

4/28/44

A B I L L

To amend section 13b of the Federal Reserve Act, as amended.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That section 13b of the Federal Reserve Act, as amended, is amended to read as follows:

"Sec. 13b. (a) Each Federal Reserve Bank is authorized (1) to guarantee a financing institution against loss of principal or interest on any loan made to a business enterprise and (2) to make commitments to purchase and thereafter to purchase from a financing institution any loan made to a business enterprise.

"(b) Each Federal Reserve Bank shall pay to the Board of Governors of the Federal Reserve System, upon request of the Board, the aggregate amount which the Secretary of the Treasury has heretofore paid to such bank under the provisions of this section. The amount of \$139,299,557 (the amount which was paid by the Federal Reserve Banks for stock of the Federal Deposit Insurance Corporation), less all amounts heretofore paid to the Federal Reserve Banks by the Secretary of the Treasury under the provisions of this section, shall be paid by the Secretary of the Treasury to the Board upon its request; and for the purpose of enabling the Secretary of the Treasury to make such payment, the unexpended balance of the appropriation made by the last sentence of subsection (e) of this section as originally enacted by the Act of June 19, 1934, and now carried on the books of the Treasury under the title 'Payments to Federal Reserve Banks for Industrial Loans (Sec. 13b, Federal Reserve Act, as amended)' is hereby made available. All amounts paid to the Board under this section shall constitute a fund which shall be utilized by the Board, on such basis as the Board may deem proper, to provide for losses (which may in the Board's discretion include expenses to the extent not covered by earnings) heretofore or hereafter incurred by Federal Reserve Banks through operations under this section. From time to time the Board shall make payments out of such fund in such sums and to such Federal Reserve Banks as the Board may deem necessary to provide for any such losses. The Board may deposit all or part of such fund with any Federal Reserve Bank, subject to the Board's order, and may, in its discretion, invest any part of such fund not currently needed for the purposes of this section in obligations of the United States or obligations fully guaranteed by the United States as to principal and interest; and any income derived from such investments shall be added to and become a part of such fund. The determination of the existence and amount of any loss incurred by a Federal Reserve Bank through operations under this section shall be made by such bank with the approval of the Board. Whenever a payment has been made under this section to a Federal Reserve Bank to reimburse it for any loss, any amount subsequently recovered by such bank which reduces the amount of the loss for which such bank has received reimbursement shall be paid to the Board and shall become a part of such fund.

"(c) The stock of the Federal Deposit Insurance Corporation heretofore subscribed for by and issued to each Federal Reserve Bank is hereby transferred to the United States. The certificates of stock of the Federal Deposit Insurance Corporation heretofore issued to the Federal Reserve Banks shall be surrendered and cancelled and appropriate evidence of the ownership of such stock by the United States shall be issued by the Corporation to the Secretary of the Treasury. Neither the Board nor any Federal Reserve Bank shall hereafter have any obligation or liability to the United States or to the Secretary of the Treasury by reason of this section, as heretofore or now existing, or by reason of any action pursuant thereto.

"(d) All actions and operations of the Federal Reserve Banks under this section shall be subject to such regulations, limitations and conditions as the Board of Governors of the Federal Reserve System may from time to time prescribe.

"(e) The provisions of the Securities Act of 1933 shall not apply to any obligation evidencing a loan all or part of which is guaranteed or is the subject of a commitment pursuant to the provisions of subsection (a) of this section."

April 28, 1944.