

Amendments to FDIC legislation.

4 (a)<sup>3</sup>\*

It was agreed that the bill would be amended to provide that national banks could be examined by the Corporation only with the consent of the Comptroller of the Currency.

4 (b) It was agreed that the bill would be amended to provide that the Corporation could require reports from state non-member banks only.

4 (c) It was agreed to submit to the Secretary of the Treasury for decision the question as to the right of the Corporation to terminate insurance benefits for national and state member banks.

4 (d) It was agreed to submit to the Secretary of the Treasury for decision the question as to the right of the Corporation to control new admission to the insurance fund.

4 (e) It was agreed that the bill would be amended to provide that the approval of the Corporation is required before merger or consolidation of an uninsured bank with one that is insured.

4 (e) It was agreed that the bill would be amended to provide that the Corporation approval is required before reduction of capital takes place in state non-member banks only.

\* References are to OUTLINE OF SALIENT POINTS dated December 17, 1934.

5. It was agreed that the bill would be amended to provide that when the insured status of a state non-member bank is terminated by the Corporation the insured deposits shall continue to be insured for one year rather than two.

10 (b) It was agreed to submit to the Secretary of the Treasury for decision the question as to centralization of all liquidations of national banks in the corporation.

N. B. There were a number of other points made by the Comptroller in his memorandum, most of which Mr. Crowley stated either had been agreed to and changes either made or in process, or that there would be no difficulty in working them out on a mutually satisfactory basis.

On one of these points it was agreed that the bill would be amended to prevent two members of the Board from delegating power in matters of policy to committees, officers or agents.

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OUTLINE OF BILL PROPOSED BY FEDERAL DEPOSIT INSURANCE CORPORATION  
TO AMEND SECTION 12B OF THE FEDERAL RESERVE ACT AS AMENDED.

OUTLINE OF SALIENT POINTS

1. Temporary Fund and Fund for Mutuals are merged into Permanent Fund, which becomes operative immediately upon enactment of the bill.  
(In amended bill as it now stands non-member state banks are insured up to July 1, 1937 only. They must then become members of the Federal Reserve System. Mutual Savings Banks and territorial banks are excepted from this provision.)
2. Maximum insurance for each depositor in any bank remains at \$5,000, as in present Temporary Plan.
3. Maximum annual premium of 1/8 of 1% of total deposits is substituted for obligatory stock subscription amounting to 1% of total deposits and unlimited liability thereafter. Mutual savings banks may be required to pay an uniformly lower premium.
4. Corporation is given the following authority not expressly stated in the present law:
  - (a) Right to make rules and regulations;
  - (b) Right to examine all insured banks, (national banks only with the consent of the Comptroller), and to publish examination reports of banks other than national which do not comply with Federal Deposit Insurance Corporation recommendations;
  - (c) Right to require reports from insured state banks not members of the Federal Reserve System, and order their publication;
  - (d) Right to terminate insurance benefits for cause if after notice to appropriate supervisory authority violations have not been corrected;
  - (e) Right to require applying banks to meet prescribed standards before admission to Insurance Fund. The Comptroller of the Currency assumes such responsibility for national banks, while Federal Reserve Board assumes such responsibility for state banks becoming members of the Federal Reserve System;
  - (f) Corporation approval is required before merger or consolidation of uninsured bank with an insured bank;
  - (g) Corporation approval is required before reduction of capital in insured state banks;
  - (h) Right to require adequate fidelity, forgery and burglary insurance.
5. The right of non-Federal Reserve member banks to withdraw from insurance is clarified.
6. Corporation's present right to buy assets of closed member banks is extended to open banks until July 1, 1936 to facilitate mergers and avert loss. Corporation may also make loans secured by assets of insured bank or guarantee another insured bank against loss in assuming liabilities of such insured bank.
7. The Corporation is required to make an annual report to Congress including suggested changes necessary for the better administration and for the meeting of all obligations of deposit insurance.
8. Capital stock of Corporation changed to no par value with right to allocate to surplus any portion of amounts paid in by Treasury or Federal Reserve banks. All dividends are eliminated.
9. Obligations of Corporation may be issued only on approval of the Secretary of the Treasury, who is authorized to purchase the same.
10. Detail administrative and technical changes:
  - (a) In terminating affairs of new National Banks used to pay off depositors in closed banks they may be moved to central locations. It is not necessary to open a new bank to pay off depositors in closed banks in every case.
  - (b) The Comptroller of the Currency is given power to eliminate unnecessary duplication in national bank receiverships where the Corporation has been appointed receiver.
  - (c) Definitions of terms used.