or with the Treasurer of the United States, and such Reserve Bank shall thereupon be entitled to receive back the collateral deposited with the agent as security for such notes. Federal Reserve notes so deposited shall not be reissued except upon compliance with the conditions of an original issue.

[§ 16, ¶ 6]

[# 60-F]

"(g) Federal Reserve notes unfit for circulation shall be canceled, destroyed, and accounted for under procedures prescribed and at locations designated by the Secretary of the Treasury. Credit with respect to such notes so canceled and destroyed shall be apportioned among the twelve Reserve Banks as determined by the Board.

[§ 16, ¶ 3]

"(h) Whenever any Federal Reserve notes that cannot be identified as to the Bank of issue are presented to the Treasurer of the United States for exchange, the Treasurer may exchange such notes under such rules and regulations as the Secretary of the Treasury may prescribe. Charges for such notes exchanged by the Treasurer shall be apportioned among the twelve Reserve Banks as determined by the Board.

[Act of
June 13,
1933 (12
U.S.C.
121a,
122a)]

[# 60-M]

"(i) Federal Reserve notes shall be in form and tenor [§ 16, ¶ 8]
as directed by the Secretary of the Treasury and shall bear
upon their faces a distinctive letter and number which shall
be assigned by the Board to each Reserve Bank. In order
to furnish suitable notes for circulation as Federal Re-
serve notes, the Comptroller of the Currency, under the
direction of the Secretary of the Treasury, shall cause
plates and dies to be engraved in the best manner to guard
against counterfeits and fraudulent alterations, and shall
have printed therefrom and numbered such quantities of such
notes of the denominations of \$1, \$2, \$5, \$10, \$20, \$50, \$100,
\$500, \$1,000, \$5,000, and \$10,000 as may be required to
supply the Reserve Banks. When such notes have been pre-
pared, they shall be held by the Treasury subject to the
order of the Board for their delivery. [§ 16, ¶ 9]

[# 60-I]

"(j) The plates and dies to be procured by the [§ 16, ¶ 10]
Comptroller of the Currency for the printing of Federal
Reserve notes shall remain under his control and direction;
and he shall cause to be examined each year the plates,
dies, bed pieces, and other material from which such notes
are printed and shall file in his Office annually a cor-
rect list of the same.

[# 60-J]

"(k) All expenses necessarily incurred in executing [§ 16, ¶ 10]
the provisions of this section relating to the procuring
of Federal Reserve notes and all other expenses incidental

to their issue and retirement shall be paid by the Reserve Banks, and the Board shall levy against the Reserve Banks an amount sufficient to cover such expenses.

"(1) The Board is authorized to supervise and regulate through the Office of the Comptroller of the Currency the issue and retirement of Federal Reserve notes, except for the cancellation and destruction, and accounting with respect to such cancellation and destruction, of notes unfit for circulation, and to prescribe rules and regulations under which such notes may be delivered by the Comptroller to the Federal Reserve agents applying therefor.

[§ 11(d)]

[# 36]

[# 60-N]

"§ 605. Settlement fund

"(a) The Secretary of the Treasury is authorized and directed to receive deposits of gold certificates (which term, for purposes of this section, shall include credits payable in gold certificates) or of Special Drawing Right certificates with the Treasury when tendered by any Federal Reserve Bank or Federal Reserve agent for credit to its or his account with the Board of Governors or when tendered by the Treasurer of the United States for credit to the account of a Reserve Bank with the Board. The Secretary shall prescribe the form of receipt to be issued by the Treasurer for such deposits

[§ 16, ¶ 15]

[# 61-A]

[# 61-B]

[# 61-C]

and a duplicate of such receipt shall be delivered to the Board. Deposits so made shall be held subject to the orders of the Board and deposits of gold certificates shall be payable in gold certificates, and deposits of Special Drawing Right certificates shall be payable in Special Drawing Right certificates, on the order of the Board to any Reserve Bank or Federal Reserve agent or to the Treasurer of the United States. The orders used by the Board in making such payments shall be signed by such persons as the Board may designate. The form of such order shall be approved by the Secretary of the Treasury.

[# 61-D]

"(b) The expenses necessarily incurred in carrying out the provisions of this section, including the cost of the certificates or receipts issued for deposits received, and all expenses incident to the handling of such deposits shall be paid by the Board and included in its assessments against the several Reserve Banks. [§ 16, ¶ 16]

"§ 606. Dealings in gold

"Every Reserve Bank shall have power to deal in gold coin and bullion at home or abroad and to make loans thereon, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Reserve Banks are authorized to hold. [§ 14(a)]

[# 54]

"§ 607. Foreign accounts, correspondents, and agencies

[# 57] "(a) With the approval or upon the direction of the Board of Governors and subject to such regulations as the Board may prescribe, every Reserve Bank shall have power: [§ 14(e)]

 "(1) to establish and maintain accounts in foreign countries and to appoint correspondents and establish agencies in such countries;

[# 58] "(2) to buy and sell through such correspondents or agencies (A) bills of exchange and acceptances arising out of actual commercial transactions that have not more than ninety days to run, exclusive of days of grace, and that bear the signatures of two or more responsible parties, and (B) any securities that are direct obligations of, or fully guaranteed as to principal and interest by, any foreign government or monetary authority and that have maturities from date of purchase of not exceeding twelve months and are denominated payable in any convertible currency; and

"(3) to establish and maintain accounts for such foreign correspondents or agencies, for foreign banks or bankers, or for foreign states as defined in section 609 of this Act.

"(b) Whenever any Reserve Bank establishes an account [§ 14(e)] or agency or appoints a correspondent pursuant to this section, any other Reserve Bank, with the approval of the Board, may be permitted to conduct, through the Reserve Bank establishing such account or agency or appointing such correspondent, any transaction authorized by this section, subject to such regulations as the Board may prescribe.

"§ 608. Relations with foreign banks

"The Board of Governors shall exercise special super- [§ 14(g)]
vision over all relationships and transactions of any kind entered into by any Reserve Bank with any foreign bank or banker, or with any group of foreign banks or bankers, and all such relationships and transactions shall be subject to such regulations, conditions, and limitations as the Board may prescribe. No officer or other representative of any Reserve Bank shall conduct negotiations of any kind with the officers or representatives of any foreign bank or banker without first obtaining the permission of the Board. The Board shall have the right, in its discretion, to be represented in any conference or negotiations by such representative or representatives as the Board may designate.

A full report of all conferences or negotiations, and all understandings or agreements arrived at or transactions agreed upon, and all other material facts appertaining to such conferences or negotiations, shall be filed with the Board in writing by a duly authorized officer of each Reserve Bank which shall have participated in such conferences or negotiations.

"§ 609. Receipt of property of foreign states and banks

"(a) Whenever

[\$ 25(b),
¶ 3]

[# 75-A]

"(1) any Reserve Bank has received any property from or for the account of a foreign state which is recognized by the Government of the United States, or from or for the account of a central bank of any such foreign state, and holds such property in the name of such foreign state or such central bank;

"(2) a representative of such foreign state who is recognized by the Secretary of State as being the accredited representative of such foreign state to the Government of the United States has certified to the Secretary of State the name of a person as having authority to receive, control, or dispose of such property; and

"(3) the authority of such person to act with respect to such property is accepted and recognized

by the Secretary of State, and so certified by the Secretary of State to the Reserve Bank, the payment, transfer, delivery, or other disposal of such property by such Reserve Bank to or upon the order of such person shall be conclusively presumed to be lawful and shall constitute a complete discharge and release of any liability of the Reserve Bank for or with respect to such property.

"(b) Whenever

[§ 25(b),
¶ 4]

"(1) any insured bank has received any property from or for the account of a foreign state which is recognized by the Government of the United States, or from or for the account of a central bank of any such foreign state, and holds such property in the name of such foreign state or such central bank;

"(2) a representative of such foreign state who is recognized by the Secretary of State as being the accredited representative of such foreign state to the Government of the United States has certified to the Secretary of State the name of a person as having authority to receive, control, or dispose of such property; and

"(3) the authority of such person to act with respect to such property is accepted and recognized by the Secretary of State, and so certified by the Secretary of State to such insured bank,

the payment, transfer, delivery, or other disposal of such property by such bank to or upon the order of such person shall be conclusively presumed to be lawful and shall constitute a complete discharge and release of any liability of such bank for or with respect to such property. Any suit or other legal proceeding against any insured bank or any officer, director, or employee thereof, arising out of the receipt, possession, or disposition of any such property shall be deemed to arise under the laws of the United States and the district courts of the United States shall have exclusive jurisdiction thereof, regardless of the amount involved; and any such bank or any officer, director, or employee thereof which is a defendant in any such suit may, at any time before trial thereof, remove such suit from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law.

"(c) Nothing in this section shall be deemed to repeal [§ 25(b),
¶ 5]
or to modify in any manner any of the provisions of the Gold Reserve Act of 1934 (Ch. 6, 48 Stat. 337), as amended, or subdivision (b) of section 5 of the Act of October 6, 1917 (40 Stat. 411), as amended, or any actions, regulations, rules, orders, or proclamations taken, promulgated, made, or issued pursuant to any of such statutes. In any

[# 75-B]

case in which a license to act with respect to any property referred to in this section is required under any of said statutes, regulations, rules, orders, or proclamations, notification to the Secretary of State by the proper Government officer or agency of the issuance of an appropriate license or that appropriate licenses will be issued on application shall be a prerequisite to any action by the Secretary of State pursuant to this section, and the action of the Secretary of State shall relate only to such property as is included in such notification. Each such notification shall include the terms and conditions of such license or licenses and a description of the property to which they relate.

"(d) For the purposes of this section,

[§ 25(b),
§ 6]

"(1) the term 'property' includes gold, silver, currency, credits, deposits, securities, choses in action, and any other form of property, the proceeds thereof, and any right, title, or interest therein;

"(2) the term 'foreign state' includes any foreign government or any department, district, province, county, possession, or other similar governmental organization or subdivision of a foreign government, and any agency or instrumentality of any such foreign government or of any such organization or subdivision;

"(3) the term 'central bank' includes any foreign bank or banker authorized to perform any one or more of the functions of a central bank;

"(4) the term 'person' includes any individual, or any corporation, partnership, association, or other similar organization; and

"(5) the term 'insured bank' shall have the meaning given to it in the Federal Deposit Insurance Act.

[# 75-C]

"CHAPTER 7. MEMBERSHIP OF NATIONAL BANKS

"§ 701. National banks required to be members

[# 3]

"Except as provided in section 801(b) of this Act, every national bank, upon commencing business or within ninety days after admission into the Union of the State in which it is located, shall become a member bank of the Federal Reserve System by subscribing to stock in the Federal Reserve Bank of its district in the manner prescribed by section 503(b) of this Act.

[§ 2, ¶ 1]

"§ 702. Violations of Act by national banks

[# 3]

"Should any national bank fail to become a member of the System as provided in section 701 of this Act or fail to comply with any of the provisions of this Act applicable thereto, all of the rights, privileges, and franchises of such national bank granted to it under the National Bank Act or under the provisions of this Act shall be thereby forfeited. Any noncompliance with or violation of this Act shall be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district in which such bank is located, under direction of the Board of Governors, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than failure to become a

[§ 2, ¶ 6]

member bank under the provisions of this section, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its stockholders, or any other person shall have sustained in consequence of such noncompliance or violation. Such dissolution shall not take away or impair any remedy against such corporation, its stockholders, or officers, for any liability or penalty which shall have been previously incurred.

[# 17-B]

"(c) In acting upon applications for membership, the Board shall consider the financial history and condition of the applying bank, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served by the bank, and whether or not its corporate powers are consistent with the purposes of this Act. [§ 9, ¶ 4]

"(d) Upon the conversion of a national bank into a State bank, or the merger or consolidation of a national bank with a State bank which is not a member of the Federal Reserve System, the resulting or continuing State bank may be admitted to membership in the Federal Reserve System by the Board of Governors in accordance with the provisions of this section, but, otherwise, the Reserve Bank stock owned by the national bank shall be canceled and paid for as provided in section 503(d) of this Act. Upon the merger or consolidation of a national bank with a State member bank under a State charter, the membership of the State bank in the Federal Reserve System shall continue. [§ 9, ¶ 2]

"§ 802. Retention of charter rights

[# 22-B]

"Subject to the provisions of this Act and other provisions of Federal law and to regulations of the Board issued pursuant thereto, every bank becoming a member of the Federal Reserve System under section 801 of this Act [§ 9, ¶ 13]

shall retain its full charter and statutory rights as a State bank and may continue to exercise all corporate powers granted to it by the State in which it was incorporated.

"§ 803. Capital requirements

"No bank shall be admitted to membership under section 801 of this Act unless it possesses capital stock and [§ 9, ¶ 11] surplus which, in the judgment of the Board, are adequate in relation to the character and condition of its assets and to its existing and prospective deposit liabilities and other corporate responsibilities: Provided, That no bank engaged in the business of receiving deposits other than trust funds, which does not possess capital stock and surplus in an amount equal to that which would be required for the establishment of a national bank in the place in which it is located, shall be admitted to membership unless it is, or has been, approved for deposit insurance under the Federal Deposit Insurance Act. The capital stock of a State member bank shall not be reduced except with the prior consent of the Board.

"§ 804. Branches

"(a) No State member bank shall establish or operate any branch in the United States except on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment and [§ 9, ¶ 3]

[# 17-A]

operation of branches in the United States by national banks, except that the approval of the Board shall be obtained before any State member bank, other than a District of Columbia bank, may establish any such branch wherever situated. Approval of the Board shall also be obtained before any State bank, other than a District of Columbia bank, admitted to membership under section 801(a) of this Act may retain any such branch established after February 25, 1967, beyond the limits of the city, town, or village in which such bank is situated. No State member bank shall establish and operate any branch in Puerto Rico or any dependency or insular possession of the United States or in any foreign country except on the same terms and conditions as are applicable to the establishment and operation of such branches by national banks under section 1001 of this Act.

[# 17-A(2)]

[# 17-B]

"(b) In acting upon applications for branches under this section, the Board shall consider the factors specified in section 801(c) of this Act to be considered by it in connection with applications for membership and, in addition, the effect of the proposed branch upon competition.

[NEW]

"§ 805. Reports

[# 18-A]

"(a) Each State member bank shall make to the Reserve Bank of the district in which it is located reports of condition as required by section 7(a) of the Federal Deposit

[§ 9, ¶ 6]

Insurance Act (12 U.S.C. 1817(a)), and, at the same time as each such report is made, each State member bank shall obtain and furnish to such Reserve Bank a report of each of its affiliates other than member banks. The Board may call for additional reports of condition, reports of income and the payment of dividends, and such other reports and statements as the Board may deem necessary; and any State member bank may be required to obtain from any affiliate of such bank such additional reports as in the opinion of the Reserve Bank or the Board may be necessary to obtain a full and complete knowledge of the condition of the affiliated State member bank. All such reports shall be in such form and shall contain such information as the Board may require, and the Board may require such reports to be published in such manner, not inconsistent with any applicable law, as it may direct.

[# 19-B]

[\$ 9, § 17]

[# 18-C]

[\$ 9, § 18]

[# 18-B]

[# 18-D]

[\$ 9, § 6, 19]

[# 19-A]

[\$ 9, § 17]

"(b) Failure of any State member bank to make, obtain, or publish any report required by the Board under this section within such time as the Board shall specify shall subject such bank to a penalty of \$100 a day for each day that such failure continues, and such penalty may be collected by suit or otherwise by the Reserve Bank of the district in which such bank is located.

"(c) Each report of an affiliate of a State member bank shall contain such information as in the judgment

of the Board shall be necessary to disclose fully the relations between such affiliate and such bank and to enable the Board to inform itself as to the effect of such relations upon the affairs of such bank. The obtaining of any such report of an affiliate may be waived by the Board if in its judgment such report is not necessary for such purpose.

[# 19-C]

"§ 806. Examinations

"(a) Each State member bank shall be subject to examinations made by order or direction of the Board of Governors by examiners selected or approved by the Board.

[§ 9, ¶ 7]

[# 20-B]

The salaries of such examiners shall be fixed by the Board and, together with their traveling expenses, shall be paid by the Reserve Bank of the district to which such examiners are accredited. Such examiners shall have power to make thorough and complete examinations of all the affairs of such banks and, in doing so, they shall have power to administer oaths and to examine under oath any of the officers and agents thereof.

[# 20-E]

[NEW]

[# 20-E]

[NEW]

"(b) Whenever the Board shall approve, the examinations made by the State authorities in any State and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Board.

[§ 9, ¶ 8]

[# 20-F]

"(c) In addition to the examinations above provided for and in addition to the examinations of national banks made and conducted by the Comptroller of the Currency, every Reserve Bank may, with the approval of the Board of Governors, provide for special examination of any member bank within its district. Such examinations shall be so conducted as to inform the Reserve Bank of the condition of its member banks and of the lines of credit extended by them. Every Reserve Bank shall, at all times, furnish to the Board such information as may be demanded concerning the condition of any member bank within the district of such Reserve Bank.

[§ 9, ¶ 8]

[R.S. § 5240, ¶ 4]

[# 20-A]

[# 20-D]

"(d) In connection with examinations of State member banks, examiners selected or approved by the Board shall make such examinations of the affairs of all affiliates of such banks as shall be necessary to disclose fully the relations between such banks and their affiliates and the effect of such relations upon the affairs of such banks. The Board may waive any such examination if in the judgment of the Board it is not necessary for such purpose.

[§ 9, ¶ 22]

[# 21]

"(e) The expenses of all examinations herein provided for, other than those made by State authorities, may, in the discretion of the Board, be assessed against the banks examined and, when so assessed, shall be paid by the banks examined. Copies of the reports of such examinations may, in the discretion of the Board, be furnished to the State

[§ 9, ¶¶ 8, 22]

[# 20-C]

authorities having supervision of such banks, to officers, directors, or receivers of such banks, and to any other proper persons.

"§ 807. Number of directors

[# 78]

"Notwithstanding any other provision of law, the board of directors, board of trustees, or other similar governing body of every State member bank shall consist of not less than five nor more than twenty-five members. If any State member bank violates the provisions of this section and continues such violation after thirty days' notice from the Board of Governors, it shall be subject to forfeiture of its membership in the Federal Reserve System in accordance with the provisions of section 812(b) of this Act.

[B.A. of
1933,
¶ 31]

"§ 808. Investments in bank premises

"No State member bank, without the approval of the Board, shall

[\$ 24A]

[# 71-B]

"(1) directly or indirectly invest in bank premises,

"(2) directly or indirectly invest in the stock, bonds, debentures, or other such obligations of any corporation holding the premises of such bank, or

"(3) make loans to or upon the security of the stock of any such corporation,

[# 71-C] if the aggregate of all such investments (less accumulated
depreciation as determined in accordance with generally
accepted accounting principles) and loans, together with
the amount of any indebtedness incurred by any such cor-
poration which is an affiliate of the bank, will exceed
[# 71-A] 50 per centum of the amount of the capital stock and sur-
plus of such bank.
[# 71-D]

"§ 809. Compliance with provisions of other laws

[# 22-A] "(a) Every State member bank shall be subject to the
same provisions as are applicable to national banks with
[# 22-C] respect to

[§ 9, ¶ 6]

"(1) lending on or purchasing a bank's own
stock under section 5201 of the Revised Statutes
(12 U.S.C. 83);

"(2) withdrawal or impairment of capital stock
under sections 5204 and 5205 of the Revised Statutes
and section 345 of the Banking Act of 1935 (12 U.S.C.
51b-1, 55, 56); and

"(3) the payment of dividends under sections
5199(b) and 5204 of the Revised Statutes (12 U.S.C.
56, 60):

Provided, That any references in such provisions to the
Comptroller of the Currency shall be deemed for the pur-
poses of this subsection to refer to the Board of Governors.

"(b) State member banks shall be subject to the same [§ 9, ¶ 20]
limitations and conditions with respect to the purchasing,
selling, underwriting, and holding of investment securities
and stock as are applicable in the case of national banks
under paragraph 'Seventh' of section 5136 of the Revised
Statutes, as amended.

"§ 810. Stock representing stock of other corporations [§ 9, ¶ 21]

"No certificate evidencing the stock of any State
member bank shall bear any statement purporting to repre-
sent the stock of any other corporation, except a member
bank or a corporation engaged on June 16, 1934, in holding
the bank premises of such member bank, nor shall the owner-
ship, sale, or transfer of any certificate representing the
stock of any State member bank be conditioned in any manner
whatsoever upon the ownership, sale, or transfer of a
certificate representing the stock of any other corpora-
tion, except a member bank or a corporation engaged on
June 16, 1934, in holding the bank premises of such member
bank: Provided, That this section shall not operate to
prevent the ownership, sale, or transfer of stock of any
other corporation being conditioned upon the ownership,
sale, or transfer of a certificate representing stock of
a State member bank.

"§ 811. Participation in lotteries

[§ 9A]

"(a) A State member bank may not -

"(1) deal in lottery tickets;

"(2) deal in bets used as a means or substitute for participation in a lottery;

"(3) announce, advertise, or publicize the existence of any lottery; or

"(4) announce, advertise, or publicize the existence or identity of any participant or winner, as such, in a lottery.

"(b) A State member bank may not permit -

"(1) the use of any part of any of its banking offices by any person for any purpose forbidden to the bank under subsection (a); or

"(2) direct access by the public from any of its banking offices to any premises used by any person for any purpose forbidden to the bank under subsection (a) of this section.

"(c) As used in this section -

"(1) the term 'deal in' includes making, taking, buying, selling, redeeming, or collecting;

"(2) the term 'lottery' includes any arrangement whereby three or more persons (the 'participants') advance money or credit to another in exchange for the possibility or expectation that one or more but

not all of the participants (the 'winners') will receive by reason of their advances more than the amounts they have advanced, the identity of the winners being determined by any means which includes -

"(A) a random selection;

"(B) a game, race, or contest; or

"(C) any record or tabulation of the result of one or more events in which any participant has no interest except for its bearing upon the possibility that he may become a winner; and

"(3) the term 'lottery ticket' includes any right, privilege, or possibility (and any ticket, receipt, record, or other evidence of any such right, privilege, or possibility) of becoming a winner in a lottery.

"(d) Nothing contained in this section prohibits a State member bank from accepting deposits or cashing or otherwise handling checks or other negotiable instruments, or performing other lawful banking services for a State operating a lottery, or for an officer or employee of that State who is charged with the administration of the lottery.

"(e) The Board of Governors shall issue such regulations as may be necessary to the strict enforcement of this section and the prevention of evasions thereof.

"§ 812. Termination of membership

[# 24-A]

"(a) Any State member bank desiring to withdraw from membership in the Federal Reserve System may do so, after prior written notice to the Board, upon the surrender and cancellation of its holdings of capital stock in the Reserve Bank of its district. [§ 9, ¶ 10]

[# 23-A]

[# 23-B]

[# 23-C]

"(b) If at any time it shall appear to the Board that a State member bank has failed to comply with the provisions of this Act or any other Federal law applicable to member banks or with regulations of the Board or conditions of membership prescribed pursuant thereto, or has ceased to exercise banking functions without a receiver or liquidating agent having been appointed therefor, it shall be within the power of the Board, after hearing, to require such bank to surrender its stock in the Reserve Bank of its district and to forfeit all rights and privileges of membership. [§ 9, ¶ 9]

The Board may restore membership of such bank upon due proof of compliance with such provisions of law, regulations, or conditions of membership.

[# 23-D]

[# 24-B]

"(c) Whenever, pursuant to this section, a State member bank shall voluntarily surrender its stock in the Reserve Bank of its district or shall surrender such stock upon order of the Board, all of its rights and privileges as a member bank shall thereupon cease. [§ 9, ¶ 10]

"CHAPTER 9. REQUIREMENTS AND LIMITATIONS
APPLICABLE TO MEMBER BANKS

"§ 901. Reserve requirements

[# 64-A]

"(a) Every member bank shall maintain reserves [§ 19(b)]
against its deposits in such ratio or ratios and according
to such reasonable basis or bases as shall be determined
by the Board within the following limitations:

"(1) the required reserve ratio or ratios for
deposits other than demand deposits shall be not
less than 3 per centum nor more than 10 per centum;

"(2) the required reserve ratio or ratios for
demand deposits not exceeding \$5,000,000 shall be
not less than 7 per centum nor more than 14 per
centum;

"(3) the required reserve ratio or ratios for
demand deposits exceeding \$5,000,000 and not exceed-
ing \$100,000,000 shall be not less than 8 per centum
nor more than 20 per centum;

"(4) the required reserve ratio or ratios for
demand deposits exceeding \$100,000,000 shall be not
less than 10 per centum nor more than 22 per centum;
and

"(5) the \$5,000,000 figure may be increased by
the Board to not more than \$10,000,000 or decreased
to not less than \$2,500,000, and the \$100,000,000
figure may be increased to not more than \$500,000,000
or decreased to not less than \$50,000,000.

"(b) In computing the reserves required by this section, member banks may deduct from the amount of their gross demand deposits the amounts of balances due from other banks (except Reserve Banks and foreign banks) and cash items in process of collection payable immediately upon presentation in the United States, within the meaning of these terms as defined by the Board.

[§ 19(g)]

"(c) Reserves held by any member bank to meet the requirements imposed pursuant to this section shall be in the form of -

[§ 19(c)]

"(1) balances maintained for such purpose by such bank in the Reserve Bank of its district; and

"(2) the currency and coin held by such bank, or such part thereof as the Board may by regulation prescribe.

"(d) The required balance carried by a member bank with a Reserve Bank may, under the regulations and subject to such penalties as may be prescribed by the Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities.

[§ 19(f)]

"(e) The Board is authorized to suspend for a period not exceeding thirty days, and from time to time to renew such suspension for periods not exceeding fifteen days, any reserve requirements specified pursuant to this section, either for all member banks or for member banks in a designated area or areas.

[§ 11(c)]

[# 35]

"§ 902. Interest on deposits

"(a) No member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand: Provided, That nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract entered into in good faith which is in force on the date on which the bank becomes subject to the provisions of this section; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this section, and every member bank shall take such action as may be necessary to conform to this section as soon as possible consistently with its contractual obligations. Any provision of law that requires the payment of interest with respect to any funds deposited by the United States, by any territory, district, or possession thereof, or by any public instrumentality, agency, or officer of the foregoing, that is inconsistent with the provisions of this section is hereby repealed.

[# 65-A]

[# 65-B]

[§ 19(i)]

[§ 19(j)]

"(b) The Board may from time to time, after consulting with the Board of Directors of the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board, prescribe rules governing the payment and advertisement of interest on deposits, including limitations

[# 65-C]

on the rates of interest which may be paid by member banks on time and savings deposits. The Board may prescribe different rate limitations for different classes of deposits, for deposits of different amounts or with different maturities or subject to different conditions regarding withdrawal or repayment, according to the nature or location of member banks or their depositors, or according to such other reasonable bases as the Board may deem desirable in the public interest. No member bank shall pay any time deposit before its maturity except upon such conditions and in accordance with such rules and regulations as may be prescribed by the Board, or waive any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement.

[# 65-D]

"(c) Notwithstanding the foregoing, the provisions of this section shall not apply to any deposit of a member bank that is payable only at an office of such bank located outside of the States of the United States and the District of Columbia.

[§ 19(i),
§ 19(j)]

"(d) The Board is authorized to define the terms used in this section, to determine what shall be deemed a payment of interest, and to prescribe such regulations as it may deem necessary to effectuate the purposes of this section and to prevent evasions thereof.

"§ 903. Directors, officers, and employees

"(a)(1) Except as authorized under this subsection, [§ 22(g)]
no member bank may extend credit in any manner to any of
its own executive officers. No executive officer of any
member bank may become indebted to such bank except by
means of an extension of credit which the bank is author-
ized to make under this subsection. Any extension of
credit under this subsection shall be promptly reported
to the board of directors of the bank, and may be made
only if -

"(A) the bank would be authorized to make it
to borrowers other than its officers;

"(B) it is on terms not more favorable than
those afforded other borrowers;

"(C) the officer has submitted a detailed
current financial statement; and

"(D) it is on condition that it shall become
due and payable on demand of the bank at any time
when the officer is indebted to any other bank or
banks on account of extensions of credit of any
one of the three categories respectively referred
to in paragraphs (2), (3), and (4) in an aggregate
amount greater than the amount of credit of the
same category that could be extended to him by
the bank of which he is an officer.

"(2) With the specific prior approval of its board of directors, a member bank may make a loan not exceeding \$30,000 to any executive officer of the bank if, at the time the loan is made -

"(A) it is secured by a first lien on a dwelling which is expected, after the making of the loan, to be owned by the officer and used by him as his residence; and

"(B) no other loan by the bank to the officer under authority of this paragraph is outstanding.

"(3) A member bank may make extensions of credit to any executive officer of the bank, not exceeding the aggregate amount of \$10,000 outstanding at any one time, to finance the education of the children of the officer.

"(4) A member bank may make extensions of credit not otherwise specifically authorized under this subsection to any executive officer of the bank, not exceeding the aggregate amount of \$5,000 outstanding at any one time.

"(5) Except to the extent permitted under paragraph (4), a member bank may not extend credit to a partnership in which one or more of its executive officers are partners having either individually or together a majority interest. For the purposes of paragraph (4), the full amount of any credit so extended shall be considered to have been extended to each officer of the bank who is a member of the partnership.

"(6) Whenever an executive officer of a member bank becomes indebted to any bank or banks (other than the one of which he is an officer) on account of extensions of credit of any one of the three categories respectively referred to in paragraphs (2), (3), and (4) in an aggregate amount greater than the aggregate amount of credit of the same category that could lawfully be extended to him by the bank, he shall make a written report to the board of directors of the bank, stating the date and amount of each such extension of credit, the security therefor, and the purposes for which the proceeds have been or are to be used.

"(7) This subsection does not prohibit any executive officer of a member bank from endorsing or guaranteeing for the protection of the bank any loan or other asset previously acquired by the bank in good faith or from incurring any indebtedness to the bank for the purpose of protecting the bank against loss or giving financial assistance to it.

"(8) Each day that any extension of credit in violation of this subsection exists is a continuation of the violation for the purposes of section 3 of the Federal Deposit Insurance Act.

"(9) Each member bank shall include with (but not as part of) each report of condition and copy thereof filed under section 7(a)(3) of the Federal Deposit Insurance Act a report of all loans under authority of this subsection made by the bank since its previous report of condition.

"(10) The Board of Governors may prescribe such rules and regulations, including definitions of terms, as it deems necessary to effectuate the purposes and to prevent evasions of this subsection.

[# 68] "(b)(1) No member bank may contract for, or purchase from, any of its directors or from any firm of which any of its directors is a member any securities or other property unless such purchase is made in the regular course of business upon terms not less favorable to the bank than those offered to others, or unless such purchase is authorized by a majority of the board of directors not interested in the sale of such securities or property, such authority to be evidenced by the affirmative vote or written assent of such directors: Provided, however, That when any director, or firm of which any director is a member, acting for or on behalf of others, sells securities or other property to a member bank, the Board by regulation may, in any or all cases, require a full disclosure to be made, on forms to be prescribed by it, of all commissions or other considerations received, and whenever such director or firm, acting in his or its own behalf, sells securities or other property to the bank, the Board by regulation may require a full disclosure of all profit realized from such sale. [\$ 22 (d)]

"(2) No member bank may sell securities or other property to any of its directors, or to a firm of which

any of its directors is a member, unless such sale is made in the regular course of business upon terms not more favorable to such director or firm than those offered to others, or unless such sale is authorized by a majority of the board of directors of a member bank to be evidenced by their affirmative vote or written assent: Provided, however, That nothing in this subsection shall be construed as authorizing member banks to purchase or sell securities or other property which such banks are not otherwise authorized by law to purchase or sell.

"(c) No member bank shall pay to any director, officer, attorney, or employee a greater rate of interest on the deposits of such director, officer, attorney, or employee than that paid to other depositors on similar deposits with such member bank. [§ 22(e)]

"(d) It shall be unlawful for any officer, director, agent, or employee of any Federal Reserve Bank or any member bank to certify any check drawn upon such Reserve Bank or member bank unless the person, firm, or corporation drawing the check has on deposit with such Reserve Bank or member bank, at the time such check is certified, an amount of money not less than the amount specified in such check. Any check so certified by a duly authorized officer, director, agent, or employee shall be a good and valid obligation against such Reserve Bank or member bank; but the act of any [§ 19, ¶ 14; R.S. 5208]

[# 26]

officer, director, agent, or employee of any such Reserve Bank or member bank in violation of this section shall, in the discretion of the Board, subject such Reserve Bank to the penalties imposed by section 513 of this Act, and shall subject such member bank, if a national bank, to the liabilities and proceedings on the part of the Comptroller of the Currency provided for in section 5234 of the Revised Statutes, and shall, in the discretion of the Board, subject any other member bank to the penalties imposed by section 812(b) of this Act.

"(e) If the directors or officers of any member bank [§ 22(f)] shall knowingly violate or permit any of the agents, officers, or directors of such bank to violate any of the provisions of this section or regulations of the Board made under authority thereof, or any of the provisions of sections 217, 218, 219, 220, 655, 1005, 1014, 1906, or 1909 of Title 18, United States Code, every director and officer participating in or assenting to such violation shall be held liable in his personal and individual capacity for all damages which the member bank, its shareholders, or any other persons shall have sustained in consequence of such violation.

"§ 904. Transactions with affiliates

"(a) No member bank shall

[§ 23A, ¶ 1]

"(1) extend credit to an affiliate,

"(2) invest its funds in stock or obligations of an affiliate, or

"(3) extend credit to any person secured by stock or obligations of an affiliate if the aggregate amount of such credits and investments with respect to any one affiliate will exceed 10 per centum of the bank's capital stock and surplus, or if the aggregate amount of such credits and investments with respect to all affiliates will exceed 20 per centum of the bank's capital stock and surplus.

"(b) Any credit extended by a member bank to an affiliate shall be secured by stock or obligations having a market value (at the time the credit is extended) which exceeds the amount of the credit by at least 10 per centum if the security consists of obligations of a State or political subdivision or agency thereof, and at least 20 per centum in other cases. [§ 23A, ¶ 2]

[# 69-A]

[# 69-B]

"(c) This section shall not apply to - [§ 23A, ¶¶ 3, 4, 6]

"(1) credit secured by obligations which are direct obligations of, or fully guaranteed as to principal and interest by, the United States or any agency thereof;

[# 69-A]

"(2) a non-interest-bearing deposit in a bank to the credit of another bank;

"(3) immediate credit granted by a bank to another bank on uncollected items received in the ordinary course of business;

"(4) credit extended by a bank to finance the purchase of an asset from the bank;

[# 69-E]

[# 69-C]

[# 69-D]

"(5) an affiliate engaged solely in (A) holding or operating property used wholly or substantially by the bank in its operations or acquired for such future use, (B) furnishing services to or performing services for the bank, (C) liquidating assets acquired from the bank, (D) conducting a safe deposit business, (E) conducting the business of an agricultural credit corporation or livestock company, or (F) holding obligations eligible for purchase by Federal Reserve Banks;

[# 69-F]

[# 69-G]

"(6) an affiliate all of the stock of which (except qualifying shares of directors, up to 10 per centum) is owned by the bank;

"(7) an affiliate relationship arising out of ownership or control of voting shares by the bank in a fiduciary capacity, unless the shares are held for the benefit of all or a majority of the bank's shareholders;

"(8) an affiliate relationship arising out of a debt previously contracted in good faith;

"(9) an affiliate in the stock of which a national bank may invest under section 1001 of this Act or which is organized under section 1002 of this Act, or a

subsidiary of such an affiliate if all its stock (except qualifying shares of directors, up to 10 per centum) is owned by the affiliate;

"(10) an affiliate which is another bank whose deposits are insured by the Federal Deposit Insurance Corporation, if more than 50 per centum of its voting stock is owned by the member bank or held by trustees for the benefit of the member bank's shareholders; or

"(11) stock or obligations accepted as security for a previously contracted debt, provided that such security shall not be held for more than two years.

"(d) For the purposes of this section,

[§ 23A, ¶ 4]

"(1) the term 'credit' includes a loan or advance, a purchase under repurchase agreement, and any discount of a promissory note, bill of exchange, conditional sales contract, or similar paper, but excludes the acquisition of such paper by one bank from another without recourse; and

"(2) credit extended to a director, officer, or employee, or representative of an affiliate shall be deemed to be extended to the affiliate to the extent that the proceeds are used for the benefit of or transferred to the affiliate.

"§ 905. Relations with securities companies

[B.A. of
1933,
¶ 20]

["# 79] "(a)(1) No member bank shall be affiliated in any manner described in section 102(h) of this Act with any corporation, association, business trust, or other similar organization engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities: Provided, That nothing in this paragraph shall apply to any such organization which shall have been placed in formal liquidation and which shall transact no business except such as may be incidental to the liquidation of its affairs.

"(2) For every violation of this subsection, the member bank involved shall be subject to a penalty not exceeding \$1,000 per day for each day during which such violation continues. Such penalty may be assessed by the Board of Governors, in its discretion, and, when so assessed, may be collected by the Reserve Bank of the district by suit or otherwise.

"(3) If any such violation shall continue for six calendar months after the member bank shall have been warned by the Board to discontinue the same, (A) in the case of a national bank, all the rights, privileges, and franchises granted to it under the National Bank Act may be forfeited

in the manner prescribed in section 702 of this Act, or
(B) in the case of a State member bank, all of its rights
and privileges of membership in the Federal Reserve System
may be forfeited in the manner prescribed in section 812(b)
of this Act.

"(b) No officer, director, or employee of any cor- [B.A. of
poration or unincorporated association, no partner or 1933,
employee of any partnership, and no individual, primarily § 32]
engaged in the issue, flotation, underwriting, public sale,
or distribution, at wholesale or retail, or through syndicate
participation, of stocks, bonds, or other similar securi-
ties, shall serve at the same time as an officer, director,
or employee of any member bank except in limited classes of
cases in which the Board of Governors may allow such service
by general regulations when in the judgment of the Board it
would not unduly influence the investment policies of such
member bank or the advice it gives its customers regarding
investments.

[# 79]

"§ 906. Loans on stock or bond collateral

"The Board shall have power to fix from time to time [§ 11(m)]
for each Federal Reserve district the percentage of indi-
vidual bank capital and surplus that may be represented by
loans secured by stock or bond collateral made by member
banks, either to a single borrower or to all borrowers, or
both, with such exceptions as the Board may prescribe. Any

[# 41-A]

percentage so fixed by the Board shall be subject to change from time to time upon ten days' notice, and it shall be the duty of the Board to establish such percentages with a view to preventing the undue use of bank loans for the speculative carrying of securities. The Board shall have power to direct any member bank to refrain from further increase of its loans secured by stock or bond collateral for any period up to one year under penalty of suspension from the use of the credit facilities of the Reserve Bank of its district.

"§ 907. Bank acceptances

"No member bank shall accept drafts or bills of exchange, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation in an amount equal at any time in the aggregate to more than 10 per centum of the bank's paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no such bank shall accept drafts or bills in an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus: Provided, however, That the Board, under such general regulations as it may prescribe, which shall apply to all banks alike

[§ 13, ¶ 7]

[# 48]

regardless of the amount of capital stock and surplus, may authorize any member bank to accept drafts and bills in an amount not exceeding at any time in the aggregate 100 per centum of its paid-up and unimpaired capital stock and surplus: And provided further, That the aggregate of acceptances growing out of domestic transactions shall in no event exceed 50 per centum of such capital stock and surplus.

"§ 908. Deposits with nonmember banks

"No member bank shall keep on deposit with any State [§ 19(e)] bank that is not a member bank a sum in excess of 10 per centum of the member bank's paid-up capital and surplus.

"§ 909. Agent for nonmember bank in obtaining Reserve Bank advances

"No member bank shall act as the medium or agent of a [§ 19(e)] bank that is not a member bank in applying for or receiving advances from a Reserve Bank under the provisions of this Act, except by permission of the Board.

"§ 910. Agent in making security loans

"No member bank shall act as the medium or agent of [§ 19(d)] any nonbanking corporation, partnership, association, business trust, or individual in making loans on the security of stocks, bonds, and other investment securities to brokers or dealers in stocks, bonds, and other investment securities. Every violation of this provision by any member bank shall be punishable by a fine of not more than \$100 per day during the continuance of such violation; and such fine may be collected, by suit or otherwise, by the Reserve Bank of the district in which such member bank is located.

"CHAPTER 10. FOREIGN BANKING OPERATIONS

"§ 1001. Foreign branches and investments

"(a) Any national bank with a capital and surplus of \$1,000,000 or more may file application with the Board of Governors for permission to exercise, upon such conditions and under such regulations as may be prescribed by the Board, the following powers: [§ 25, ¶ 1]

"(1) to establish branches in foreign countries or in Puerto Rico or dependencies or insular possessions of the United States (hereafter referred to as foreign branches) for the furtherance of the foreign commerce of the United States, and to act if required to do so as fiscal agents of the United States; [§ 25, ¶ 2]

"(2) to invest an amount not exceeding in the aggregate 10 per centum of its paid-in capital stock and surplus in the stock of (A) corporations organized under section 1002 of this Act, and (B) banks or corporations chartered or incorporated under the laws of the United States or of any State thereof and principally engaged in international or foreign banking or banking in Puerto Rico or a dependency or insular possession of the United States, either directly or through the agency, ownership, or control of local institutions in foreign countries or in Puerto Rico or such dependencies or insular possessions; and [§ 25, ¶ 3]

[# 72-G]

[# 72-H]

[# 72-A]

[# 72-B]

[# 72-G]

"(3) to acquire and hold, directly or indirectly, stock or other evidences of ownership in one or more banks organized under the laws of a foreign country or of Puerto Rico or a dependency or insular possession of the United States and not engaged, directly or indirectly, in any activity in the United States except as, in the judgment of the Board of Governors, shall be incidental to the international or foreign business of such bank. [§ 25, ¶ 4]

[# 72-D]

[# 72-E]

"(b) Every such application shall specify the name and capital of the bank filing it, the powers applied for, and the place or places where the banking or financial operations proposed are to be carried on. The Board shall have power to approve or to reject such application in whole or in part if for any reason the granting of such application is deemed inexpedient, and it shall also have power from time to time to increase or decrease the number of places where such operations may be carried on. [§ 25, ¶ 6]

"(c) Every national bank operating foreign branches shall be required to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and every member bank investing in the capital stock of banks or corporations described above shall be required to furnish information concerning the condition of such banks or corporations to the Board of [§ 25, ¶ 7]

Governors upon demand, and the Board may order special examinations of the said branches, banks, or corporations at such time or times as it may deem best.

[# 72-F] "(d) Before any national bank shall be permitted to [§ 25, ¶ 8]
purchase stock in any corporation described in subsection
(a)(2) of this section, other than a corporation organized
under section 1002 of this Act, such corporation shall
enter into an agreement or undertaking with the Board to
restrict its operations or conduct its business in such
manner or under such limitations and restrictions as the
Board may prescribe for the place or places at which such
business is to be conducted. If at any time the Board
shall ascertain that the regulations prescribed by it are
not being complied with, the Board is authorized and em-
powered to institute an investigation of the matter and to
send for persons and papers, subpoena witnesses, and ad-
minister oaths in order to satisfy itself as to the actual
nature of the transactions referred to. Should such
investigation result in establishing the failure of the
corporation in question, or of the national bank or banks
which may be stockholders therein, to comply with the
regulations prescribed by the Board, such national banks
may be required to dispose of stock holdings in such
corporation upon reasonable notice.

"(e) Every national bank shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accrued at each branch as a separate item. [§ 25, ¶ 9]

"(f) Regulations issued by the Board under this section, in addition to regulating powers which a foreign branch may exercise under other provisions of law, may authorize such a foreign branch, subject to such conditions and requirements as such regulations may prescribe, to exercise such further powers as may be usual in connection with the transaction of the business of banking in the places where such foreign branch shall transact business. Such regulations shall not authorize a foreign branch to engage in the general business of producing, distributing, buying, or selling goods, wares, or merchandise; nor, except to such limited extent as the Board may deem to be necessary with respect to securities issued by any 'foreign state' as defined in section 609(d) of this Act, shall such regulations authorize a foreign branch to engage or participate, directly or indirectly, in the business of underwriting, selling, or distributing securities. [§ 25, ¶ 10]

"§ 1002. Foreign banking and financing corporations

"(a) Corporations to be organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations, or in banking or other financial operations in Puerto Rico or a dependency or insular possession of the United States, either directly or through the agency, ownership, or control of local institutions in foreign countries, or in Puerto Rico or such dependencies or insular possessions as provided by this section, and to act when required by the Secretary of the Treasury as fiscal agents of the United States, may be formed by any number of natural persons, not less in any case than five: Provided, That nothing in this section shall be construed to deny the right of the Secretary of the Treasury to use any corporations organized under this section as depositories in Puerto Rico, the Panama Canal Zone, or in insular possessions and dependencies of the United States.

[§ 25(a),
§ 1]

[# 72-G]

[# 73]

"(b)(1) Persons forming a corporation under this section shall enter into articles of association which shall specify in general terms the objects for which the corporation is formed and may contain any other provisions not inconsistent with law which the corporation may see fit to adopt for the regulation of its business and the conduct of its affairs.

[§ 25(a),
§ 2]

"(2) Such articles of association shall be signed by all of the persons intending to participate in the organization of the corporation and, thereafter, shall be forwarded to the Board and shall be filed and preserved in its office. The persons signing the said articles of association shall, under their hands, make an organization certificate which shall specifically state:

[§ 25(a),
¶ 3]

"(A) the name assumed by such corporation, which shall be subject to the approval of the Board;

"(B) the place or places where its operations are to be carried on;

"(C) the place in the United States where its home office is to be located;

"(D) the amount of its capital stock and the number of shares into which the same shall be divided;

"(E) the names and places of business or residence of the persons executing the certificate and the number of shares to which each has subscribed; and

"(F) the fact that the certificate is made to enable the persons subscribing the same, and all other persons, firms, companies, and corporations, who or which may thereafter subscribe to

or purchase shares of the capital stock of such corporation, to avail themselves of the advantages of this section.

"(c) The persons signing the organization certificate shall duly acknowledge the execution thereof before a judge of some court of record or notary public, who shall certify thereto under the seal of such court or notary, and thereafter the certificate shall be forwarded to the Board to be filed and preserved in its office. Upon duly making and filing articles of association and an organization certificate, and after the Board has approved the same and issued a permit to begin business, the association shall become a body corporate, and as such and in the name designated therein shall have power to adopt and use a corporate seal, which may be changed at the pleasure of its board of directors; to have succession for a period of twenty years unless sooner dissolved by the act of the shareholders owning two-thirds of the stock or by an Act of Congress or unless its franchises become forfeited by some violation of law; to make contracts; to sue and be sued, complain, and defend in any court of law or equity; to elect or appoint directors, all of whom shall be citizens of the United States; and, by its board of directors, to appoint such officers and employees as may be deemed proper, define their authority and duties, require bonds

[\$ 25(a),
§ 4]

of them, and fix the penalty thereof, dismiss such officers or employees, or any thereof, at pleasure and appoint others to fill their places; to prescribe, by its board of directors, bylaws not inconsistent with law or with the regulations of the Board regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers and employees appointed, its property transferred, and the privileges granted to it by law exercised and enjoyed.

"(d) Each corporation so organized shall have power, under such rules and regulations as the Board may prescribe,

[\$ 25(a),
¶¶ 5, 6]

"(1) to purchase, sell, discount, and negotiate, with or without its endorsement or guaranty, notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness;

"(2) to purchase and sell, with or without its endorsement or guaranty, securities, including obligations of the United States or of any State thereof but not including shares of stock in any corporation except as herein provided;

"(3) to accept bills or drafts drawn upon it subject to such limitations and restrictions as the Board may impose;

"(4) to issue letters of credit;

"(5) to purchase and sell coin, bullion, and exchange;

"(6) to borrow and to lend money;

"(7) to issue debentures, bonds, and promissory notes under such general conditions as to security and such other limitations as the Board may prescribe, except that liabilities outstanding thereon at any one time shall not exceed ten times its capital stock and surplus;

"(8) to receive deposits outside of the United States and to receive only such deposits within the United States as may be incidental to or for the purpose of carrying out transactions in foreign countries or in Puerto Rico or dependencies or insular possessions of the United States; and

"(9) generally to exercise such powers as are incidental to the powers conferred by this Act or as may be usual, in the determination of the Board, in connection with the transaction of the business of banking or other financial operations in the places in which it shall transact business and not inconsistent with the powers specifically granted herein.

"(e) Nothing contained in this section shall be construed to prohibit the Board, under its power to prescribe rules and regulations, from limiting the aggregate amount of liabilities of any or all classes incurred by the corporation and outstanding at any one time.

[§ 25(a),
¶ 6]

"(f) Whenever a corporation organized under this section receives deposits in the United States authorized by this section, it shall carry reserves in such amounts as the Board may prescribe, but in no event less than 10 per centum of its deposits.

[§ 25(a),
¶ 6]

"(g) A corporation organized under this section may establish and maintain for the transaction of its business branches or agencies in foreign countries and their dependencies or colonies, and in Puerto Rico and the dependencies or insular possessions of the United States, at such places as may be approved by the Board and under such rules and regulations as it may prescribe, including countries or dependencies not specified in the original organization certificate.

[§ 25(a),
¶ 7]

[# 72-G]

"(h) With the consent of the Board, a corporation organized under this section may purchase and hold stock or other certificates of ownership in any other corporation organized under the provisions of this section, or under the laws of any foreign country or a colony or dependency thereof, or under the laws of any State, Puerto Rico, or a dependency or insular possession of the United

[§ 25(a),
¶ 8]

[# 72-G]

States but not engaged in the general business of buying or selling goods, wares, merchandise, or commodities in the United States, and not transacting any business in the United States except such as in the judgment of the Board may be incidental to its international or foreign business: Provided, however, That, except with the approval of the Board, no corporation organized hereunder shall invest in any one corporation in an amount in excess of 10 per centum of its own capital and surplus, except in a corporation engaged in the business of banking, when 15 per centum of its capital and surplus may be so invested: Provided further, That no corporation organized hereunder shall purchase, own, or hold stock or certificates of ownership in any other corporation organized hereunder or under the laws of any State which is in substantial competition therewith, or which holds stock or certificates of ownership in corporations which are in substantial competition with the purchasing corporation.

"(i) Nothing contained herein shall prevent corporations organized hereunder from purchasing and holding stock in any corporation where such purchase shall be necessary to prevent a loss upon a debt previously contracted in good faith; and stock so purchased or acquired in corporations organized under this section shall within six months from such purchase be sold or disposed of at public or private sale unless the time to so dispose of same is extended by the Board. [§ 25(a), ¶ 9]

"(j) No corporation organized under this section [§ 25(a),
¶ 10]
shall carry on any part of its business in the United
States except such as, in the judgment of the Board, shall
be incidental to its international or foreign business:
Provided, That, except such as is incidental and preliminary
to its organization, no such corporation shall exercise any
of the powers conferred by this section until it has been
duly authorized by the Board to commence business as a
corporation organized under the provisions of this section.

"(k) No corporation organized under this section [§ 25(a),
¶ 11]
shall engage in commerce or trade in commodities except as
specifically provided in this section, nor shall it either
directly or indirectly control or fix or attempt to control
or fix the price of any such commodities. The charter of
any corporation violating this provision shall be subject
to forfeiture in the manner hereinafter provided in this
section. It shall be unlawful for any director, officer,
agent, or employee of any such corporation to use or to
conspire to use the credit, the funds, or the power of the
corporation to fix or control the price of any such com-
modities, and any such person violating this provision
shall be liable to a fine of not less than \$1,000 and not
exceeding \$5,000 or imprisonment not less than one year
and not exceeding five years, or both, in the discretion
of the court.

"(1) No corporation shall be organized under the provisions of this section with a capital stock of less than \$2,000,000. One-quarter of the capital stock of such corporation shall be paid in before the corporation may be authorized to begin business, and the remainder of such stock shall be paid in instalments of at least 10 per centum of the total amount of such subscribed capital stock at least as frequently as one instalment at the end of each succeeding two months from the time of the commencement of its business operations until the whole of the capital stock shall be paid in: Provided, however, That, whenever \$2,000,000 of the capital stock of any corporation shall have been paid in, the remainder of the capital stock or any unpaid part of such remainder may, with the consent of the Board and subject to such regulations and conditions as it may prescribe, be paid in upon call from the board of directors; such unpaid subscriptions, however, to be included in the maximum of 10 per centum of the national bank's capital and surplus which a national bank is permitted under the provisions of this Act to hold in stock of corporations engaged in business of the kind described in this section and in section 1001 of this Act: Provided further, That no such corporation shall have liabilities outstanding at any one time upon its debentures, bonds, and promissory notes in

[§ 25(a),
¶ 12]

excess of ten times its paid-in capital and surplus. The capital stock of any such corporation may be increased at any time, with the approval of the Board, by a vote of two-thirds of its shareholders or by unanimous consent in writing of the shareholders without a meeting and without a formal vote, but any such increase of capital shall be fully paid in within ninety days after such approval and may be reduced in like manner, provided that in no event shall it be less than \$2,000,000. No corporation, except as herein provided, shall, during the time it shall continue its operations, withdraw or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital.

[# 72-C]

[# 72-A]

"(m) A majority of the shares of the capital stock of any such corporation shall at all times be held and owned by citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States or of a State of the United States, or by firms or companies, the controlling interest in which is owned by citizens of the United States.

[\$ 25(a),
¶ 13]

"(n) No member of the Board of Governors shall be an officer or director of any corporation organized under this section or of any corporation engaged in similar business organized under the laws of any State, nor hold

[\$ 25(a),
¶ 14]

stock in any such corporation, and before entering upon his duties as a member of the Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement.

"(o) Shareholders in any corporation organized under this section shall be liable for the amount of their unpaid stock subscriptions. No such corporations shall become a member of any Federal Reserve Bank. [§ 25(a), ¶ 15]

"(p) Should any corporation organized hereunder violate or fail to comply with any of the provisions of this section, all of its rights, privileges, and franchises derived herefrom may thereby be forfeited. Before any such corporation shall be declared dissolved, or its rights, privileges, and franchises forfeited, any noncompliance with, or violation of, such laws shall be determined and adjudged by a court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which the home office of such corporation is located, which suit shall be brought by the United States at the instance of the Board or the Attorney General. Upon adjudication of such noncompliance or violation, each director and officer who participated in, or assented to, the illegal act or acts shall be liable in his personal or individual capacity for all damages which the said corporation shall have sustained in consequence [§ 25(a), ¶ 16]

thereof. No dissolution shall take away or impair any remedy against the corporation, its stockholders, or officers for any liability or penalty previously incurred.

"(q) Any such corporation may go into voluntary liquidation and be closed by a vote of its shareholders owning two-thirds of its stock.

[§ 25(a),
¶ 17]

"(r) Whenever the Board shall become satisfied of the insolvency of any such corporation, it may appoint a receiver who shall take possession of all of the property and assets of the corporation and exercise the same rights, privileges, powers, and authority with respect thereto as are now exercised by receivers of national banks appointed by the Comptroller of the Currency of the United States: Provided, however, That the assets of the corporation subject to the laws of other countries or jurisdictions shall be dealt with in accordance with the terms of such laws.

[§ 25(a),
¶ 18]

"(s) Every corporation organized under this section shall hold a meeting of its stockholders annually upon a date fixed in its bylaws, such meeting to be held at its home office in the United States. Every such corporation shall keep at its home office books containing the names of all stockholders thereof, and the names and addresses of the members of its board of directors, together with copies of all reports made by it to the Board. Every such

[§ 25(a),
¶ 19]

corporation shall make reports to the Board at such times and in such form as it may require and shall be subject to examination once a year, and at such other times as may be deemed necessary by the Board, by examiners appointed by the Board, the cost of such examinations, including the compensation of the examiners, to be fixed by the Board and to be paid by the corporation examined.

"(t) The directors of any corporation organized under [§ 25(a),
¶ 20] this section may, semiannually, declare a dividend of so much of the net profits of the corporation as they shall judge expedient; but each corporation shall, before the declaration of a dividend, carry one-tenth of its net profits of the preceding half year to its surplus fund until the same shall amount to 20 per centum of its capital stock.

"(u) Any corporation organized under this section [§ 25(a),
¶ 21] shall be subject to tax by the State within which its home office is located in the same manner and to the same extent as other corporations organized under the laws of that State which are transacting a similar character of business. The shares of stock in such corporation shall also be subject to tax as the personal property of the owners or holders thereof in the same manner and to the same extent as the shares of stock in similar State corporations.

"(v) Any corporation organized under this section may at any time within the two years next previous to the date of the expiration of its corporate existence, by a vote of the shareholders owning two-thirds of its stock, apply to the Board for its approval to extend the period of its corporate existence for a term of not more than twenty years, and upon certified approval of the Board such corporation shall have its corporate existence for such extended period unless sooner dissolved by the act of the shareholders owning two-thirds of its stock, or by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

[§ 25(a),
§ 22]

"(w) Any bank or banking institution principally engaged in foreign business, incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States, and having an unimpaired capital sufficient to entitle it to become a corporation under the provisions of this section, may, by the vote of the shareholders owning not less than two-thirds of the capital stock of such bank or banking association, with the approval of the Board, be converted into a Federal corporation of the kind authorized by this section with any name approved by the Board:

[§ 25(a),
§ 23]

Provided, however, That said conversion shall not be in contravention of the State law. In such case the articles

of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of at least two-thirds of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a Federal corporation. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a Federal corporation. The shares of any such corporation may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the corporation until others are elected or appointed in accordance with the provisions of this section. When the Board has given to such corporation a certificate that the provisions of this section have been complied with, such corporation and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by this section for corporations originally organized hereunder.

"(x) Every officer, director, clerk, employee, or agent of any corporation organized under this section who

[§ 25(a),
§ 24]

embezzles, abstracts, or willfully misapplies any of the moneys, funds, credits, securities, evidences of indebtedness or assets of any character of such corporation; or who, without authority from the directors, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, debenture, draft, bill of exchange, mortgage, judgment, or decree; or who makes any false entry in any book, report, or statement of such corporation with intent, in either case, to injure or defraud such corporation or any other company, body politic or corporate, or any individual person, or to deceive any officer of such corporation, the Board, or any agent or examiner appointed to examine the affairs of any such corporation; and every receiver of any such corporation and every clerk or employee of such receiver who shall embezzle, abstract, or willfully misapply or wrongfully convert to his own use any moneys, funds, credits, or assets of any character which may come into his possession or under his control in the execution of his trust or the performance of the duties of his employment; and every such receiver or clerk or employee of such receiver who shall, with intent to injure or defraud any person, body politic or corporate, or to deceive or mislead the Board, or any agent or examiner appointed to examine the affairs of such receiver, shall make any false

entry in any book, report, or record of any matter connected with the duties of such receiver; and every person who with like intent aids or abets any officer, director, clerk, employee, or agent of any corporation organized under this section, or receiver or clerk or employee of such receiver as aforesaid in any violation of this section, shall upon conviction thereof be imprisoned for not less than two years nor more than ten years, and may also be fined not more than \$5,000, in the discretion of the court.

"(y) Whoever being connected in any capacity with any [§ 25(a),
¶ 25] corporation organized under this section represents in any way that the United States is liable for the payment of any bond or other obligation, or the interest thereon, issued or incurred by any corporation organized hereunder, or that the United States incurs any liability in respect of any act or omission of the corporation, shall be punished by a fine of not more than \$10,000 and by imprisonment for not more than five years.

"§ 1003. Jurisdiction of suits

[# 74]

"Notwithstanding any other provision of law, all suits [§ 25(b),
¶ 1] of a civil nature at common law or in equity to which any corporation organized under the laws of the United States shall be a party, arising out of transactions involving international or foreign banking, or banking in Puerto Rico or a dependency or insular possession of the United States,

or out of other international or foreign financial operations, either directly or through the agency, ownership, or control of branches or local institutions in Puerto Rico or dependencies or insular possessions of the United States or in foreign countries, shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and any defendant in any such suit may, at any time before the trial thereof, remove such suits from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law. Such removal shall not cause undue delay in the trial of such case and a case so removed shall have a place on the calendar of the United States court to which it is removed relative to that which it held on the State court from which it was removed."

§ 2. Terms of Board members in office on date of Act

[# 29-D]

The term of each member of the Board of Governors of the Federal Reserve System in office on the date of enact- [NEW] ment of this Act shall expire on June 30 of the year following the year in which his term would have expired in accordance with his appointment. The terms as Chairman and Vice Chairman of the members of such Board serving as such on the date of enactment of this Act shall expire on June 30 of the year following enactment of this Act in which the term of the President shall expire.

§ 3. Continuance of existing Federal Reserve districts and Federal Reserve Banks

[# 2]

The Federal Reserve districts in existence on the [§ 2, ¶ 1] date of enactment of this Act, numbered from 1 to 12, together with the twelve Federal Reserve cities and Federal Reserve Banks located therein, are hereby continued.

§ 4. Repeal of certain provisions

The following provisions of law are repealed:

[# 1-F]

(a) Section 2(b) of the Banking Act of 1933, as amended (12 U.S.C. 221a);

[# 79]

(b) Section 20 of the Banking Act of 1933 (12 U.S.C. 377);

[# 79]

(c) Section 32 of the Banking Act of 1933 (12 U.S.C. 78);

[# 26]

(d) Section 5208 of the Revised Statutes (12 U.S.C. 501); and

[# 20-A;

20-C]

[# 67]

(e) The fourth and sixth paragraphs of section 5240 of the Revised Statutes (12 U.S.C. 483, 485).

§ 5. Grounds for appointment of receivers of national banks

[# 5-G]

Section 1 of the Act of June 30, 1876, as amended (12 U.S.C. 191), is further amended to read as follows:

"Whenever (a) any national banking association shall be dissolved, and its rights, privileges, and franchises declared forfeited, as prescribed in section 5239 of the Revised Statutes (12 U.S.C. 93), or (b) any creditor of any national banking association shall have obtained a judgment against it in any court of record, and made application, accompanied by a certificate from the clerk of the court stating that such judgment has been rendered and has remained unpaid for the space of thirty days, or (c) the Comptroller of the Currency shall become satisfied of the insolvency of a national banking association, or (d) a national bank shall have discontinued its banking operations for a period of sixty days and the Comptroller deems it advisable to appoint a receiver for such bank, he may, after due examination of its affairs, in either case, appoint a receiver who shall proceed to close up such association."

§ 6. Aggregate liabilities of national banks

[# 49]

Section 5202 of the Revised Statutes, as amended [§ 13, ¶ 9] (12 U.S.C. 82), is further amended by deleting subparagraph "Tenth" reading as follows:

"Tenth. Liabilities incurred under the provisions of section 13b of the Federal Reserve Act."

§ 7. Examinations of national banks and affiliates

(a) The first sentence of the third paragraph of section 5240 of the Revised Statutes, as amended (12 U.S.C. 482), is amended to read as follows:

[# 66]

"The Comptroller of the Currency shall fix the salaries of all examiners appointed by him and shall make report thereof to Congress."

(b) The eighth paragraph of section 5240 of the Revised Statutes (12 U.S.C. 486) is amended to read as follows:

[# 21]

"Whenever any national bank is required to obtain reports from affiliates, or whenever affiliates of national banks are required to submit to examination, the Comptroller of the Currency may waive such requirements with respect to any such report or examination of any affiliate if in his judgment such report or examination is not necessary to disclose fully the relations between such affiliate and such bank and the effect thereof upon the affairs of such bank."

§ 8. Number of directors of national banks

Section 31 of the Banking Act of 1933 (12 U.S.C. 71a) is amended to read as follows:

[# 78]

"SEC. 31. Notwithstanding any other provision of law, the board of directors, board of trustees, or other similar governing body of every national bank shall consist of not less than five nor more

than twenty-five members. If any national bank violates the provisions of this section and continues such violation after thirty days' notice from the Comptroller of the Currency, the said Comptroller may appoint a receiver or conservator therefor, in accordance with the provisions of existing law."

§ 9. Impairment of capital of national banks

[# 16]

Section 345 of the Banking Act of 1935 (12 U.S.C. 51b-1) is amended by striking out the second sentence thereof, which reads as follows:

"If any such bank or trust company shall have outstanding any capital notes or debentures of the type which the Reconstruction Finance Corporation is authorized to purchase pursuant to the provisions of section 304 of the Emergency Banking and Bank Conservation Act, approved March 9, 1933, as amended, the capital of such bank may be deemed to be unimpaired if the sound value of its assets is not less than its total liabilities, including capital stock, but excluding such capital notes or debentures and any obligations of the bank expressly subordinated thereto."

§ 10. Redemption of currency not identifiable as to bank of issue

[# 60-M]

The Act of June 13, 1933 (48 Stat. 127; 12 U.S.C. 121a, 122a), is amended to read as follows:

"SEC. 1. Whenever any national bank notes or Federal Reserve Bank notes are presented to the Treasurer of the United States for redemption and such notes cannot be identified as to the bank of

issue or the bank through which issued, the Treasurer of the United States may redeem such notes under such rules and regulations as the Secretary of the Treasury may prescribe, and the notes so redeemed shall be forwarded to the Comptroller of the Currency for cancellation and destruction.

"SEC. 2. National bank notes and Federal Reserve Bank notes redeemed by the Treasurer of the United States under this Act shall be charged against the balance of deposits for the retirement of national bank notes and Federal Reserve Bank notes."

§ 11. Loans to bank examiners

[# 80]

Section 212 of the United States Criminal Code (18 U.S.C. 212) is amended by adding at the end thereof the following paragraph:

"Nothing contained herein or in section 213 of this title shall prohibit any such officer, director, or employee from making, or an examiner or assistant examiner from accepting, from any such bank, corporation, member, institution, association, or organization, a loan in an amount not exceeding \$30,000 that is secured by a first lien on a home owned and occupied or to be owned and occupied by such examiner or assistant examiner, but no examiner or assistant examiner to whom such a loan is made shall, as long as the loan remains outstanding, participate in any examination of the institution by which the loan was made."

§ 12. National banks as insurance agents or real estate loan brokers

[# 50]

In addition to the powers now vested by law in [§ 13, ¶ 11] national banks, any such bank located and doing business in any place the population of which does not exceed five thousand inhabitants, as shown by the last preceding decennial census, may, under such rules and regulations as may be prescribed by the Comptroller of the Currency, act as the agent for any fire, life, or other insurance company authorized by the authorities of the State in which such bank is located to do business in said State, by soliciting and selling insurance and collecting premiums on policies issued by such company; and may receive for services so rendered such fees or commissions as may be agreed upon between the bank and the insurance company for which it may act as agent; and may also act as the broker or agent for others in making or procuring loans on real estate located within one hundred miles of the place in which the bank may be located, receiving for such services a reasonable fee or commission: Provided, however, That no such bank shall in any case guarantee either the principal or interest of any such loans or assume or guarantee the payment of any premium on insurance policies issued through its agency by its principal: And provided further, That the bank shall not guarantee the truth of any statement made by an assured in filing his application for insurance.

§ 13. Real estate loans by national banks

(a) Any national bank may make real estate loans [§ 24, ¶ 1]

[# 70-A]

secured by first liens upon improved real estate, including improved farm land and improved business and residential properties. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument upon real estate, which shall constitute a first lien on real estate in fee simple or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold under a lease which does not expire for at least ten years beyond the maturity date of the loan, and any national bank may purchase any obligation so secured in whole or in part and at any time or times prior to the maturity of such obligation. The amount of any such loan hereafter made shall not exceed 50 per centum of the appraised value of the real estate offered as security and no such loan shall be made for a longer term than five years; except that (1) any such loan may be made in an amount not to exceed $66\frac{2}{3}$ per centum of the appraised value of the real estate offered as security and for a term not longer than ten years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the instalment payments are sufficient to amortize 40 per centum or more of the principal of the loan within a period

of not more than ten years, and (2) any such loan may be made in an amount not to exceed $66\frac{2}{3}$ per centum of the appraised value of the real estate offered as security and for a term not longer than twenty years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within a period of not more than twenty years, and (3) any such loan may be made in an amount not to exceed 80 per centum of the appraised value of the real estate offered as security and for a term not longer than twenty-five years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity, and (4) the foregoing limitations and restrictions shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans which are insured under the provisions of title II, title VI, title VIII, section 8 of title I, or title IX of the National Housing Act or which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act, or the Act entitled "An Act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities

for water storage and utilization, and for other purposes", approved August 28, 1937, as amended, or title V of the Housing Act of 1949, as amended, or which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act, and shall not apply to real estate loans which are fully guaranteed or insured by a State, or by a State authority for the payment of the obligations of which the faith and credit of the State is pledged, if under the terms of the guaranty or insurance agreement the bank will be assured of repayment in accordance with the terms of the loan. Notwithstanding the foregoing limitations and restrictions in this section, any national bank may make loans or purchase obligations for land development which are secured by mortgages insured under title X of the National Housing Act or guaranteed under title IV of the Housing and Urban Development Act of 1968. No such bank shall make such loans in an aggregate sum in excess of the amount of the capital stock of such bank paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 70 per centum of the amount of its time and savings deposits, whichever is the greater. Any such bank may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such bank may pay upon such time deposits or upon savings or other deposits shall

not exceed the maximum rate authorized by law to be paid upon such deposits by State banks or trust companies organized under the laws of the State in which such bank is located.

(b) Any national bank may make real estate loans [§ 24, ¶ 2] secured by first liens upon forest tracts which are properly managed in all respects. Such loans shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument; and any national bank may purchase any obligation so secured in whole or in part and at any time or times prior to the maturity of such obligation. The amount of any such loan shall not exceed 60 per centum of the appraised fair market value of the growing timber, lands, and improvements thereon offered as security and the loan shall be made upon such terms and conditions as to assure that at no time shall the loan balance exceed 60 per centum of the original appraised total value of the property then remaining. No such loan shall be made for a longer term than three years; except that any such loan may be made for a term not longer than fifteen years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the instalment payments are sufficient to amortize the principal of the loan within a period of not more than fifteen years and at a rate of at least 6-2/3 per

centum per annum. All such loans secured by first liens upon forest tracts shall be included in the permissible aggregate of all real estate loans prescribed in the preceding paragraph, but no national bank shall make forest-tract loans in an aggregate sum in excess of 50 per centum of its capital stock paid in and unimpaired plus 50 per centum of its unimpaired surplus fund.

(c) Loans made to finance the construction of industrial or commercial buildings and having maturities of not to exceed thirty-six months where there is a valid and binding agreement entered into by a financially responsible lender to advance the full amount of the bank's loan upon the completion of the buildings and loans made to finance the construction of residential or farm buildings and having maturities of not to exceed thirty-six months, shall not be considered as loans secured by real estate within the meaning of this section but shall be classed as ordinary commercial loans whether or not secured by a mortgage or similar lien on the real estate upon which the building or buildings are being constructed: Provided, That no national bank shall invest in, or be liable on, any such loans in an aggregate amount in excess of 100 per centum of its actually paid-in and unimpaired capital plus 100 per centum of its unimpaired surplus fund.

[# 70-B]

[\$ 24, ¶ 3]

[# 70-C]

(d) Loans made to established industrial or commercial businesses in which the Secretary of Housing and Urban Development cooperates or purchases a participation under the provisions of section 102 or 102a of the Housing Act of 1948, as amended, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate. Loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred basis under the Small Business Act shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate. Home improvement loans which are insured under the provisions of section 203(k) or 220(h) of the National Housing Act may be made without regard to the first lien requirements of this section. [§ 24, § 4]

(e) Where the bank (1) looks for repayment of loans to any borrower by relying primarily on the borrower's general credit standing and forecast of income, with or without other security, or (2) relies on other security as collateral for the loans (including but not limited to a guaranty of a third party), and where, in either case described in clause (1) or (2) above, the bank wishes to take a mortgage, deed of trust, or other instrument upon real estate (whether or not constituting a first lien) as a precaution against contingencies, such loans shall not be considered as real estate loans within the meaning of this section but shall be classed as ordinary non-real-estate loans.

§ 14. Investments by national banks in bank premises

No national bank, without the approval of the Comptroller of the Currency, shall

[§ 24A]

[# 71-E]

(1) directly or indirectly invest in bank premises,

(2) directly or indirectly invest in the stock, bonds, debentures, or other such obligations of any corporation holding the premises of such bank, or

(3) make loans to or upon the security of the stock of any such corporation,

if the aggregate of all such investments (less accumulated depreciation as determined in accordance with generally accepted accounting principles) and loans, together with the amount of any indebtedness incurred by any such corporation which is an affiliate of the bank, will exceed 50 per centum of the amount of the capital stock and surplus of such bank.

§ 15. Recapture of gold

[# 42]

Whenever in the judgment of the Treasury such action is necessary to protect the currency system of the United States, the Secretary of the Treasury, in his discretion, may require any or all individuals, partnerships, associations, and corporations to pay and deliver to the Treasurer of the United States any or all gold coin, gold bullion,

[§ 11(n)]

and gold certificates owned by such individuals, partnerships, associations, and corporations. Upon receipt of such gold coin, gold bullion, or gold certificates, the Secretary of the Treasury shall pay therefor an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States. The Secretary of the Treasury shall pay all costs of the transportation of such gold bullion, gold certificates, coin, or currency, including the cost of insurance, protection, and such other incidental costs as may be reasonably necessary. Any individual, partnership, association, or corporation failing to comply with any requirement of the Secretary of the Treasury made under this section shall be subject to a penalty equal to twice the value of the gold or gold certificates in respect of which such failure occurred, and such penalty may be collected by the Secretary of the Treasury by suit or otherwise.

§ 16. Federal Reserve Banks as depositories and fiscal agents for Federal Intermediate Credit Banks

The Federal Reserve Banks are hereby authorized to act as depositories for and fiscal agents of any Federal Intermediate Credit Bank. [§ 15, ¶ 3]

[# 45-J]

§ 17. Changes in references to Federal Reserve Act

(a) Subsection (a) of section 2 of the Banking Act of 1933 (12 U.S.C. 221a) is amended to read as follows:

"(a) The terms 'national bank', 'member bank', 'Board', 'district', and 'Reserve Bank' shall have the meanings assigned to them in section 102 of the Federal Reserve Act, as amended."

(b) The first sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by changing the words "section 19 of the Federal Reserve Act" to read "section 902 of the Federal Reserve Act".

(c) Section 18(j) of the Federal Deposit Insurance Act (12 U.S.C. 1828(j)) is amended to read as follows:

"(j) The provisions of section 904 of the Federal Reserve Act, as amended, relating to loans and other dealings between member banks and their affiliates, shall be applicable to every nonmember insured bank in the same manner and to the same extent as if such nonmember insured bank were a member bank; and for this purpose any company which would be an affiliate of a nonmember insured bank, within the meaning of section 102 of the Federal Reserve Act, as amended, if such bank were a member bank shall be deemed to be an affiliate of such nonmember insured bank."

(d) Paragraph (3) of section 8 of the Clayton Anti-trust Act (15 U.S.C. 19) is amended by changing the words "section 25 of the Federal Reserve Act" to read "section 1001 of the Federal Reserve Act, as amended".

(e) Section 2(c) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1481), is amended by changing the words "section 25 or section 25(a) of the Federal Reserve Act" to read "section 1001 or section 1002 of the Federal Reserve Act, as amended".

(f) Section 2(h) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1841), is amended by changing the words "section 23A of the Federal Reserve Act" to read "section 904 of the Federal Reserve Act".

(g) Section 2(a) of the Gold Reserve Act of 1934, as amended (31 U.S.C. 441), is amended by changing the words "the sixteenth paragraph of section 16 of the Federal Reserve Act, as heretofore and by this Act amended" to read "section 605 of the Federal Reserve Act, as amended".

(h) Section 6 of the Gold Reserve Act of 1934, as amended (31 U.S.C. 408a), is amended by changing the words "section 16 of the Federal Reserve Act, as heretofore and by this Act amended" to read "section 905 of the Federal Reserve Act, as amended".

(i) Paragraph (6) of section 3(a) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c), is amended by changing the words "section 11(k) of the Federal Reserve Act, as amended" to read "the Act of September 28, 1962 (76 Stat. 668)".

(j) Section 1306 of the Criminal Code (18 U.S.C. 1306) is amended by changing the words "section 9A of the Federal Reserve Act" to read "section 811 of the Federal Reserve Act, as amended".

APPENDIX B

Correlation Table

(Showing disposition made of sections and paragraphs of present Federal Reserve Act by proposed revision of that Act)

Asterisks after references to draft bill indicate provisions in which changes would be made other than changes of a purely editorial nature.

References to sections designated by more than two digits (e.g., § 401, § 1002) are to sections of the Federal Reserve Act as revised by section one of the draft bill; other references are to subsequent sections of the draft bill.

Provisions of present law indicated as "omitted" but followed by a parenthetical reference to a section of the Revised Statutes (R.S.) would not be repealed but would no longer be included in the Federal Reserve Act.

Provisions of present law indicated as "omitted but re-enacted" would not be repealed but would be withdrawn from the Federal Reserve Act and re-enacted by the specified sections of the draft bill.

Correlation Table

<u>Present</u> <u>F.R. Act</u>	<u>Draft</u> <u>Bill</u>	<u>Present</u> <u>F.R. Act</u>	<u>Draft</u> <u>Bill</u>
<u>Sec. 1:</u>		<u>Sec. 4 (cont.):</u>	
¶ 1	§ 101	¶ 12	§ 504(f)
¶ 2	Omitted	¶ 13	§ 504(j)
¶ 3	§ 102*	¶ 14	§ 504(e)
<u>Sec. 2:</u>		¶ 15	§ 504(f)
¶ 1	§§ 3, 501, 701*	¶ 16	§ 504(i)
¶ 2	Omitted	¶ 17	§ 504(i)
¶ 3	"	¶ 18	§ 504(d)
¶ 4	"	¶ 19	§ 504(i)
¶ 5	"	¶ 20	§§ 504(f), (g), (h), 505(a)*
¶ 6	§ 702*	¶ 21	§ 505(b)
¶ 7	§ 702	¶ 22	§ 507
¶ 8	Omitted	¶ 23	Omitted
¶ 9	"	¶ 24	§§ 504(b), (c)
¶ 10	"	<u>Sec. 5</u>	§ 503*
¶ 11	"	<u>Sec. 6:</u>	
¶ 12	"	¶ 1	§ 503(d)*
¶ 13	"	¶ 2	§ 503(d)*, partially re-enacted in § 5*
<u>Sec. 3:</u>		<u>Sec. 7:</u>	
¶ 1	§ 509(a)	¶ 1	§ 510(a)*
¶ 2	§ 509(b)	¶ 2	§ 510(b)
¶ 3	§ 509(c)	¶ 3	§ 514*
<u>Sec. 4:</u>		<u>Sec. 8</u>	Omitted (R.S. 5154)
¶ 1	Omitted	<u>Sec. 9:</u>	
¶ 2	"	¶ 1	§ 801(a)*
¶ 3	"	¶ 2	§ 801(d)
¶ 4	§§ 502*, 506	¶ 3	§ 804(a)*
¶ 5	Omitted	¶ 4	§ 801(c)
¶ 6	§ 504(a)	¶ 5	Omitted
¶ 7	§ 504(a)	¶ 6	§§ 809(a), 805(a), (b)*
¶ 8	§§ 504(a), 602(b)*		
¶ 9	§ 504(b)*		
¶ 10	§ 504(d)		
¶ 11	§ 504(e)		

Present
F.R. Act

Draft
Bill

Sec. 9 (cont.):

¶ 7	§ 806(a)*
¶ 8	§§ 806(b)*, (c), (e)
¶ 9	§ 812(b)*
¶ 10	§§ 812(a)*, (c), 503(d)
¶ 11	§ 803
¶ 12	Omitted
¶ 13	§ 802*
¶ 14	§ 903(d)*
¶ 15	Omitted
¶ 16	"
¶ 17	§ 805*
¶ 18	§ 805
¶ 19	§ 805(b)*
¶ 20	§ 809(b)
¶ 21	§ 810
¶ 22	§§ 806(d), (e)

Sec. 9A

§ 811

Sec. 10:

¶ 1	§§ 201(a)*, (b)
¶ 2	§§ 201(a), (b), (c)*, (d)
¶ 3	§§ 202(b), 203(b)
¶ 4	§§ 203(a), 201(d), 202(c), (a), 201(a), (b)
¶ 5	§ 201(a)
¶ 6	Omitted
¶ 7	§ 206(a)
¶ 8	Omitted (R.S. 324)
¶ 9	"
¶ 10	§ 206(b)

Sec. 10(a)

Omitted

Sec. 10(b)

"

Present
F.R. Act

Draft
Bill

Sec. 11:

¶ 1	Omitted
¶ 2	§§ 512(a), (b)*
¶ 3	Omitted
¶ 4	§ 901(e)*
¶ 5	§ 604(1)
¶ 6	Omitted
¶ 7	§ 508
¶ 8	§ 512(c)
¶ 9	§ 513
¶ 10	§§ 505(c), 204*
¶ 11	§ 511
¶ 12	§ 205
¶ 13	§ 202(a)*
¶ 14	§ 906*
¶ 15	Omitted but re- enacted in § 15

Sec. 12:

¶ 1	§ 301
¶ 2	§ 302*

Sec. 12A:

¶ 1	§ 401
¶ 2	§ 402
¶ 3	§ 403

Sec. 13:

¶ 1	§§ 601(a), (b), (c)*
¶ 2	Omitted
¶ 3	"
¶ 4	"
¶ 5	"
¶ 6	"
¶ 7	§ 907*
¶ 8	Omitted
¶ 9	Omitted (R.S. 5202) [See § 6]
¶ 10	Omitted
¶ 11	Omitted but re- enacted in § 12
¶ 12	Omitted
¶ 13	§ 602(c)

Present
F.R. Act

Draft
Bill

Sec. 13a

Omitted

Sec. 14:

¶ 1	§ 603(a)*
¶ 2	§ 606*
¶ 3	§§ 603(a), (b)*
¶ 4	Omitted
¶ 5	§ 602(d)*
¶ 6	§ 607*
¶ 7	§ 603(a)*
¶ 8	§ 608

Sec. 15:

¶ 1	§ 601(d)*
¶ 2	Omitted
¶ 3	§ 16

Sec. 16:

¶ 1	§ 604(a)*
¶ 2	§§ 604(b), (c)*, (d)
¶ 3	§§ 604(g), (i)*
¶ 4	§§ 604(a), (b)*
¶ 5	§ 604(f)*
¶ 6	§§ 604(c)*, (f)
¶ 7	§ 604(e)
¶ 8	§ 604(i)*
¶ 9	§ 604(i)*
¶ 10	§§ 604(j), (k)*
¶ 11	§ 604(j)*
¶ 12	Omitted
¶ 13	§§ 601(a), (c)*
¶ 14	§§ 601(a), (c)*
¶ 15	§ 605(a)*
¶ 16	§ 605(b)
¶ 17	Omitted

17 Omitted (R.S. 5159)

18 Omitted

Present
F.R. Act

Draft
Bill

Sec. 19:

¶ 1	§ 902(d)*
¶ 2	§ 901(a)*
¶ 3	§ 901(c)
¶ 4	§§ 903(b), 910
¶ 5	§§ 908, 909, 903(c)
¶ 6	§ 901(d)
¶ 7	§ 901(b)
¶ 8	§ 801(b)*
¶ 9	§§ 902(a)*, (c)
¶ 10	§§ 902(b), (c)

Sec. 20

Omitted

Sec. 21 [R.S. 5240]:

¶ 1	Omitted
¶ 2	Omitted (R.S. 5240)
¶ 3	" (R.S. 5240)
¶ 4	" (R.S. 5240)
	[But see § 7(a)]
¶ 5	§ 806(c)*
¶ 6	Omitted (R.S. 5240)
¶ 7	§ 512(a)
¶ 8	Omitted (R.S. 5240)
¶ 9	" (R.S. 5240)
	[But see § 7(b)]

Sec. 22:

¶ 1	§ 903(b)
¶ 2	§ 903(b)
¶ 3	§ 903(c)
¶ 4	§ 903(e)
¶ 5	§ 903(a)

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Sec. 23A:

¶ 1	§ 904(a)*
¶ 2	§ 904(b)*
¶ 3	§ 904(c)*
¶ 4	§§ 904(c), (d)*
¶ 5	Omitted
¶ 6	§ 904(c)*

Present
F.R. Act

Draft
Bill

Sec. 24:

¶ 1	Omitted but re-
	enacted in § 13(a)
¶ 2	Omitted but re-
	enacted in § 13(b)
¶ 3	Omitted but re-
	enacted in § 13(c)*
¶ 4	Omitted but re-
	enacted in § 13(d)*
¶ 5	Omitted but re-
	enacted in § 13(e)

Sec. 24A

§§ 803* and 14*

Sec. 25:

¶ 1	§ 1001(a)
¶ 2	§ 1001(a)*
¶ 3	§ 1001(a)*
¶ 4	§ 1001(a)*
¶ 5	Omitted
¶ 6	§ 1001(b)
¶ 7	§ 1001(c)
¶ 8	§ 1001(d)*
¶ 9	§ 1001(c)
¶ 10	§ 1001(f)

Sec. 25(a):

¶ 1	§ 1002(a)*
¶ 2	§ 1002(b)
¶ 3	§ 1002(b)
¶ 4	§ 1002(c)
¶ 5	§ 1002(d)
¶ 6	§§ 1002(d), (e), (f)
¶ 7	§ 1002(g)
¶ 8	§ 1002(h)
¶ 9	§ 1002(i)
¶ 10	§ 1002(j)
¶ 11	§ 1002(k)
¶ 12	§ 1002(l)*

Present
F.R. Act

Draft
Bill

Sec. 25(a) (cont.):

¶ 13	§ 1002(m)
¶ 14	§ 1002(n)
¶ 15	§ 1002(o)
¶ 16	§ 1002(p)
¶ 17	§ 1002(q)
¶ 18	§ 1002(r)
¶ 19	§ 1002(s)
¶ 20	§ 1002(t)
¶ 21	§ 1002(u)
¶ 22	§ 1002(v)
¶ 23	§ 1002(w)
¶ 24	§ 1002(x)
¶ 25	§ 1002(y)

Sec. 25(b):

¶ 1	§ 1003
¶ 2	§ 515
¶ 3	§ 609(a)
¶ 4	§ 609(b)
¶ 5	§ 609(c)*
¶ 6	§ 609(d)*

Sec. 26

Omitted

Sec. 27

"

Sec. 28

Omitted (R.S. 5143)

Sec. 29

Omitted

Sec. 30

"