

CURRENCY BILL

COMPARATIVE PRINT

SHOWING THE CHANGES SUGGESTED BY THE MODIFIED AMENDMENT SUBMITTED
TO THE SENATE BY MR. OWEN, ALSO THE CHANGES SUGGESTED BY
THE AMENDMENTS INTENDED TO BE PROPOSED
BY MR. HITCHCOCK TO

H. R. 7837

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF FEDERAL RESERVE BANKS, TO
FURNISH AN ELASTIC CURRENCY, TO AFFORD MEANS OF REDISCOUNTING COM-
MERCIAL PAPER, TO ESTABLISH A MORE EFFECTIVE SUPERVISION OF
BANKING IN THE UNITED STATES, AND FOR OTHER PURPOSES



SUBMITTED BY MR. OWEN.

IN THE SENATE OF THE UNITED STATES, *December 9, 1913.*

Ordered, That there be printed as a Senate document, in document type and in parallel columns, a comparative print of the banking and currency bill (H. R. 7837), "An act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," showing the House bill and the changes suggested by the amendment submitted to the Senate by Mr. Owen; also the changes suggested by the amendments intended to be proposed by Mr. Hitchcock, and that 5,000 additional copies be printed for the use of the Senate document room, not to exceed the \$500 limit of cost.

Attest:

JAMES M. BAKER, *Secretary.*

H. R. 7837.

IN THE SENATE OF THE UNITED STATES.

[The figures indented indicate the page of the bill in print showing proposed changes.]

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF FEDERAL RESERVE BANKS, TO FURNISH AN ELASTIC CURRENCY, TO AFFORD MEANS OF REDISCOUNTING COMMERCIAL PAPER, TO ESTABLISH A MORE EFFECTIVE SUPERVISION OF BANKING IN THE UNITED STATES, AND FOR OTHER PURPOSES.

SECTION 1.

HOUSE BILL.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

OWEN AMENDMENT.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

Wherever the word "bank" is used in this Act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to.

The terms "national bank" and "national banking association" used in this Act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this Act. The term "board" shall be held to mean Federal Reserve Board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

HITCHCOCK AMENDMENT.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

The terms "national bank" and "national banking association" used in this Act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or trust company which has become a member of one of the reserve banks created by this Act. The term "board" shall be held to mean Federal Reserve Board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

SECTION 2.

FEDERAL RESERVE DISTRICTS.

FEDERAL RESERVE DISTRICTS.

FEDERAL RESERVE DISTRICTS.

The Hitchcock amendment proposes to strike out all of section 2 of the House bill and insert the following:

SEC. 2. That within ninety days after the passage of this Act, or as soon thereafter as practicable, the

~~SEC. 2. That within ninety days after the passage of this Act, or as soon thereafter as practicable,~~

Sec. 2. That the Federal Reserve Board, hereinafter provided for, shall, as soon as practicable after their ap-

SECTION 2—Continued.

HOUSE BILL.

Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency,

acting as
 "The Reserve Bank Organization Committee," shall designate from among the reserve and central reserve cities now authorized by law a number of such cities to be known as Federal reserve cities, and shall divide the continental United States into districts, each district to contain one of such Federal reserve cities: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business of the community and shall not necessarily coincide with the area of such State or States as may be wholly or in part included in any

given district. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board hereinafter established, acting upon a joint application made by not less than ten member banks desiring to be organized into a new

district. The districts thus constituted shall be known as Federal reserve districts and shall be designated by number according to the pleasure of the organization committee, and no Federal reserve district shall be abolished, nor the location of a Federal reserve bank changed, except upon the application of three-fourths of the member banks of such district.

The organization committee shall, in accordance with regulations to be established by itself, proceed to organize in each of the reserve cities designated as hereinbefore specified a Federal reserve bank. Each such Federal reserve bank shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago," and so forth. The total number of re-

OWEN AMENDMENT.

the Secretary of the Treasury, ~~the Secretary of Agriculture, and the Comptroller of the Currency,~~ and not less than two other members of the Federal Reserve Board, hereinafter provided for, to be assigned by the President, acting as "The Reserve Bank Organization Committee," shall designate from among the reserve and central reserve cities now authorized by law a number of such not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, including Alaska, into districts, each district to contain one, and only one, of such Federal reserve cities. *The determination of said organization committee shall not be subject to review except by*

the Federal Reserve Board when
 organized: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business of the community and shall not necessarily coincide with the area of such be coterminous with any State or States as may be wholly or in part included in any given district. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board hereinafter established, acting upon a joint application made by not less than ten member banks desiring to be organized into a new district, not to exceed twelve in all. *The Such districts thus constituted shall be known as Federal reserve districts and shall may be designated by number according to the pleasure of the organization committee, and no Federal reserve district shall be abolished, nor the location of a Federal reserve bank changed, except upon the application of three-fourths of the member banks of such district. A majority of the organization committee shall constitute a quorum with authority to act.*

The organization committee shall, in accordance with regulations to be established by itself, proceed to organize in each of the reserve cities designated as hereinbefore specified a Federal reserve bank. Each such Federal reserve bank shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago," and so forth. The total

HITCHCOCK AMENDMENT.

pointment and confirmation, designate from among the reserve and central reserve cities now established a number of such cities to be termed Federal reserve cities, and shall divide the continental United States into districts, each district to embrace one of such Federal reserve cities:
 5 *Provided*, That the districts shall be formed with due regard to the convenience and customary course of financial and commercial business in each district, and need not necessarily coincide with State or county boundaries. *The districts thus established shall be known as Federal reserve districts, and each of them shall be designated by the name of the Federal reserve city located therein.*

The Federal Reserve Board shall, as soon as practicable after the said districts have been established, proceed to organize, conformable to the provisions of this act, in each Federal reserve city designated as aforesaid, a Federal reserve bank, which shall be known by the name of the city in which it is established, as, for example, "Federal Reserve Bank of Chicago." Four Federal reserve cities.

SECTION 2—Continued.

HOUSE BILL.

serve cities designated by the organization committee shall be not less than twelve, and the organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigations as may be deemed necessary by the said committee for the purpose of determining the reserve cities to be designated and organizing the reserve districts hereinbefore provided.

Every national bank located within a given district shall be required to subscribe to the capital stock of the Federal reserve bank of that district a sum equal to twenty per centum of the capital stock of such national bank fully paid in and unimpaired, one-fourth of such subscription to be paid in cash and one-fourth within sixty days after said subscription is made. The remainder of the subscription or any part thereof shall become a liability of the member bank, subject to call and payment thereof whenever necessary to meet the obligations of the Federal reserve bank under such terms and in accordance with such regulations as the board of directors of said Federal reserve bank may prescribe: *Provided*, That no

OWEN AMENDMENT.

~~number of reserve cities designated by the organization committee shall be not less than twelve, and the organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigations as may be deemed necessary by the said committee for the purpose of determining the reserve cities to be designated and organizing the reserve districts hereinbefore provided.~~

~~Every national bank located within a given district shall be required to subscribe to the capital stock of the Federal reserve bank of that district a sum equal to twenty per centum of the capital stock of such national bank fully paid in and unimpaired, one-fourth of such subscription to be paid in cash and one-fourth within sixty days after said subscription is made. The remainder of the subscription or any part thereof shall become a liability of the member bank, subject to call and payment thereof whenever necessary to meet the obligations of the Federal reserve bank under such terms and in accordance with such regulations as the board of directors of said Federal reserve bank may prescribe: *Provided*, That no~~

~~Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in determining the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization, in each of the cities designated, of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."~~

~~Under regulations to be prescribed by the organization committee, every national banking association in the United States, including the trust companies engaged in commercial banking within the District of Columbia, is hereby required and every eligible bank is hereby authorized to signify in writing, within sixty days after the passage of this act, its acceptance~~

HITCHCOCK AMENDMENT.

and appurtenant to them four Federal reserve districts, and no more, shall in the first instance be designated and established as such by the Federal Reserve Board: Provided, That after Federal reserve banks have been organized and in operation for a period of two years in said four Federal reserve cities, the Federal Reserve Board may, in its discretion, from time to time, designate not to exceed in all eight additional Federal reserve cities, with the requisite Federal reserve districts appurtenant thereto, and for that purpose may alter and change the limits and areas of existing Federal reserve districts. There shall be allotted to every national bank within a Federal reserve district, of the capital stock of the Federal reserve bank of such district, a sum equal to six per centum of the fully paid-up capital stock and surplus of such national bank, which stock so allotted shall be underwritten by said bank and for a period of sixty days after allotment be offered for subscription at par to the public at large, but no more than one hundred shares shall be allowed to be subscribed for or held by any person, firm, or corporation and all of the allotted stock not subscribed for and taken by the public shall immediately be subscribed for and taken by the national bank to which the same was in the first instance allotted. The preparation, allotment, subscription to, and sale of stock shall be under the control of the board, which in case of oversubscription shall give preference to the smaller subscriptions. The national banks shall in the first instance act as agents of the Federal Reserve Board to take subscriptions from the general public and receive payment therefor which shall be held subject to the order of the board.

SECTION 2—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

of the terms and provisions hereof. When a Federal reserve bank shall have been organized, every national banking association within that district shall be required and every eligible bank may be permitted to subscribe to the capital stock thereof in a sum equal to six per centum of the paid-up capital stock and surplus of such bank, one-sixth of

the subscription to be payable on call of the organization committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board, said payments to be in gold or gold certificates.

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this Act.

Any national bank failing to signify its acceptance of the terms of this Act within the sixty days aforesaid shall cease to act as a reserve agent, upon thirty days' notice, to be given within the discretion of the said organization committee or of the Federal Reserve Board.

Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fail within one year after the passage of this Act to become a member bank under the provisions hereinbefore stated, or fail to comply with any of the provisions of this Act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank Act, or under the provisions of this Act, shall, within the discretion of the Federal Reserve Board, be thereby forfeited. Any noncompliance with or violation of this Act, shall, however, be

determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the District or Territory in which such bank is located, under direction of the Federal Reserve Board, by the Comptroller of the Currency in his own

That said stock subscription shall be paid for in gold coin or gold certificates as follows: One-third at the time of subscription, one-third within thirty days, and one-third within sixty days thereafter.

SECTION 2—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this Act, 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 shareholders, or any other person shall have sustained in consequence of such 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.

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment in and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than \$10,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

The Hitchcock amendment proposes to strike out all of section 2 of the House bill.

SECTION 2—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

Stock not held by member banks shall not be entitled to voting power in the hands of its holders, but the voting power thereon shall be vested in and be exercised solely by the class C directors of the Federal reserve bank in which said stock may
 9 *be held, and who shall be designated as "voting trustees."*

The voting power on said public stock shall be limited to one vote for each \$15,000 par value thereof, fractional amounts not to be considered. The voting trustees shall exercise the same powers as member banks in voting for class A and class B directors.

The Federal Reserve Board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock and the exercise of the voting power thereon.

No Federal reserve bank shall commence business with a paid-up and ~~unimpaired~~ subscribed capital less in amount than ~~\$5,000,000~~ \$3,000,000. The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this Act changes the amount of reserves that may be carried with approved reserve agents located therein.

Federal reserve bank shall commence business with a paid-up and unimpaired capital less in amount than \$5,000,000.

The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

The board is hereby empowered to appoint such assistants, to subpoena, swear, and examine witnesses, to employ counsel and experts, and to incur such expenses as may be necessary for establishing, organizing, and putting in operation the Federal re-
 7 *serve banks and designating the Federal reserve cities and reserve districts provided for in this Act, and such expenses shall be paid by the Treasurer of the United States upon vouchers approved by the Secretary of the Treasury, and the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the payment of such expenses. Five members of the reserve board shall constitute a quorum with power to do business.*

SECTION 3.

HOUSE BILL.

STOCK ISSUES.

4 SEC. 3. That the capital stock of each Federal reserve bank shall be divided into shares of \$100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock or as additional banks become members, and shall be decreased as member banks reduce their capital stock or cease to be members. Each Federal reserve bank may establish branch offices under regulations of the Federal Reserve Board at points within the Federal reserve district in which it is located: *Provided*, That the total number of such branches shall not exceed one for each \$500,000 of the capital stock of said Federal reserve bank.

OWEN AMENDMENT.

~~STOCK ISSUES: BRANCH OFFICES.~~

SEC. 3. ~~That the capital stock of each Federal reserve bank shall be divided into shares of \$100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock or as additional banks become members, and shall be decreased as member banks reduce their capital stock or cease to be members. Each Federal reserve bank may establish branch offices under regulations of the Federal Reserve Board at points within the Federal reserve district in which it is located: *Provided*, That the total number of such branches shall not exceed one for each \$500,000 of the capital stock of said Federal reserve bank within the Federal reserve district in which it is located and also in the district of any Federal reserve bank which may have been suspended, such branches to be established and conducted at places and under regulations approved by the Federal Reserve Board.~~

HITCHCOCK AMENDMENT.

STOCK ISSUES.

The Hitchcock amendment proposes to strike out all of section 3 of the House bill and insert the following:

Sec. 3. The capital stock of each Federal reserve bank shall be divided into shares of \$100 each, and shall be without voting power. The Federal Reserve Board shall have power to prescribe regulations for the transfer of said stock.
8 *With the consent and approval of the board, reserve banks may establish such branch offices, within their respective districts, as they deem necessary to conform to the convenience and established course of business.*

SECTION 4.

FEDERAL RESERVE BANKS.

SEC. 4. The national banks in each Federal reserve district uniting to form the Federal reserve bank therein, hereinbefore provided for, shall under their seals, make an organization certificate, which shall specifically state the name of such Federal reserve bank so organized, the territorial extent of the district over which the operations of said Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the names and places of doing business of each of

FEDERAL RESERVE BANKS.

The Owen amendment proposes to strike out all of section 4 down to the words "Every Federal Reserve Bank," and insert the following:

12 *Sec. 4. When the organization committee shall have established Federal reserve districts as provided in section two of this Act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by*

FEDERAL RESERVE BANKS.

The Hitchcock amendment proposes to strike out all of section 4 and insert the following:

Sec. 4. When the Federal Reserve Board has established Federal reserve districts, as prescribed in section two of this Act, the governor or vice governor of such board shall, under his hand and seal, execute a certificate designating the territorial limits of such districts and the Federal reserve city in each district, and shall file such certificate with the Secretary of the Treasury.

SECTION 4—Continued.

HOUSE BILL.

the makers of said certificate and the number of shares held by each of them, and the fact that the certificate is made to enable such banks to avail themselves of the advantages of this Act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record, and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank so formed shall become a body corporate, and as such, and in the name designated in such organization certificate, shall have power to reform all those acts and to enjoy

OWEN AMENDMENT.

the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this Act.

When the minimum amount of capital stock prescribed by this Act for the organization of any Federal reserve bank shall have been subscribed and allotted the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this Act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

HITCHCOCK AMENDMENT.

When such certificate has been executed and filed, as aforesaid, the board shall allot to each and every national bank stock in the reserve banks as prescribed in section two of this Act, and when, conformable to section two of this Act, an amount of such stock has been subscribed for in any Federal reserve district equal to \$6,000,000, and one-third of such subscription has been paid in, the board shall, by its governor or vice governor, under his hand and seal, issue a certificate in writing specifying the name and location of the reserve bank in such district, the territorial limits of the district, the amount of the capital stock subscribed, and the amount paid in on such subscription, and the name and amount of stock taken by each subscriber. Such certificate shall be acknowledged before the clerk of a court of record, or a notary public, and shall be filed with the Secretary of the Treasury.

Upon the filing of such certificate with the Secretary of the Treasury as aforesaid, the said reserve bank so formed shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

SECTION 4—Continued.

HOUSE BILL.

all those privileges and to exercise all those powers described in section fifty-one hundred and thirty-six, Revised Statutes, save in so far as the same shall be limited by the provisions of this Act. The Federal reserve bank so incorporated shall have succession for a period of twenty years from its organization, unless sooner dissolved by Act of Congress.

Every Federal reserve bank shall be conducted under the oversight and control of a board of directors, whose powers shall be the same as those conferred upon the boards of

OWEN AMENDMENT.

Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

14 *Third. To make contracts.*

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors, elected as hereinafter provided, such officers as are not otherwise provided for in this Act, to define their duties, require bonds of them and fix the penalty thereof, to dismiss such officers or any of them as may be appointed by them at pleasure, and to appoint others to fill their places.

Sixth. To prescribe by its board of directors by-laws 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.

Seventh. 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.

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this Act.

Every Federal reserve bank shall be conducted under the oversight supervision and control of a board of directors, whose powers shall be the same as those conferred upon

HITCHCOCK AMENDMENT.

Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law and equity as fully as natural persons.

Fifth. To appoint by its board of directors, elected as hereinafter provided, such officers as are not otherwise provided for in this Act, to define their duties, require bonds of them and fix the penalty thereof, to dismiss such officers or any of them as may be appointed by them at pleasure, and to appoint others to fill their places.

Sixth. To prescribe by its board of directors by-laws 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.

Seventh. 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.

No Federal reserve bank shall transact any banking business, except such as pertains to the perfection of its organization and management, until two-thirds of its stock subscribed for has been paid in as prescribed in section two of this Act.

Every Federal reserve bank shall be conducted, managed, and controlled by a board of nine directors, five of whom shall be appointed by the Federal Reserve Board, and shall

SECTION 4—Continued.

HOUSE BILL.

directors of national banking associations under existing law, not inconsistent with the provisions of this Act.

Such boards of directors shall be constituted and elected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stockholding banks.

Class B shall consist of three members, who shall be representative of the general public interests of the reserve district.

Class C shall consist of three members, who shall be designated by the Federal Reserve Board.

Directors of class A shall be chosen in the following manner:

It shall be the duty of the chairman of the board of directors of the Federal reserve bank of the district in which each such bank is situated to classify the member banks of the said district into three general groups or divisions. Each such group shall contain as nearly as may be one-third of the aggregate number of said member banks of the said district and shall consist, as nearly as may be, of banks of similar capitalization. The said groups shall be designated by number at the pleasure of the chairman of the board of directors of the Federal reserve bank.

OWEN AMENDMENT.

~~the boards of directors of national banking associations under existing law, not inconsistent with the provisions of this Act.~~

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

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

16 Such board of directors shall be ~~constituted and elected~~ *selected* as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stockholding banks.

Class B shall consist of three members, who ~~shall be representative of the general public interests of the reserve district at the time of their election~~ *shall be actively engaged in their district, respectively, in commerce, in agriculture, and in some other pursuit.*

Class C shall consist of three members, who shall be designated by the Federal Reserve Board.

No director of class B or of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following manner:

~~It shall be the duty of the~~ *The* chairman of the board of directors of the Federal reserve bank of the district in which ~~each such~~ *the* bank is situated ~~to shall~~ classify the member banks of the ~~said~~ district into three general groups or divisions. Each ~~such~~ group shall contain as nearly as may be one-third of the aggregate number of ~~said~~ the member banks of the ~~said~~ district and shall consist, as nearly as

17 may be, of banks of similar capitalization. The ~~said~~ groups shall be designated by number ~~at the pleasure of~~ *by* the chairman ~~of the board of directors of the Federal reserve bank.~~

HITCHCOCK AMENDMENT.

be known as directors "A," and four of whom shall be known as directors "B," and who shall be selected and appointed by the member banks as follows:

SECTION 4—Continued.

HOUSE BILL.

At a regularly called directors' meeting of each member bank in the Federal reserve district aforesaid, the board of directors of such member bank shall elect by ballot one of its own members as a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district.

The said chairman shall establish lists of the district reserve electors, class A, thus named by banks in each of the aforesaid three groups and shall transmit one list, to each such elector in each group.

OWEN AMENDMENT.

At a regularly called directors' meeting of the board of directors of each member bank in the Federal reserve district aforesaid, the board of directors of such member bank ~~it~~ shall elect by ballot one of its own members as a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The said chairman shall establish lists of the district reserve electors, ~~class A,~~ thus named by banks in each of the aforesaid three groups and shall transmit one list to each such elector in each group. ~~Every~~ elector shall, within fifteen days of the receipt of the said list, select and certify to the said chairman from among the names on the list pertaining to his group, transmitted to him by the chairman, one name, not his own, as representing his choice for Federal reserve director, class A. The name receiving the greatest number of votes, not less than a majority, shall be designated by said chairman as Federal reserve director for the group to which he belongs. In case no candidate shall receive a majority of all votes cast in any group, the chairman aforesaid shall establish an eligible list, consisting of the three names receiving the greatest number of votes on the first ballot, and shall transmit said list to the electors in each of the groups of banks established by him. Each elector shall at once select and certify to the said chairman from among the three persons submitted to him his choice for Federal reserve director, class A, and the name receiving the greatest number of such votes shall be declared by the chairman as Federal reserve director, class A. In case of a tie vote the balloting shall continue in the manner hereinbefore prescribed until one candidate receives more votes than either of the others.

Directors of class B shall be chosen by the electors of the respective groups at the same time and in the same manner prescribed for directors of class A, except that they must be selected from a list of names furnished, one by each member bank, and such names shall in no case be those of officers or directors of any bank or banking association.

HITCHCOCK AMENDMENT.

The Hitchcock amendment proposes to strike out all of section 4 of the House bill.

SECTION 4—Continued.

HOUSE BILL.

Every elector shall, within fifteen days of the receipt of the said list, select and certify to the said chairman from among the names on the list pertaining to his group, transmitted to him by the chairman, one name, not his own, as representing his choice for Federal reserve director, class A. The name receiving the greatest number of votes, not less than a majority, shall be designated by said chairman as Federal reserve director for the group to which he belongs. In case no candidate shall receive a majority of all votes cast in any group, the chairman aforesaid shall establish an eligible list, consisting of the three names receiving the greatest number of votes on the first ballot, and shall transmit said list to the electors in each of the groups of banks established by him. Each elector shall at once select and certify to the said chairman from among the three persons submitted to him his choice for Federal reserve director, class A, and the name receiving the greatest number of such votes shall be declared by the chairman as Federal reserve director, class A. In case of a tie vote the balloting shall continue in the manner hereinbefore prescribed until one candidate receives more votes than either of the others.

8 Directors of class B shall be chosen by the electors of the respective groups at the same time and in the same manner prescribed for directors of class A, except that they must be selected from a list of names furnished, one by each member bank, and such names shall in no case be those of officers or directors of any bank or banking association.

They shall not accept office as such during the term of their service as directors of the Federal reserve bank. They shall be fairly representative of the commercial, agricultural, or industrial interests of their respective districts. The Federal Reserve Board shall have power at its discretion to remove any director of class B in any Federal reserve bank, if it should appear at any time that such director does

OWEN AMENDMENT.

Every elector shall, within fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices upon the list, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross 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.

19 *Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column to the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting 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.*

~~They shall not accept office as such during the term of their service as directors of the Federal reserve bank. They shall be fairly representative of the commercial, agricultural, or industrial interests of their respective districts. The Federal Reserve Board shall have power at its discretion to remove any director of class B in any Federal Reserve bank, if it should appear at any time that such director~~

HITCHCOCK AMENDMENT.

As soon as practicable after a reserve bank has been incorporated as above provided the board shall
17 notify the member banks in said Federal reserve district to elect four directors within a certain date to be named in the notification. Said board shall supply to each member bank a blank for the purpose of recording the vote of said member bank. Each member bank shall vote for four "B" directors upon the blank so forwarded, shall certify that they are the choice of the board of directors of said member bank, which certificate shall be signed by the officers of said bank and forwarded to the board within the time which said board shall limit. Said board shall canvass the ballots so received from said member banks and forward a certificate of the result to each of said member banks. The candidate for director receiving the largest number of votes shall be elected for four years; the candidate for director receiving the second largest number of votes shall hold office for three years; the candidate for director receiving the third largest number of votes shall hold office for two years; the candidate for director receiving the fourth largest number of votes shall hold office for one year. During each subsequent year the election shall be held in the same manner except that each bank shall vote for only one director unless in case of vacancies, when the number to be elected shall be certified by the board to each member bank, and in such cases a plurality vote shall elect.

18 No person shall be qualified to hold the office of director "A" or director "B" while he is an officer, director, stockholder, or employee of any other bank or of any trust company, and no person shall be appointed or elected director who is not at the time of his appointment or election an actual and bona fide resident of the Federal reserve district for which he is appointed or elected. The Federal Reserve Board shall

SECTION 4—Continued.

HOUSE BILL.

not fairly represent the commercial, agricultural, or industrial interests of his district.

Three directors belonging to class C shall be chosen directly by the Federal Reserve Board, and shall be residents of the district for which they are selected, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed and shall be designated as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed, he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board, which shall be situated on the premises of the Federal reserve bank of the district. He shall make regular reports to the Federal Reserve Board, and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated.

Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for members of such boards shall be subject to review by the Federal Reserve Board.

OWEN AMENDMENT.

~~does not fairly represent the commercial, agricultural, or industrial interests of his district.~~

Three directors belonging to class C shall be ~~chosen~~ appointed directly by the Federal Reserve Board, and shall ~~be~~ have been for at least two years residents of the district for which they are ~~selected~~ appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed and shall be designated by said board as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed, he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board, which shall be situated on the premises of the Federal reserve bank of the district. He shall make regular reports to the Federal Reserve Board, and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated. *One of the directors of class C, who shall be a person of tested banking experience, shall be appointed by the Federal Reserve Board as deputy chairman and deputy Federal reserve agent to exercise the powers of the chairman of the board and Federal reserve agent in case of the absence or disability of his principal.*

Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for members of such boards shall be subject to review and subsequent readjustment at any time by the Federal Reserve Board.

HITCHCOCK AMENDMENT.

designate and appoint one of said directors "A" as chairman of the board of directors, who shall be known as "Federal reserve agent." Directors "A" shall hold their offices for four years, except the Federal reserve agent, who shall hold his office at the pleasure of the board. Of the directors "A" first selected one shall hold office for one year, one for two years, one for three years, and one for the full term of four years, as designated by the board. Directors "B" shall hold their offices for four years except that as to the first election one shall be elected for one year, one for two years, one for three years, and one for four years.

The salaries of the directors shall be fixed by the board, and shall be payable from the revenues of the Federal reserve bank of which they are directors. The board of directors shall have authority to fix the salaries and wages of all the employees of their bank.

SECTION 4—Continued.

HOUSE BILL.

The Reserve Bank Organization Committee may, in organizing Federal reserve banks for the first time, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this Act and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

At the first meeting of the full board of directors of each Federal reserve bank after organization it shall be the duty of the directors of classes A and B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years; but the chairman of the board of directors of each Federal reserve bank designated by the Federal Reserve Board, as hereinbefore described, shall be removable at the pleasure of the said board without notice, and his successor shall hold office during the unexpired term of the director in whose place he was appointed. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

OWEN AMENDMENT.

The Reserve Bank Organization Committee may, in organizing Federal reserve banks for the first time, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this Act, and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

At the first meeting of the full board of directors of each Federal reserve bank after organization it shall be the duty of the directors of classes A and B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years; but the chairman of the board of directors of each Federal reserve bank designated by the Federal Reserve Board, as hereinbefore described, shall be removable at the pleasure of the said board, without notice, and his successor shall hold office during the unexpired term of the director in whose place he was appointed. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

HITCHCOCK AMENDMENT.

Vacancies that occur in either class of directors of reserve banks may be filled in the manner provided for the original selection of such directors, the men so selected to hold office for the unexpired terms of their predecessors.

Upon its own initiative, for cause, or upon written complaint under oath presented by ten or more member banks charging any director of a reserve bank with incompetency, dishonesty, or other matter affecting his efficiency as a director, the board shall have the power, after hearing and proof and pursuant to a written notice specifying the grounds thereof, to remove such director. The accused director shall be allowed thirty days in which to make defense thereto. Pending the hearing the board may within its discretion suspend the accused director.

SECTION 5.

HOUSE BILL.

INCREASE AND DECREASE OF CAPITAL.

OWEN AMENDMENT.

STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL.

HITCHCOCK AMENDMENT.

INCREASE AND DECREASE OF CAPITAL.

The Hitchcock amendment proposes to strike out all of section 5 of the House bill and insert the following:

SEC. 5. That shares of the capital stock of Federal reserve banks shall not be transferable, nor be hypothecated. In case a member bank increases its capital, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to twenty per centum of the bank's own increase of capital, one-half of said subscription to be paid in cash in the manner hereinbefore provided for original subscription, and one-half to become a liability of the member bank according to the terms of the original subscription. A bank applying for stock in a Federal reserve bank at any time after the formation of the latter must subscribe for an amount of the capital of said Federal reserve bank equal to twenty per centum of the capital stock of said subscribing bank, paying therefor its par value in accordance with the terms prescribed by section two of this Act.

When the capital stock of any Federal reserve bank has been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall make and execute a certificate to the Comptroller of the Currency showing said increase in capital, the amount paid in, and by whom paid. In case a member bank reduces its capital stock it shall surrender a proportionate

SEC. 5. ~~That shares~~ The capital stock of each Federal reserve bank shall be divided into shares of \$100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members.

Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferable, nor be hypothecated. In case a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to ~~twenty~~ six per centum of the bank's own said increase of capital, one-half of said subscription to be paid in cash in the manner hereinbefore provided for original subscription, and one-half to become a liability of the member bank according to the terms of the original subscription subject to call of the Federal Reserve Board. A bank applying for stock in a Federal reserve bank at any time after the formation of the latter organization thereof must subscribe for an amount of the capital stock of said the Federal reserve bank equal to ~~twenty~~ six per centum of the paid-up capital stock and surplus of said subscribing applicant bank, paying therefor its par value in accordance with the terms prescribed by section two of this Act plus one-half of one per centum a month from the period of the last dividend. When the capital stock of any Federal reserve bank has been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall ~~make and execute~~ cause to be executed a certificate to the Comptroller of the Currency showing said the increase in capital stock, the amount paid in, and by whom paid. In case a member

Sec. 5. That the capital stock in the reserve banks shall be maintained as nearly as practicable in an amount equal to six per centum of the capital and surplus of the member banks in said district, and the board is authorized from time to time to sell to the public such additional stock in any reserve bank as may be required to maintain this proportion. The price at which said stock shall be offered to the public shall be at its fair market value, but in no case below par. Any bank applying for membership in a reserve bank shall be required by the board to underwrite, at the price fixed by the board, such an amount of capital stock in said reserve bank, equal to six per centum of the capital and surplus of such applying bank, as may be allotted to it by the board, and to purchase and pay for such portion of said allotment as may not be purchased by the public, as provided for in this act.

When the capital stock of any reserve bank has been increased, the board shall certify the same to the Secretary of the Treasury.

SECTION 5—Continued.

HOUSE BILL.

amount of its holdings in the capital of said Federal reserve bank, and in case a member bank goes into voluntary liquidation it shall surrender all of its holdings of the capital stock of said Federal reserve bank. In either case the shares surrendered shall be canceled and such member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash paid subscriptions on the shares surrendered.

OWEN AMENDMENT.

bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and in case a member bank goes into voluntary liquidation it shall surrender all of its holdings of the capital stock of said Federal reserve bank *and be released from its stock subscriptions not previously called.* In either case the shares surrendered shall be canceled and such member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered *and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.*

HITCHCOCK AMENDMENT.

SECTION 6.

12 SEC. 6. That if any member bank shall become insolvent and a receiver be appointed, the stock held by it in said Federal reserve bank shall be canceled and the balance, after deducting from the amount of its cash paid subscriptions all debts due by such insolvent bank to said Federal reserve bank, shall be paid to the receiver of the insolvent bank.

Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of any such member bank, the board of directors shall make and execute a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

SEC. 6. ~~That if any member bank shall become insolvent and a receiver be appointed, the stock held by it in said Federal reserve bank shall be canceled and the balance, after deducting from the amount of its cash paid subscriptions all debts due by such insolvent bank to said Federal reserve bank, shall be paid to the receiver of the insolvent bank.~~ If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, and all cash-paid subscriptions on said stock, with one-half of one per centum per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of any such member bank, the board of directors shall make and execute a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

The Hitchcock amendment proposes to strike out all of section 6 of the House bill and insert the following:

Sec. 6. That in case the Federal Reserve Board shall decide, after two years' operation of the reserve banks first established, that one or more additional banks herein authorized should be established it shall make the necessary change in lines of existing districts, designate the new reserve city or cities, and notify the member banks affected by such change to associate themselves with the new reserve bank or banks and change the deposit of their reserves accordingly. Stockholders in previously established reserve banks affected by the change shall be invited to exchange a portion of their stock certificates as indicated by the reserve board, and for all stock so exchanged the reserve board shall direct the transfer to the new reserve bank or banks from the old reserve bank or banks of the corresponding amount of cash capital in gold.

If sufficient stock certificates are not thus exchanged the reserve board may offer to the general public at par stock in the newly created district or districts to an amount necessary to make up the difference.

As an inducement to make the exchange of stock the reserve board may direct that the stock of the old reserve bank or banks so exchanged shall be entitled to payment in cash of its share of the accumulated surplus.

SECTION 7.

HOUSE BILL.

DIVISION OF EARNINGS.

SEC. 7. That after the payment of all necessary expenses and taxes of a Federal reserve bank, the member banks shall be entitled to receive an annual dividend of five per centum on the paid-in capital stock, which dividend shall be cumulative. One-half of the net earnings, after the aforesaid dividend claims have been fully met, shall be paid into a surplus fund until such fund shall amount to twenty per centum of the paid-in capital stock of such bank, and of the remaining one-half sixty per centum shall be paid to the United States and forty per centum to the member banks in the ratio of their average balances with the Federal reserve bank for the preceding year. Whenever and so long as the surplus fund of a Federal reserve bank amounts to twenty per centum of the paid-in capital stock and the member banks shall have received the dividends at the rate of five per centum per annum hereinbefore provided for, sixty per centum of all excess earnings shall be paid to the United States and forty per centum to the member banks in proportion to their annual average balances with such Federal reserve bank;

all earnings derived by the United States from Federal reserve banks shall constitute a sinking fund to be held for the reduction of the outstanding bonded indebtedness of the United States, said reduction to be accomplished under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into

OWEN AMENDMENT.

DIVISION OF EARNINGS.

SEC. 7. ~~That after the payment of~~ After all necessary expenses and taxes of a Federal reserve bank have been paid or provided for, the ~~member banks~~ stockholders shall be entitled to receive an annual dividend of ~~five~~ six per centum on the paid-in capital stock, which dividend shall be cumulative. One-half of the net earnings, after the aforesaid dividend claims have been fully met, shall be paid into a surplus fund until such fund shall amount to ~~twenty~~ forty per centum of the paid-in capital stock of such bank, and of the remaining one-half ~~sixty~~ fifty per centum shall be paid to the United States and ~~forty~~ per centum to the member banks in the ratio of their average balances with the Federal reserve bank for the preceding year. ~~Whenever and so long as the surplus fund of a Federal reserve bank amounts to twenty per centum of the paid-in capital stock and the member banks shall have received the dividends at the rate of five per centum per annum hereinbefore provided for, sixty per centum of all excess earnings shall be paid to the United States and forty per centum to the member banks in proportion to their annual average balances with such Federal reserve bank; all as a franchise tax, and fifty per centum shall be paid to the United States, as a trustee for the benefit of depositors in failed national banks, the money to be kept in and losses from failures to be paid from it as a depositors' insurance fund under a division of the Treasury to be constituted and managed under such regulations as may be prescribed by the Secretary of the Treasury.~~

All net earnings derived by the United States from Federal reserve banks shall constitute a sinking fund to be held for be applied to the reduction of the outstanding bonded indebtedness of the United States, said reduction to be accomplished under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into

HITCHCOCK AMENDMENT.

23 DIVISION OF EARNINGS.

The Hitchcock amendment proposes to strike out all of section 7 of the House bill and insert the following:

Sec. 7. That after the payment of all necessary expenses and taxes, including its share of the expenses of the Federal Reserve Board, the stockholders of each Federal reserve bank shall be entitled to receive an annual dividend of five per centum on the paid-in capital stock, which dividend shall be cumulative. Net earnings over and above expenses and the aforesaid dividend shall be applied as follows: Twenty-five per centum of such net earnings to be carried to a surplus fund until such fund shall amount to twenty per centum of the paid-in capital stock of such reserve bank, and thirty-seven and one-half per centum of said net earnings shall be set aside in a trust fund to be known as the depositors' insurance fund and shall be used for the payment of the depositors of insolvent member banks under rules and regulations made by the board. When, in the judgment of the board, there has been accumulated in such depositors' insurance fund a sufficient sum fully to insure the payment of the depositors of insolvent member banks, the board shall have power to suspend the setting aside and accumulation of the said thirty-seven and one-half per centum of such earnings, and thereafter such thirty-seven and one-half per centum of such earnings shall be paid to the United States, except that in the event the depositors' insurance fund is depleted by the payment of depositors of insolvent member banks such fund shall be replenished by again setting aside such thirty-seven and one-half per centum of the earnings or so much thereof as, in the judgment of the board, may be necessary. The remaining net earnings shall be paid to the United States: Provided, That the amount so paid shall be applied to the purchase, at par, with accrued interest, of the two per centum bonds of the United States, said bonds then to be retired; or if such bonds can not be so purchased said amount shall be applied to the purchase of other interest-bearing obligations of the United

SECTION 7—Continued.

HOUSE BILL.

liquidation, the surplus fund of said bank, after the payment of all debts and dividend requirements as hereinbefore provided for, shall be paid to and become the property of the United States.

Every Federal reserve bank incorporated under the terms of this Act and the capital stock therein held by member banks shall be exempt from Federal, State, and local taxation, except in respect to taxes upon real estate.

OWEN AMENDMENT.

liquidation, ~~the surplus fund of said bank any surplus remaining,~~ after the payment of all debts, and dividend requirements as hereinbefore provided, ~~for,~~ and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Every Federal reserve bank incorporated under the terms of this Act ~~and~~, the capital stock and surplus therein, ~~held by member banks and the income derived therefrom~~ shall be exempt from Federal, State, and local taxation, except in respect to taxes upon real estate.

HITCHCOCK AMENDMENT.

States, which obligations shall thereupon be retired.

Every Federal reserve bank incorporated under the terms of this Act and the capital stock therein ~~held by member banks and the income derived therefrom~~ shall be exempt from Federal, State, and local taxation, except in respect to taxes upon real estate.

SECTION 8.

The Owen amendment proposes to eliminate this section of the House bill.

The Hitchcock amendment proposes to strike out all of section 8 and insert the following:

SEC. 8. That any national banking association heretofore organized
 14 may upon application at any time within one year after the passage of this Act, and with the approval of the Comptroller of the Currency, be granted, as herein provided, all the rights, and be subject to all the liabilities, of national banking associations organized subsequent to the passage of this Act: *Provided*, That such application on the part of such associations shall be authorized by the consent in writing of stockholders owning not less than a majority of the capital stock of the association. Any national banking association now organized which shall not, within one year after the passage of this Act, become a national banking association under the provisions hereinbefore stated, or which shall fail to comply with any of the provisions of this Act applicable thereto, shall be dissolved; but 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 previously been incurred.

Sec. 8. That within six months after a national bank shall have been notified by the Federal Reserve Board of its allotment of stock under section two of this Act, said national bank shall hold a meeting of its stockholders and decide by a majority vote whether it will become a member bank under the terms of this Act or whether it will give up its charter as a national bank. In case the stockholders of said national bank shall decide that

27 *said national bank shall become a member bank, the officers of said bank, upon a blank provided by the board, shall forward the formal acceptance by said national bank of the terms of this Act to the board, properly attested before a notary public. In case any national bank shall fail to forward its acceptance to the board within six months from the time said board makes the allotment of stock to said bank, it shall be deemed to have declined to become a member bank and shall thereupon have six months within which to surrender its charter and abandon its existence as a national bank. In any case, however, every national bank shall be and is required to accept the allotment of stock as provided in section two, which stock may be freely sold and disposed of as other assets of the bank: *Provided*, however, That any national bank acting as a reserve agent in a reserve or central reserve city shall be required to accept the terms of this Act within six months from the date of notification of its allotment of stock, or, upon failure to do so, shall cease to be a reserve agent for national banks.*

SECTION 9.

HOUSE BILL.

SEC. 9. That any bank or banking association incorporated by special law of any State or of the United States, or organized under the general laws of any State or the United States, and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of existing laws, may, by the consent in writing of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, and with the approval of the Comptroller of the Currency, become a

national banking association under its former name or by any name approved by the comptroller.

The directors thereof may continue to be the directors of the association so organized until others are elected or appointed in accordance with the provisions of the law. When the comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, 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 Act or by the national banking Act for associations originally organized as national banking associations.

OWEN AMENDMENT.

~~SEC. 9 8. That any~~ Any bank or banking association 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 national banking association under the provisions of existing laws, may, by ~~the consent in writing~~ vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, and with the approval of the Comptroller of the Currency, ~~become a~~ and acting through a committee, organize a national banking association with any name approved by the said comptroller, and transfer its business to such national banking association ~~under its former name or by any name approved by the comptroller.~~ Provided, however, That said acts are not in contravention of the State or local law. The directors thereof may continue to be the directors of the association so organized until others are elected or appointed in accordance with the provisions of the law. When the comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, 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 Act ~~or~~ and by the national banking Act for associations originally organized as national banking associations.

HITCHCOCK AMENDMENT.

SEC. 9. That any bank or banking association incorporated by special law of any State or of the United States, or organized under the general laws of any State or the United States, and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of existing laws, may, by the consent in writing of the shareholders owning not less than fifty-one 28 per centum of the capital stock of such bank or banking association, and with the approval of the Comptroller of the Currency, become a

national banking association under its former name or by any name approved by the comptroller.

The directors thereof may continue to be the directors of the association so organized until others are elected or appointed in accordance with the provisions of the law. When the comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association 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 Act or by the national banking Act for associations originally organized as national banking associations.

SECTION 10.

STATE BANKS AS MEMBERS.

SEC. 10. That from and after the passage of this Act any bank or banking association or trust company incorporated by special law of any State, or organized under the general laws of any State or the United States, may make application

STATE BANKS AS MEMBERS.

~~SEC. 10 9. That from and after the passage of this Act any~~ Any bank or banking association or trust company incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to

STATE BANKS AS MEMBERS.

SEC. 10. That from and after the passage of this Act any bank or banking association or trust company incorporated by special law of any State, or organized under the general laws of any State or the United States, may make applica-

SECTION 10—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

to the Federal Reserve Board hereinafter created for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located.

The Federal Reserve Board, under such rules and regulations as it may permit such applying bank to become a stockholder in the Federal reserve bank of the district in which such applying bank is located. Whenever the Federal Reserve Board shall permit such applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located, stock shall be issued and paid for under the rules and regulations in this Act provided for national banks which become stockholders in Federal reserve banks.

It shall be the duty of the Federal Reserve Board to establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies hereinbefore referred to for stock ownership in Federal reserve banks. Such by-laws shall require applying bank not organized under Federal law to comply with the reserve requirements and submit to the inspection and regulation provided for in this and other laws relating to national banks.

No such applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking Act, and conforms to the provisions herein prescribed for national banking associations of similar capitalization and to the regulations of the Federal Reserve Board.

the Federal Reserve Board hereinafter created for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located.

The organization committee or the Federal Reserve Board, under such rules and regulations as it may prescribe, subject to the provisions of this section, shall permit such the applying bank to become a stockholder in the Federal reserve bank of the district in which such the applying bank is located. Whenever the organization committee or the Federal Reserve Board shall permit such the applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located, stock shall be issued and paid for under the rules and regulations in this Act provided for national banks which become stockholders in Federal reserve banks.

It shall be the duty of the The organization committee or the Federal Reserve Board to establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies hereinbefore referred to for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the inspection examination and regulation provided for in this and other laws relating to national banks regulations prescribed by the organization committee or by the Federal Reserve Board.

No such applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking Act, and conforms to the provisions herein prescribed for national banking associations of similar capitalization and to the regulations of the Federal Reserve Board.

Any bank becoming a member of a Federal reserve bank under the

tion to the Federal Reserve Board hereinafter created for the right to subscribe to the stock to become a member of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located.

The Federal Reserve Board, under such rules and regulations as it may prescribe, subject to the provisions of this section Act, shall permit such applying bank to become a stockholder in member of the Federal reserve bank of the district in which such applying bank is located. Whenever the Federal Reserve Board shall permit such applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located, stock shall be issued and paid for under the rules and regulations in this Act provided for national banks which become stockholders in Federal reserve banks, in which case stock shall be allotted to it as provided in this Act.

It shall be the duty of the Federal Reserve Board to establish by laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies hereinbefore referred to for stock ownership in Federal reserve banks. Such by laws shall require applying banks not organized under Federal law to comply with the reserve requirements and submit to the inspection and regulation provided for in this and other laws relating to national banks.

No such applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking Act, and conforms to the provisions herein prescribed for national banking associations of similar capitalization and to the regulations of the Federal Reserve Board and it shall thereafter be re-

SECTION 10—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal Reserve Board may, in pursuance thereof, prescribe.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections fifty-one hundred and ninety-eight, fifty-two hundred, fifty-two hundred and one, and fifty-two hundred and eight, and fifty-two hundred and nine of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller, as provided in sections fifty-two hundred and eleven and fifty-two hundred and twelve of the Revised Statutes, and shall be subject to the penalties prescribed by section fifty-two hundred and thirteen for the failure to make such report.

17 If at any time it shall appear to the Federal Reserve Board that a banking association or trust company organized under the laws of any State or of the United States has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board to require such banking association or trust company to surrender its stock in the Federal reserve bank in which it holds stock upon receiving from such Federal reserve bank the cash-paid subscriptions to the said stock

If at any time it shall appear to the Federal Reserve Board that a banking association or trust company organized under the laws of any State or of the United States and having become a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such banking association or trust company to surrender its stock in the Federal reserve bank; in which it holds stock upon receiving from such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock in current funds with interest at the rate of one-half of one per centum per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal reserve bank, except the subscription liability not previously called, which shall be canceled,

quired to make the same reports and be subject to the same examination and supervision as national banking associations and subject also to the reserve requirements of this Act.

If at any time it shall appear to the Federal Reserve Board that a ~~banking association or trust company organized under the laws of any State or of the United States~~ member bank has failed to comply with the provisions of this section Act or the regulations of the Federal Reserve Board, it shall be within the power of the said board to require such ~~banking association or trust company to surrender its stock in the Federal reserve bank in which it holds stock upon receiving from such Federal reserve bank the cash-paid subscriptions to the said stock in current funds, and said Federal reserve bank shall upon notice from the Federal Reserve Board be required to suspend said banking association or trust company from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided, after due~~

SECTION 10—Continued.

HOUSE BILL.

in current funds, and said Federal reserve bank shall upon notice from the Federal Reserve Board be required to suspend said banking association or trust company from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided.

OWEN AMENDMENT.

and said Federal reserve bank shall, upon notice from the Federal Reserve Board, be required to suspend said banking association or trust company from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided.

The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

HITCHCOCK AMENDMENT.

hearing, to suspend or expel the said bank from membership.

The Federal Reserve Board may restore membership upon due proof of compliance with the condition imposed by this Act.

SECTION 11.

FEDERAL RESERVE BOARD.

SEC. 11. That there shall be created a Federal Reserve Board, which shall consist of seven members, including the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, who shall be members ex officio, and four members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the four appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of different geographical divisions of the country. The four members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of \$10,000, together with an allowance for actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of said Federal Reserve Board, shall, in addition to the salary now paid him as comptroller, receive the sum of \$5,000 annually for his services as a member of said board. Of the four members thus appointed by the President not more

FEDERAL RESERVE BOARD.

~~SEC. 11 10. That there shall be created a Federal Reserve Board, which shall consist of seven members, including the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, who shall be members ex officio, and four six members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the four six appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different geographical divisions of the country. The four six members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of \$10,000, together with an allowance for actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of said Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller, receive the sum of \$5,000 annually for his services as a member of said board~~

FEDERAL RESERVE BOARD.

The Hitchcock amendment proposes to strike out all of section 11 of the House bill and insert the following:

Sec. 11. That the President of the United States shall appoint, by and with the advice and consent of the Senate, a Federal Reserve Board consisting of eight members, in addition to whom the Secretary of the Treasury shall be an ex officio member. Of the eight members appointed in the first instance, the President shall appoint one for a term of one year, one for a term of two years, one for a term of three years, one for a term of four years, one for a term of five years, one for a term of six years, one for a term of seven years, and one for a term of eight years, and thereafter all appointments shall be made for a term of eight years. Not less than one nor more than three of said members shall be appointed from any one Federal reserve district. Appointments to fill vacancies in the board shall be for the unexpired term and may be made by the President when the Senate is not in session, which appointments shall expire at the end of the next session. In selecting members of the reserve board consideration shall be given to experience in commerce and banking. The eight members of the Federal Reserve Board thus appointed by the President shall devote their entire time to the work and duties of the board and shall not while in office be officers, directors, or employees of any bank or trust company,

SECTION 11—Continued.

HOUSE BILL.

than two shall be of the same political party, and at least one of whom shall be a person experienced in banking. One shall be designated by the President to serve for two, one for four, one for six, and one for eight years, respectively, and thereafter each member so appointed shall serve for a term of eight years unless sooner removed for cause by the President.

Of the four persons thus appointed, one shall be designated by the President as manager and one as vice manager of the Federal Reserve Board. The manager of the Federal Reserve Board, subject to the supervision of the Secretary of the Treasury and Federal Reserve Board, shall be the active executive officer of the Federal Reserve Board.

19 The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock, an assessment sufficient to pay its estimated expenses for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

OWEN AMENDMENT.

and they shall be ineligible during the time they are in office and for two years thereafter to hold any appointive office or employment under the United States or in the District of Columbia or any Territory of the United States, or of any member bank of a reserve bank.

Of the ~~four~~ ^{six} members thus appointed by the President ~~not more than two shall be of the same political party, and at least one of whom~~ ^{two} shall be a ~~person~~ ^{persons} persons experienced in banking or finance. One shall be designated by the President to serve for ~~two~~ ^{one}, one for ~~four~~ ^{two}, one for ~~six~~ ^{three}, and one for ~~eight~~ ^{years} ~~years~~ ^{four}, one for ~~five~~ ^{five}, and one for ~~six~~ ^{six} years, respectively, and thereafter each member so appointed shall serve for a term of ~~eight~~ ^{six} years unless sooner removed for cause by the President. Of the ~~four~~ ^{six} persons thus appointed, one shall be designated by the President as ~~manager~~ ^{manager} governor and one as vice ~~manager~~ ^{manager} governor of the Federal Reserve Board. The ~~manager~~ ^{manager} governor of the Federal Reserve Board, subject to ~~the~~ ^{its} supervision of the ~~Secretary of the Treasury and Federal Reserve Board,~~ shall be the active executive officer of the Federal Reserve Board.

The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal Reserve Board shall within fifteen days after notice of appointment make and subscribe to the oath of office.

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and 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.

HITCHCOCK AMENDMENT.

nor hold stock in any such institution, and they shall each receive a salary of \$12,000 per year, payable monthly out of the Treasury of the United States upon the order or warrant of the Secretary of the Treasury. The President shall designate, other than the Secretary of the Treasury, one member of said board as governor thereof, and one member as vice governor thereof who shall act in place of the governor during his disability or absence. The governor shall be the active executive and presiding officer of the board.

The Secretary of the Treasury shall provide the necessary office rooms for said board in the Treasury Department Building, or the board may select quarters elsewhere in the city of Washington if sufficient office room can not be found in said building. The said board shall hold its office in the city of Washington, District of Columbia. The first meeting of the board shall be held as soon as may be, upon the
34 *call of the Secretary of the Treasury, at a time and place designated by him.*

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and salaries for the half year succeeding the levying of such assessment, together with any deficit ~~deficiency~~ carried forward from the preceding half year.

SECTION 11—Continued.

HOUSE BILL.

The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, at a date to be fixed by the Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank or banking institution or Federal reserve bank nor hold stock in any bank or banking institution; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the four members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed shall hold office for the unexpired term of the member whose place he is selected to fill.

20 The Federal Reserve Board shall annually make a report of its fiscal operation to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

OWEN AMENDMENT.

The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, at a date to be fixed by the Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank, or banking institution, *trust company*, or Federal reserve bank nor hold stock in any bank, or banking institution, or *trust company*; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the ~~four~~ *six* members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed *he* shall hold office for the unexpired term of the member whose place he is selected to fill.

35 *The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate, by granting commissions which shall expire at the end of the next session of the Senate.*

Nothing in this Act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this Act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal Reserve Board shall annually make a *full* report of its fiscal operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

HITCHCOCK AMENDMENT.

~~The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, at a date to be fixed by the Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank or banking institution or Federal reserve bank nor hold stock in any bank or banking institution; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the four members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed shall hold office~~
35 ~~for the unexpired term of the member whose place he is selected to fill.~~

The Federal Reserve Board shall annually make a *full* report of its fiscal operations to the ~~Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.~~

SECTION 11—Continued.

HOUSE BILL.

Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows:

“There shall be in the Department of the Treasury a bureau charged, except as in this Act otherwise provided, with the execution of all laws passed by Congress relating to the issue and regulation of currency issued by or through banking associations, the chief officer of which bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general direction of the Secretary of the Treasury, acting as the chairman of the Federal Reserve Board.” *Provided, however,* That nothing herein contained shall be construed to affect any power now vested by law in the Comptroller of the Currency or the Secretary of the Treasury.

OWEN AMENDMENT.

Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows: ~~“There shall be in the Department of the Treasury a bureau charged, except as in this Act otherwise provided, with the execution of all laws passed by Congress relating to the issue and regulation of currency issued by or through banking associations, the chief officer~~
36 ~~of which bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general direction of the Secretary of the Treasury, acting as the chairman of the Federal Reserve Board:”~~ *Provided, however,* That nothing herein contained shall be construed to affect any power now vested by law in the Comptroller of the Currency or the Secretary of the Treasury

There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.”

HITCHCOCK AMENDMENT.

Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows:

“There shall be in the Department of the Treasury, a bureau charged, ~~except as in this Act otherwise provided,~~ with the execution of all laws passed by Congress relating to the issue and regulation of national currency ~~issued secured by or through banking associations,~~ United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general direction of the Secretary of the Treasury, ~~acting as the chairman of the Federal Reserve Board:”~~ *Provided, however,* That nothing herein.

Nothing in this Act contained shall be construed to affect as taking away any power now powers heretofore vested by law in the Comptroller of the Currency or the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and the bureaus under such department.

SECTION 12.

HOUSE BILL.

SEC. 12. That the Federal Reserve Board hereinbefore established shall be authorized and empowered:

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of such Federal reserve banks, single and combined, and shall furnish full information regarding the character of the lawful money held as reserve and the amount, nature, and maturities of the paper owned by Federal reserve banks.

(b) To permit or require, in time of emergency, Federal reserve banks to rediscount the discounted prime paper of other Federal reserve banks, at least five members of the Federal Reserve Board being present when such action is taken and all present consenting to the requirement. The exercise of this compulsory rediscount power by the Federal Reserve Board shall be subject to an interest charge to the accommodated bank of not less than one nor greater than three per centum above the higher of the rates prevailing in the districts immediately affected.

(c) To suspend for a period not exceeding thirty days (and to renew such suspension for periods not to exceed fifteen days) any and every reserve requirement specified in this act: *Provided*, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this act may be permitted to fall below the level hereinafter specified, such tax to be uniform in its application to all banks; but said board

OWEN AMENDMENT.

SEC. 12 11. That the The Federal Reserve Board hereinbefore established shall be authorized and empowered:

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank *and of each member bank* and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of ~~such~~ *the* Federal reserve banks, single and combined, and shall furnish full information regarding the character of the lawful money held as reserve and the amount, nature, and maturities of the paper *and other investments owned or held by* Federal reserve banks.

(b) To permit or require, ~~in time of emergency~~, Federal reserve banks to rediscount the discounted ~~prime~~ paper of other Federal reserve banks, ~~at least five members of the Federal Reserve Board being present when such action is taken and all present consenting to the requirement.~~ The exercise of this compulsory rediscount power by the Federal Reserve Board shall be subject to an interest charge to the accommodated bank of not less than one nor greater than three per centum above the higher of the rates prevailing in the districts immediately affected *at rates of interest to be fixed each week or oftener by the Federal Reserve Board.*

(c) To suspend for a period not exceeding thirty days, ~~(and from time to time to renew such suspension for periods not to exceed fifteen days), any and every~~ reserve requirement specified in this Act: *Provided*, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this Act may be permitted to fall below the level hereinafter specified, such tax to be uniform in its application to all *Federal reserve*

HITCHCOCK AMENDMENT.

36 SEC. 12. That the Federal Reserve Board hereinbefore established shall be authorized and empowered:

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank *and of each member bank* and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of such Federal reserve banks, single and combined, and shall furnish full information regarding the *amount and* character of the lawful money held as reserve and the amount, nature, and maturities of the paper *and other investments owned or held by* Federal reserve banks.

(b) To permit or require, in time of emergency, Federal reserve banks to rediscount the discounted prime *commercial* paper of other Federal reserve banks, at least ~~five~~ *six* members of the Federal Reserve Board being present when such action is taken and all present consenting to the requirement. The exercise of this compulsory rediscount power by the Federal Reserve Board shall be subject to an interest charge to the accommodated bank of not less than one nor greater than three per centum above the higher of the rates prevailing in the districts immediately affected. *In such case the Federal board shall fix a special rediscount rate of not more than*

37 *three per centum in excess of the discount rate of the accommodated reserve bank.*
 (c) ~~To suspend for a period not exceeding thirty days (and to renew such suspension for periods not to exceed fifteen days), any and every reserve requirement specified in this Act: *Provided*, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this Act may be permitted to fall below the level hereinafter specified, such tax to be uniform in its application to all banks; but said board shall not sus-~~

SECTION 12—Continued.

HOUSE BILL.

shall not suspend the reserve requirements with reference to Federal reserve notes.

(d) To supervise and regulate the issue and retirement of Federal reserve notes and to prescribe the form and tenor of such notes.

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty of this act; or to reclassify existing reserve and central reserve cities and to designate the banks therein situated as country banks at its discretion.

(f) To suspend the officials of Federal reserve banks and, for cause stated in writing with opportunity of hearing, require the removal of said officials for incompetency, dereliction of duty, fraud, or deceit, such removal to be subject to approval by the President of the United States.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

(h) To suspend, for cause relating to violation of any of the provisions of this act, the operations of any Federal reserve bank and appoint a receiver therefor.

(i) To perform the duties, functions, or services specified or implied in this act.

OWEN AMENDMENT.

38 *banks and to member banks, required to keep the same reserves; but said board shall not suspend the reserve requirements with reference to Federal reserve notes.*

(d) *To supervise and regulate the issue and retirement of Federal reserve notes and to prescribe the form and tenor of such notes.*

To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the comptroller to the Federal reserve agents applying therefor.

(e) *To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty of this Act; or to reclassify existing reserve and central reserve cities and to designate the banks therein situated as country banks at its discretion or to terminate their designation as such.*

(f) *To suspend the officials of Federal reserve banks and, for cause stated in writing with opportunity of hearing, require the removal of said officials for incompetency, dereliction of duty, fraud, or deceit, such removal to be subject to approval by the President of the United States*

39 *To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.*

(g) *To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.*

(h) *To suspend, for cause relating to violation of any of the provisions of this Act, the operations of any Federal reserve bank and appoint a receiver therefor take possession thereof and administer the same during the period of suspension.*

(i) *To require bonds of Federal reserve agents, perform the duties, functions, or services specified or im-*

HITCHCOCK AMENDMENT.

~~pend the reserve requirements with reference to Federal reserve notes.~~

(d c) *To supervise and regulate the issue and retirement of Federal reserve notes and to prescribe the form and tenor of such notes.*

(e d) *To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty of this Act; or to reclassify existing reserve and central reserve cities and or to designate the banks therein situated as country banks at its discretion terminate their designation as such.*

(f) ~~To suspend the officials of Federal reserve banks and, for cause stated in writing with opportunity of hearing, require the removal of said officials for incompetency, dereliction of duty, fraud, or deceit, such removal to be subject to approval by the President of the United States.~~

(g e) *To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.*

~~(h) To suspend, for cause relating to violation of any of the provisions of this Act, the operations of any Federal reserve bank and appoint a receiver therefor.~~

(f) *To require bonds of Federal reserve agents for the faithful performance of the duties of their office.*

SECTION 12—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

plied in this Act, and to make all rules and regulations necessary to enable said board effectively to perform the same.

(j) To exercise general supervision over said Federal reserve banks.

(k) To authorize member banks to use, as reserves, Federal reserve notes, or bank notes based on United States bonds, to the extent that said board may find necessary.

(l) To grant by special permit to national banks applying therefor, when not in contravention of State law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

~~(i) To perform the duties, functions, or services specified or implied in this Act.~~

SECTION 13.

23 FEDERAL ADVISORY COUNCIL.

40 FEDERAL ADVISORY COUNCIL.

FEDERAL ADVISORY COUNCIL.

SEC. 13. There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive no compensation for his services, but may be reimbursed for actual necessary expenses.

The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may select its own officers and adopt its own methods of procedure, and 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.

The Federal Advisory Council shall have power (1) to meet and confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning

SEC. 13. There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive ~~no compensation for his services, but may be reimbursed for actual necessary expenses~~ such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal Reserve Board.

The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may select its own officers and adopt its own methods of procedure, and 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.

The Federal Advisory Council shall have power, *by itself or through its officers*, (1) to meet and confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written

SEC. 13. There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive ~~no compensation for his services, but may be reimbursed for actual necessary expenses~~ such compensation and allowances as may be fixed by the board of directors subject to the approval of the Federal Reserve Board.

The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may select its own officers and adopt its own methods of procedure, and 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.

The Federal Advisory Council shall have power *by itself or through its officers* (1) to meet and confer, directly with the Federal Reserve Board on general business conditions; (2) to make oral or written

SECTION 13—Continued.

HOUSE BILL.

matters within the jurisdiction of said board; (3) to call for complete information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

OWEN AMENDMENT.

representations concerning matters within the jurisdiction of said board; (3) to call for complete information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

HITCHCOCK AMENDMENT.

representations concerning matters within the jurisdiction of said board; (3) to call for complete information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

SECTION 14.

24

REDISCOUNTS.

SEC. 14. That any Federal reserve bank may receive from any member bank deposits of current funds in lawful money, national bank notes, Federal reserve notes, or checks and drafts upon solvent banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national bank notes, or checks and drafts upon solvent banks, payable upon presentation.

Upon the indorsement of any member bank any Federal reserve bank may discount notes and bills of exchange arising out of commercial transactions; that is, notes and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or may be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act; nothing herein contained shall be construed to prohibit such notes and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes or bills issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities. Notes and bills

REDISCOUNTS POWERS OF FEDERAL RESERVE BANKS.

SEC. 14 13. ~~That any~~ Any Federal reserve bank may receive from any of its member ~~bank banks, and from the United States,~~ deposits of current funds in lawful money, national bank notes, Federal reserve notes, or checks and drafts upon solvent banks of the Federal reserve system, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Upon the indorsement of any of its member ~~bank banks, with a waiver of demand notice and protest by such bank,~~ any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or ~~may are to be~~ used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act; ~~nothing herein.~~ Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such

REDISCOUNTS.

SEC. 14. That any Federal reserve bank may receive from any member bank ~~and from the United States~~ deposits of current funds in lawful money, national bank notes, Federal reserve notes, ~~or and~~ checks and drafts upon solvent member banks of the Federal reserve system, payable upon presentation; ~~or and,~~ solely for exchange purposes, may receive from other Federal reserve bank deposits of current funds in lawful money, national bank notes, ~~or and~~ checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation. Reserve banks shall not pay interest on deposits.

Upon the indorsement of any member bank with a waiver of demand notice and protest any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or may be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act; nothing herein contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely invest-

SECTION 14—Continued.

HOUSE BILL.

admitted to discount under the terms of this paragraph must have a maturity of not more than ninety days.

25 Upon the indorsement of any member bank any Federal reserve bank may discount the paper of the classes hereinbefore described having a maturity of more than ninety and not more than one hundred and twenty days, when its own cash reserve exceeds thirty-three and one-third per cent of its total outstanding demand liabilities exclusive of its outstanding Federal reserve notes by an amount to be fixed by the Federal Reserve Board; but not more than fifty per cent of the total paper so discounted for any member bank shall have a maturity of more than ninety days.

Upon the indorsement of any member bank any Federal reserve bank may discount acceptances of such banks which are based on the exportation or importation of goods and which mature in not more than six months and bear the signature of at least one member bank in addition to that of the acceptor. The amount so discounted shall at no time exceed one-half the capital stock of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at

OWEN AMENDMENT.

definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.

Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days.

~~Upon the indorsement of any member bank any Federal reserve bank may discount the paper of the classes hereinbefore described having a maturity of more than ninety and not more than one hundred and twenty days, when its own cash reserve exceeds thirty three and one third per cent of its total outstanding demand liabilities exclusive of its outstanding Federal reserve notes by an amount to be fixed by the Federal Reserve Board; but not more than fifty per cent of the total paper so discounted for any member bank shall have a maturity of more than ninety days.~~

43 Upon the indorsement of any member bank any Federal reserve bank may discount acceptances of such banks which are based on the exportation or importation or exportation or domestic shipment of goods and which mature in have a maturity at time of discount of not more than six three months, and bear the signature of indorsed by at least one member bank in addition to that of the acceptor. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at

HITCHCOCK AMENDMENT.

ments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States and interest-bearing obligations of its dependencies the principal and interest of which have been guaranteed by the United States.

Notes and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety one hundred and eighty days: 41 Provided, however, That not more than fifty per centum of the paper discounted for any member bank shall have a maturity exceeding ninety days and in no case shall any member bank have more than \$200,000 of rediscounts having a maturity longer than ninety days.

~~Upon the indorsement of any member bank any Federal reserve bank may discount the paper of the classes hereinbefore described having a maturity of more than ninety and not more than one hundred and twenty days, when its own cash reserve exceeds thirty three and one third per cent of its total outstanding demand liabilities exclusive of its outstanding Federal reserve notes by an amount to be fixed by the Federal Reserve Board; but not more than fifty per cent of the total paper so discounted for any member bank shall have a maturity of more than ninety days.~~

42 Upon the indorsement of any member bank any Federal reserve bank may discount acceptances of such member banks which are based on the exportation or importation of goods and which mature in have a maturity at time of discount of not more than six months and of acceptances based on domestic shipments of goods and which have a maturity at time of discount of not more than four months and bear the signature of at least one member bank in addition to that of the acceptor. The amount so discounted shall at no time exceed one-half the capital stock of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at

SECTION 14—Continued.

HOUSE BILL.

no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

26 Any national bank may, at its discretion, accept drafts or bills of exchange drawn upon it having not more than six months sight to run and growing out of transactions involving the importation or exportation of goods; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half the face value of its paid-up and unimpaired capital.

Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of sections two, five, and fourteen of the Federal reserve Act.

OWEN AMENDMENT.

no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any national bank may, ~~at its discretion,~~ accept drafts or bills of exchange drawn upon it ~~having not more than six months sight to run~~ and growing out of transactions involving the importation, ~~or~~ exportation, ~~or domestic shipment~~ of goods ~~having not more than six months sight to run~~; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half ~~the face value of its paid-up and unimpaired capital stock and surplus.~~

44 Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of ~~sections two, five, and fourteen of the Federal reserve this Act.~~

The Federal Reserve Board may authorize the reserve bank of the district to discount the direct obligations of member banks, secured by the pledge and deposit of satisfactory securities; but in no case shall the amount so loaned by a Federal reserve bank exceed three-fourths of the actual value of the securities so pledged.

HITCHCOCK AMENDMENT.

no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any national bank may, at its discretion, accept drafts or bills of exchange drawn upon it ~~having not more than six months sight to run~~ and growing out of transactions involving the importation or exportation of goods ~~having not more than six months to run or growing out of the domestic shipment of goods and having not more than four months to run~~; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than ~~one-half the face par value of its paid-up and unimpaired capital.~~

~~Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No association shall at any time be indebted or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:~~

43 ~~First. Notes of circulation.~~

~~Second. Moneys deposited with or collected by the association.~~

~~Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.~~

~~Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.~~

~~Fifth. Liabilities incurred under the provisions of sections two, five, and fourteen of the Federal reserve Act.~~

The Federal Reserve Board may authorize the reserve bank of the district to discount the direct obligations of member banks, secured by the pledge and deposit of satisfactory securities; but in no case shall the amount so loaned by a reserve bank exceed three-fourths of the actual market value of the securities so pledged or one-half the amount of the paid-up and unimpaired capital of the member bank.

SECTION 14—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign 45 bills of exchange and acceptances shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal Reserve Board.

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange shall be subject to such regulations as may be imposed by the board.

The discount provisions of this Act shall be equitably extended to all of its member banks by each reserve bank upon equal terms, and each member bank shall be entitled as a matter of right to the rediscount of eligible paper to the full amount of its capital stock upon the lowest current 44 rate of discount, and no member bank shall be permitted to discount an amount of paper exceeding the amount of its capital stock except upon payment of a higher rate of discount, the increase in rate of discount to be one per centum for an additional fifty per centum of discounts or part thereof and two per centum for all in excess. In no case shall a Federal reserve bank discount paper for a member bank in excess of twice the amount of its capital stock without special authority by the board.

SECTION 15.

27 OPEN-MARKET OPERATIONS.

OPEN-MARKET OPERATIONS.

OPEN-MARKET OPERATIONS.

SEC. 15. That any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, either from or to domestic or foreign banks, firms, corporations, or individuals, prime bankers' bills, and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, and cable transfers.

Every Federal reserve bank shall have power (a) to deal in gold coin and bullion both at home and abroad, to make loans thereon, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of

SEC. 15 14. ~~That any~~ Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, ~~prime cable transfers and~~ bankers' bills, acceptances and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, ~~and cable transfers with or without the indorsement of a member bank.~~

Every Federal reserve bank shall have power: (a) to deal in gold coin and bullion both at home and abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, 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 Federal reserve banks are authorized

SEC. 15. ~~That any~~ Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, either from or to domestic or foreign banks, firms, corporations, or individuals, prime bankers' bills, and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, and cable transfers.

Every Federal reserve bank shall have power (a) to deal in gold coin and bullion both at home and abroad, to make loans thereon, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of interest-bearing obligations of the United States

SECTION 15—Continued.

HOUSE BILL.

United States bonds; (b) to invest in United States bonds, and bonds issued by any State, county, district, or municipality;

(c) to purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined, payable in foreign countries; but such bills of exchange must have not exceeding ninety days to run and must bear the signature of two or more responsible parties, of which the last shall be that of a member bank; (d) to establish each week, or as much oftener as required, subject to review and determination of the Federal Reserve Board, a rate of discount to be charged by such bank for each class of paper, which shall be fixed with a view of accommodating the commerce of the country; and

(e) with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting foreign bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, prime foreign bills of exchange arising out of commercial transactions which have not exceeding ninety days to run and which bear the signature of two or more responsible parties.

OWEN AMENDMENT.

to hold; (b) to ~~invest in buy and sell at home or abroad, bonds and notes of the United States bonds, and bonds issued by any State, county, district, or municipality bills, notes, revenue bonds, and warrants~~ 46 ~~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, county, district, political subdivision, or municipality in the continental United States, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board:~~

(c) to purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined, payable in foreign countries; but such bills of exchange must have not exceeding ninety days to run and must bear the signature of two or more responsible parties, of which the last shall be that of a member bank; (d) to establish each week, or as much oftener as required from time to time, subject to review and determination of the Federal Reserve Board, ~~a rate~~ rates of discount to be charged by ~~such the Federal reserve bank~~ for each class of paper, which shall be fixed with a view of accommodating the commerce of the country and business; and (e) to establish accounts with other Federal reserve banks for exchange purposes and, with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries, *appoint correspondents*, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting foreign 47 bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, *prime foreign* bills of exchange arising out of *actual* commercial transactions which have not exceeding more than ninety days to run and which bear the signature of two or more responsible parties.

HITCHCOCK AMENDMENT.

~~bonds; (b) to invest in United States bonds, and bonds issued by any State, county, district, or municipality (b) to buy and sell interest-bearing obligations of the United States and of its dependencies~~ 45 ~~when payment of principal and interest is guaranteed by the United States, and bonds or warrants of any State, county, or municipality, or short-time interest-bearing obligations issued by foreign governments, with a maturity from date of purchase of not exceeding one year, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;~~ (c) to purchase from a member ~~banks bank~~ bank and to sell, with or without its *own* indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined, payable in foreign countries; but such bills of exchange must have not exceeding ninety days to run and must bear the signature of two or more responsible parties, of which the last shall be that of a member bank; (d) to establish each week, or as much oftener as required *publicly from time to time*, subject to review and determination of the Federal Reserve Board, a rate of discount to be charged by such bank for each class of paper, which shall be fixed with a view of accommodating the commerce of the country *and promoting stability in business*; and (e) *establish accounts with other reserve banks* and with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting ~~foreign~~ bills of exchange, *letters of credit, and travelers' checks*, and to buy and sell with or without its indorsement, through *such* 46 ~~correspondents or agencies, prime foreign~~ bills of exchange arising out of commercial transactions which have not exceeding ninety days to run and which bear the signature of two or more responsible parties.

SECTION 16.

HOUSE BILL.

GOVERNMENT DEPOSITS.

SEC. 16. That all moneys now held in the general fund of the Treasury except the five per centum fund for the redemption of outstanding national-bank notes shall, upon the direction of the Secretary of the Treasury, within twelve months after the passage of this Act, be deposited in Federal reserve banks, which banks shall act as fiscal agents of the United States; and thereafter the revenues of the Government shall be regularly deposited in such banks, and disbursements shall be made by checks drawn against such deposits.

The Secretary of the Treasury shall, subject to the approval of the Federal Reserve Board, from time to time, apportion the funds of the Government among the said Federal reserve banks, distributing them, as far as practicable, equitably between different sections, and may, at their joint discretion, charge interest thereon and fix, from month to month, a rate which shall be regularly paid by the banks holding such deposits: *Provided*, That no Federal reserve bank shall pay interest upon any deposits except those of the United States.

No Federal reserve bank shall receive or credit deposits except from the Government of the United States, its own member banks, and, to the extent permitted by this Act

OWEN AMENDMENT.

GOVERNMENT DEPOSITS.

SEC. 15. ~~That all~~ *The* moneys ~~now~~ held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national-bank notes ~~and the funds provided in this Act for the redemption of Federal reserve notes shall~~ *may*, upon the direction of the Secretary of the Treasury, ~~within twelve months after the passage of this Act,~~ be deposited in Federal reserve banks, which banks ~~shall, when required by the Secretary of the Treasury,~~ shall act as fiscal agents of the United States; and ~~thereafter~~ the revenues of the Government ~~or any part thereof shall~~ *may* be regularly deposited in such banks, and disbursements ~~shall~~ *may* be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this Act: Provided, however, That nothing in this Act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

48 ~~The Secretary of the Treasury shall, subject to the approval of the Federal Reserve Board, from time to time, apportion the funds of the Government among the said Federal reserve banks, distributing them, as far as practicable, equitably between different sections, and may, at their joint discretion, charge interest thereon and fix, from month to month, a rate which shall be regularly paid by the banks holding such deposits: Provided, That no Federal reserve bank shall pay interest upon any deposits except those of the United States.~~

~~No Federal reserve bank shall receive or credit deposits except from the Government of the United States, its own member banks, and, to the extent permitted by this~~

HITCHCOCK AMENDMENT.

GOVERNMENT DEPOSITS.

SEC. 16. That all moneys now held in the general fund of the Treasury except the five per centum fund for the redemption of outstanding national-bank notes ~~and the funds provided in this Act for the redemption of Federal reserve notes shall~~, upon the direction of the Secretary of the Treasury, ~~within twelve months after the passage of this Act,~~ be deposited in Federal reserve banks, which banks shall act as fiscal agents of the United States; and thereafter the revenues of the Government shall be regularly deposited in such banks, and disbursements shall be made by checks drawn against such deposits.

The Secretary of the Treasury shall, subject to the approval of the Federal Reserve Board, from time to time, apportion the funds of the Government *deposits* among the said Federal reserve banks, distributing them, *in proportion to their capital stock* as far as practicable, equitably between different sections, and may, at their joint discretion, charge interest thereon and fix, from month to month, a rate which shall be regularly paid by the banks holding such deposits: *Provided*, That no Federal reserve bank shall pay interest upon any deposits except those of the United States: *Provided*, That for the purposes of collection and transfer only the Secretary of the Treasury may designate national banks as Government depositories.

47 ~~No Federal reserve bank shall receive or credit deposits except from the Government of the United States, its own member banks, and, to the extent permitted by this~~

SECTION 16—Continued.

HOUSE BILL.

from other Federal reserve banks. All domestic transactions of the Federal reserve banks involving loans made by such banks, rediscount operations or the creation of deposit accounts shall be confined to the Government and the depositing and Federal reserve banks, with the exception of the purchase or sale of Government or State securities or of gold coin or bullion.

OWEN AMENDMENT.

~~Act, from other Federal reserve banks. All domestic transactions of the Federal reserve banks involving loans made by such banks, rediscount operations or the creation of deposit accounts shall be confined to the Government and the depositing and Federal reserve banks, with the exception of the purchase or sale of Government or State securities or of gold coin or bullion.~~

HITCHCOCK AMENDMENT.

~~Act, from other Federal reserve banks. All domestic transactions of the Federal reserve banks involving loans made by such banks, rediscount operations or the creation of deposit accounts shall be confined to the Government and the depositing and Federal reserve banks, with the exception of the purchase or sale of Government or State securities or of gold coin or bullion.~~

SECTION 17.

NOTE ISSUES.

SEC. 17. That Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable for all taxes, customs, and other public dues. They shall be redeemed in gold or lawful money on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or at any Federal reserve bank.

NOTE ISSUES.

SEC. 17. That Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks *through the Federal reserve agents* as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable for all taxes, customs, and other public dues. They shall be redeemed in gold ~~or lawful money~~ on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or *in gold or lawful money* at any Federal reserve bank.

NOTE ISSUES.

SEC. 17. That Federal reserve notes, to be issued ~~at the discretion~~ *under authority* of the Federal Reserve Board for the purpose of making advances to Federal reserve banks as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable for all taxes, customs, and other public dues *but shall not be held as reserves by member banks or by a reserve bank.* They shall be redeemed in gold ~~or lawful money~~ on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or at any Federal reserve bank.

30 Any Federal reserve bank may, upon vote of its directors, make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may deem best. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of section 14 of this Act, and the Federal reserve agent shall each day notify the Federal Reserve Board of issues and withdrawals of notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board shall be authorized at any time to call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

Any Federal reserve bank may, ~~upon vote of its directors,~~ make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may ~~deem best~~ *require.* Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of section 44 *13* of this act, and the Federal reserve agent shall each day notify the Federal Reserve Board of *all* issues and withdrawals of *Federal reserve* notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board shall be authorized at any time to call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

48 Any Federal reserve bank may, upon vote of its directors, make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may ~~deem best~~ *require.* Such application shall be accompanied with a tender to the local Federal reserve agent of collateral *security* in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of ~~section 14~~ of this Act, and the Federal reserve agent shall each day notify the Federal Reserve Board of *all* issues and withdrawals of *Federal reserve* notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board shall be authorized at any time to call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

SECTION 17—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

~~Whenever any Federal reserve bank shall pay out or disburse Federal reserve notes issued to it as hereinbefore provided, it shall segregate in its own vaults and shall carry to a special reserve account on its books reserve gold or lawful money equal in amount to thirty three and one third per centum of the reserve notes so paid out by it, such reserve to be used for the redemption of said reserve notes as presented; but any Federal reserve bank so using any part of such reserve to redeem notes, shall immediately carry to said reserve account an amount of gold or lawful money sufficient to make said reserve equal to thirty three and one third per centum of its outstanding Federal reserve notes.~~

Whenever any Federal reserve bank shall pay out or disburse Federal reserve notes issued to it as hereinbefore provided, it shall segregate in its own vaults and shall carry to a special reserve account on its books gold or lawful money equal in amount to thirty-three and one-third per centum of the reserve notes so paid out by it, such reserve to be used for the redemption of said reserve notes as presented; but any Federal reserve bank so using any part of such reserve to redeem notes shall immediately carry
31 to said reserve account an amount of gold or lawful money sufficient to make said reserve equal to thirty-three and one-third per centum of its outstanding Federal reserve notes.

*Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and its Federal reserve notes in actual circulation, but the amount of gold in the Federal reserve bank together with the amount deposited by it with the Treasury, shall be at least equal to thirty-three and one-third per centum of the Federal reserve notes issued to said bank and in actual circulation and not offset by gold or lawful money deposited with the Federal reserve agent. The Federal Reserve Board may notify any Federal reserve bank whose lawful reserve shall be below the amount required to be maintained to make good such reserve; and if such bank shall fail for thirty days thereafter so to make good its lawful reserve, the Federal Reserve Board may suspend and take possession of such reserve bank and administer
51 the same during the period of suspension.*

~~Whenever any Federal reserve bank shall pay out or disburse Federal reserve notes issued to it as hereinbefore provided, it shall segregate in its own vaults and shall carry to a special reserve account on its books gold or lawful money equal in amount to thirty three and one third per centum of the reserve notes so paid out by it, such reserve to be used for the redemption of said reserve notes as presented; but any Federal reserve bank so using any part of such reserve to redeem notes shall immediately carry to said reserve account an amount of gold or lawful money sufficient to make said reserve equal to thirty three and one third per centum of its outstanding Federal reserve notes.~~

*Whenever any reserve bank shall pay out or disburse Federal reserve notes issued to it as hereinbefore provided, it shall segregate and turn over to its reserve agent gold coin or gold bullion or United States gold certificates to the amount of the face value of the notes so outstanding, or, at its option, shall segregate and turn over to the reserve agent gold coin or gold bullion or United States gold certificates to the amount of forty-five per centum of such face value and in addition thereto collaterals consisting of promissory notes and bills accepted for rediscount under the provisions of this Act, or refunding notes of the United States hereinafter provided for, or both such collaterals and refunding notes equal at their face value to one hundred per centum of the face value of the notes so outstanding. Such collaterals may be exchanged from time to time for other collaterals of like quality and of equal face value or refunding notes within the limitations aforesaid: Provided, That whenever and so long as such reserve shall fall and remain below forty-five per centum the reserve bank shall pay a special tax upon the deficiency of reserve at a rate increasing in proportion to such deficiency, as follows: For each two and one-half per centum or fraction thereof that the reserve falls below forty-five
50 per centum a tax shall be levied at the rate of one per centum per annum: Provided further, That no additional circulating notes shall be issued whenever and so long as the amount of such reserve falls below thirty per centum of its*

SECTION 17—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be returned for redemption to the Federal reserve bank through which they were originally issued, or shall be charged off against Government deposits and returned to the Treasury of the United States, or shall be presented to the said Treasury for redemption.

No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid and returned to the Federal reserve banks through which they were originally issued, and Federal reserve notes received by the Treasury otherwise than for redemption shall be exchanged for lawful money out of the five per centum redemption fund hereinafter provided and returned as hereinbefore provided to the reserve bank through which they were originally issued.

The Federal Reserve Board shall have power, in its discretion, to require Federal reserve banks to maintain on deposit in the Treasury of the United States a sum in gold equal to five per centum of such amount of Federal reserve notes as may be issued to them under the provisions of this Act; but such five per centum shall be counted and included as part of the thirty-three and one-third per centum reserve hereinbefore required.

Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued, or shall be charged off against Government deposits and returned to the Treasury of the United States, or shall be presented to the said Treasury for redemption.

No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and Federal reserve notes received by the Treasury otherwise than for redemption, shall may be exchanged for lawful money gold out of the five per centum redemption fund hereinafter provided and returned as hereinbefore provided to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

The Federal Reserve Board shall have power, in its discretion, to require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold equal to five per centum of sufficient in the judgment of the Secretary of the Treasury for the redemption of such amount of the Federal reserve notes as may be issued to them under the provisions of this Act such bank but in no event less than five per centum; but such five per centum deposit of gold shall be count-

outstanding notes: *Provided, That the amount of such tax paid by the bank during a fiscal year shall be charged to the member banks in its district in proportion to their average discounts during that year.*

Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be returned promptly for redemption to the Federal reserve bank through which they were originally issued, or shall be charged off against Government deposits and returned to the Treasury of the United States, or shall be presented to the said Treasury for redemption.

No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid and returned to the Federal reserve banks through which they were originally issued, and Federal reserve notes received by the Treasury otherwise than for redemption shall be exchanged for lawful money out of the five per centum redemption fund hereinafter provided and returned as hereinbefore provided to the reserve bank through which they were originally issued out of the redemption fund and shall not be reissued except upon compliance with the conditions of an original issue.

The Federal Reserve Board shall have power, in its discretion, to require Federal reserve banks to shall maintain on deposit in the Treasury of the United States a sum in gold equal to five per centum of such amount of Federal reserve notes as may be issued to them and outstanding under the provisions of this Act and such additional sums as the Secretary of the Treasury may from time to time decide to be necessary, not exceeding in the aggregate ten per centum, but such five per

SECTION 17—Continued.

HOUSE BILL.

The said board shall also have the right to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent and in the amount that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, deposit Federal reserve notes with the bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, which rate shall not be less than one-half of one per centum per annum, and the amount of such Federal reserve notes so issued to any such bank shall, upon delivery, become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by the deposit of Federal reserve notes, whether issued to such bank or to some other reserve bank, or lawful money of the United States, or gold bullion, with any Federal reserve agent or with the Treasurer of the United States, and such reduction shall be accompanied by a corresponding reduction in the required reserve fund of lawful money set apart for the redemption of said notes and by the release of a corresponding amount of the collateral security deposited with the local Federal reserve agent.

OWEN AMENDMENT.

ed and included as part of the thirty-three and one-third per centum reserve hereinbefore required.

The said board shall also have the right, acting through the Federal reserve agent, to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent and in the amount that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, deposit supply Federal reserve notes with to the banks bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, which rate shall not be less than one-half of one per centum per annum, and the amount of such Federal reserve notes so issued to any such bank shall, upon delivery, become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by the deposit of depositing, with the Federal reserve agent, its Federal reserve notes, whether issued to such bank or to some other reserve bank, or lawful money of the United States, or gold bullion, with any Federal reserve agent, or with the Treasurer of the United States, and such reduction shall be accompanied by a corresponding reduction in the required reserve fund of lawful money set apart for the redemption of said notes and by the release of a corresponding amount of the collateral security deposited with the local Federal reserve agent, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of

HITCHCOCK AMENDMENT.

centum deposit of gold which shall be segregated and maintained as a trust fund shall be counted and included as part of the thirty-three and one-third per centum reserve hereinbefore required against said notes.

The said board shall also have the right to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent and in the amount that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, deposit Federal reserve notes with the bank so applying, and such, provided said reserve bank complies with the requirements of this Act as to gold reserve and collateral security and otherwise conforms to its provisions. The bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, which rate shall not be less than one-half of one per centum per annum, and the amount of such Federal reserve notes so issued to any such bank shall, which, upon delivery, shall become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by the deposit of Federal reserve notes, whether issued to such bank or to some other reserve bank, or lawful money of the United States, or gold bullion, redeeming the same and depositing them with any its Federal reserve agent or with the Treasurer of the United States, and such reduction shall be accompanied by a corresponding reduction in the required reserve fund of lawful money set apart for the redemption of said notes and by the release of a corresponding amount of the collateral security deposited with the local Federal reserve agent, who shall forward them to the Treasury for retirement.

SECTION 17—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit so much
 54 *of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes.*

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of Federal reserve notes deposited with it and shall at the same time substitute other collateral of equal value approved by the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes deposited with it and shall at the same time substitute *therefor* other *like* collateral of equal ~~value~~ *amount* approved by *with the approval of* the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.

In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, 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, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for
 55 *the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this Act.*

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Federal Reserve Board shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

~~Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of Federal reserve notes deposited with it and shall at the same time substitute other collateral of~~
 53 ~~equal value approved by the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.~~

In order to furnish suitable Federal reserves notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, 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 in blank of the denominations of \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, as may be required to supply the reserve banks entitled to receive the same. Such notes shall be in form and tenor provided for in this Act.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury of the United States nearest the place
 54 *of business of each reserve bank, and shall be held for the use of such bank, subject to the order of the Federal Reserve Board for their delivery, as provided by this Act.*

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the reserve banks, and the Federal Reserve Board shall include in its estimate of expenses levied against the reserve banks a sufficient amount to cover the expenses herein provided for.

SECTION 17—Continued.

HOUSE BILL.

OWEN AMENDMENT.

The examination of plates, dies, bed pieces, and so forth, and regulations relating to such examination of plates, dies, and so forth, of national-bank notes provided for in section fifty-one hundred and seventy-four, Revised Statutes, is hereby extended to include Federal reserve notes herein provided for.

Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the Act of May thirtieth, nineteen hundred and eight, and any distinctive paper that may be on hand at the time of the passage of this Act may be used in the discretion of the Secretary for the purposes of this Act, and should the appropriations heretofore made be insufficient to meet the requirements of this Act in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: Provided, however, That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

~~It shall be the duty of every Federal reserve bank to receive on deposit, at par and without charge for exchange or collection, checks and drafts drawn upon any of its depositors or by any of its depositors upon any other depositor and checks and drafts drawn by any depositor in any other Federal reserve bank upon funds to the credit of said depositor in said reserve bank last mentioned, nothing herein contained to be construed as prohibiting member banks from making reasonable charges to cover actual expenses incurred in collecting and remitting funds for their patrons.~~

It shall be the duty of every Federal reserve bank to receive on deposit, at par and without charge for exchange or collection, checks and drafts drawn upon any of its depositors or by any of its depositors upon any other depositor and checks and drafts drawn by any

Every Federal reserve bank shall receive on deposit from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or

HITCHCOCK AMENDMENT.

The examination of plates, dies, bed pieces, and so forth, and regulations relating to such examination of plates, dies, and so forth, of national-bank notes provided for in section fifty-one hundred and seventy-four, Revised Statutes, is hereby extended to include Federal reserve notes herein provided for.

Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the Act of May thirtieth, nineteen hundred and eight, and any distinctive paper that may be on hand at the time of the passage of this Act may be

used, in the discretion of the Secretary, for the purposes of this Act; and should the appropriations heretofore made be insufficient to meet the requirements of this Act, in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much as may be necessary of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: Provided, however, That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

~~It shall be the duty of every Federal reserve bank to receive on deposit, at par and without charge for exchange or collection, checks and drafts drawn upon any of its depositors or by any of its depositors upon any other depositor and checks and drafts drawn by any depositor in any other Federal reserve bank upon funds to the credit of said depositor in said reserve bank last mentioned, nothing herein contained to be construed as prohibiting member banks from making reasonable charges to cover actual expenses incurred in collecting and remitting funds for their patrons.~~

Every Federal reserve bank shall receive on deposit from member banks or from reserve banks checks and drafts drawn upon any of its depositors, and, when remitted by a reserve bank, checks and drafts drawn by any depositor in any other reserve bank or member bank upon funds to

SECTION 17—Continued.

HOUSE BILL.

depositor in any other Federal reserve bank upon funds to the credit of said depositor in said reserve bank last mentioned, nothing herein contained to be construed as prohibiting member banks from making reasonable charges to cover actual expenses incurred in collecting and remitting funds for their patrons.

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds at par among Federal reserve banks, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

OWEN AMENDMENT.

57 *member bank upon funds to the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from making reasonable charges for checks and drafts so debited to its account, or for collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve Board may, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.*

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds ~~at par~~ and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

HITCHCOCK AMENDMENT.

the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from making reasonable charges for checks and drafts so debited to its account, or for collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve Board may, by rule, fix reasonable charges to be collected by the member banks from patrons whose checks are cleared through the reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.

56 *The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds at par among Federal reserve banks, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks and their branches.*

SECTION 18.

SEC. 18. That so much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes, as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds be, and the same is hereby, repealed.

SEC. ~~18~~ 17. That so much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the act of July twelfth, eight-
58 *een hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds be, and the same is hereby, repealed.*

SEC. 18. That so much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes, as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds be, and the same is hereby, repealed.

SECTION 19.

HOUSE BILL.

REFUNDING BONDS.

OWEN AMENDMENT.

~~REFUNDING BONDS.~~

HITCHCOCK AMENDMENT.

REFUNDING BONDS.

The Owen amendment proposes to strike out all of section 19 of the House bill and insert the following:

The Hitchcock amendment proposes to strike out all of section 19 of the House bill and insert the following:

SEC. 19. That upon application the Secretary of the Treasury shall exchange the two per centum bonds of the United States bearing the circulation privilege deposited by any national banking association with the Treasurer of the United States as security for circulating notes for three per centum bonds of the United States without the circulation privilege, payable after twenty years from date of issue, and exempt from Federal, State, and municipal taxation both
35 as to income and principal. No national bank shall, in any one year, present two per centum bonds for exchange in the manner hereinbefore provided to an amount exceeding five per centum of the total amount of bonds on deposit with the Treasurer by said bank for circulation purposes. Should any national bank fail in any one year to so exchange its full quota of two per centum bonds under the terms of this Act, the Secretary of the Treasury may permit any other national bank or banks to exchange bonds in excess of the five per centum aforesaid in an amount equal to the deficiency caused by the failure of any one or more banks to make exchange in any one year, allotment to be made to applying banks in proportion to their holdings of bonds. At the expiration of twenty years from the passage of this Act every holder of United States two per centum bonds then outstanding shall receive payment at par and accrued interest. After twenty years from the date of the passage of this Act national-bank notes still remaining outstanding shall be recalled and redeemed by the national banking associations issuing the same within a period and under regulations to be prescribed by the Federal Reserve Board, and notes still remaining in circulation at the end of such period shall be secured by an equal amount of lawful money to be deposited in the Treasury of the United States by the banking associations originally issuing such

60 *Sec. 18. Any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account, at par and interest, United States bonds securing circulation to be retired.*

The Treasurer shall, at the end of each quarterly period, furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve Board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made. Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall thereupon deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

The Federal reserve banks purchasing such bonds shall be required to take out an amount of circulating notes equal to the amount of national-bank notes outstanding against such bonds.

Upon the deposit with the Treasurer of the United States bonds so purchased, or any bonds with the circulating privilege acquired under section four of this Act, any Federal reserve bank making such deposit in the manner provided by existing law shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve

*SEC. 19. That as soon after the organization of the reserve banks as practicable and under authority from the Federal Reserve Board each Federal reserve bank shall purchase at par and accrued interest two per centum bonds of the United States. The amount purchased by each reserve bank shall not be more than fifty per centum of its capital in any one year. The bonds so purchased may be held by such reserve bank and used for deposit with its reserve agent as security for the Federal reserve notes issued, or they may be exchanged at the Treasury for one-year Treasury gold notes bearing three per centum interest. In case of such exchange the reserve bank shall be bound at the option of
59 the United States to renew year by year for twenty years the three per centum gold notes so issued. Said one-year three per centum United States gold notes may be used to deposit with the reserve agent as security for the United States reserve notes, or be freely purchased by reserve banks from time to time to employ idle funds, or sold to protect the gold supply.*

National banks which sell two per centum bonds to a reserve bank under this provision shall retire such portion of their outstanding national-bank notes as are secured by the bonds so sold. The Secretary of the Treasury is hereby directed to issue three per centum one-year gold Treasury notes year by year to exchange for two per centum bonds as above provided or to take the place of three per centum one-year gold notes that have been redeemed. During the period between the first and last purchases of bonds any national bank may continue to apply for and receive circulating notes based upon the deposit of two per centum bonds as now provided for by law. The one-year three per centum gold Treasury notes above provided for shall be exempt from Federal, State, and municipal taxation both as to income and principal.

SECTION 19—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

notes. Meanwhile every national bank may continue to apply for and receive circulating notes from the Comptroller of the Currency based upon the deposit of two per centum bonds or of any other bonds bearing the circulation privilege; but no national bank shall be permitted to issue other circulating notes except such as are secured as in this section provided or to issue or to make use of any substitute for such circulating notes in the form of clearing-house loan certificates, cashier's checks, or other obligation.

bank procuring same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued under the same terms and conditions as national-bank notes. United States bonds bought by a Federal reserve bank against which there are no outstanding national-bank notes may be exchanged at the Treasury for one-year gold notes bearing three per centum interest. In case of such exchange for one-year notes the reserve bank shall be bound to pay such notes and to receive in payment thereof new three per centum one-year Treasury gold notes year by year for the period of twenty years.

SECTION 20.

BANK RESERVES.

BANK RESERVES.

BANK RESERVES.

The Owen amendment proposes to strike out all of section 20 of the House bill and insert the following:

The Hitchcock amendment proposes to strike out all of section 20 of the House bill and insert the following:

Sec. 19. Demand liabilities within the meaning of this Act shall comprise all liabilities maturing within thirty days, and time deposits shall comprise all deposits payable after thirty days.

Sec. 20. That when a Federal reserve bank has been duly organized and established as provided in this Act in any Federal reserve district every member bank of that district shall establish and maintain reserves as follows:

Sec. 20. That from and after the date when the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the fact that a Federal reserve bank has been established in any designated district, every banking association within said district which shall have subscribed for stock in such Federal reserve bank shall be required to establish and maintain reserves as follows:

(a) If a country bank as defined by existing law, it shall hold and maintain a reserve equal to twelve per centum of the aggregate amount of its deposits, not including savings deposits hereinafter provided for. Five-twelfths of such reserve shall consist of money which national banks may under existing law count as legal reserve, held actually in the bank's own vaults; and for a period of fourteen months from the date aforesaid at least three-twelfths and thereafter at least five-twelfths of such reserve shall consist of a credit balance with the Federal reserve bank of its dis-

65 *When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:*

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to twelve per centum of the aggregate amount of its demand liabilities and five per centum of its time deposits as follows:

In its vaults for a period of twenty-four months after said date four-twelfths thereof.

In the Federal reserve bank of its district, for a period of six months after said date, two-twelfths, and for each succeeding six months an additional one-twelfth, until five-twelfths have been so deposited, which shall be the amount permanently required.

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to twelve per centum of the aggregate amount of its net deposits, as follows:

In its vaults, four-twelfths thereof.

In the Federal reserve bank of its district, for a period of six months after said date, one-twelfth, and for each succeeding six months an additional one-twelfth, until four-twelfths have been so deposited, which shall be the amount permanently required

SECTION 20—Continued.

HOUSE BILL.

trict. The remainder of the twelve per centum reserve hereinbefore required may, for a period of thirty-six months from and after the date fixed by the Secretary of the Treasury as hereinbefore provided, consist of balances due from national banks in reserve or central reserve cities as now defined by law. From and after a date thirty-six months subsequent to the date fixed by the Secretary of the Treasury as hereinbefore provided the said remainder of the twelve per centum reserve required of each country bank shall consist either in whole or in part of reserve money in the bank's own vaults or of credit balance with the Federal reserve bank of its district.

(b) If a reserve city bank as defined by existing law, it shall hold and maintain, for a period of sixty days from the date fixed by the Secretary of the Treasury as hereinbefore provided, a reserve equal to twenty per centum of the aggregate amount of its deposits, not including savings deposits hereinafter provided for, and permanently thereafter eighteen per centum. At least one-half of such reserve shall consist of money which national banks may under existing law count as legal reserve, held actually in the bank's own vaults. After sixty days from the date aforesaid, and for a period of one year, at least three-eighths and permanently thereafter at least five-eighths of such reserve shall consist of a credit balance with the Federal

38 reserve bank of its district. The remainder of the reserve in this paragraph required may, for a period of thirty-six months from and after the date fixed by the Secretary of the Treasury as hereinbefore provided, consist of balances due from national banks in central reserve cities as now defined by law. From and after a date thirty-six months subsequent to the date fixed by the Secretary of the Treasury as hereinbefore provided, the said remainder of the eighteen per centum reserve required of each reserve city bank shall consist either in whole or in part of reserve money in the bank's own vaults or of credit balance with the Federal reserve bank of its district.

OWEN AMENDMENT.

For a period of twenty-four months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in banks in reserve or central reserve cities as now defined by law.

After said twenty-four months' period said reserves, other than those hereinbefore required to be held in the reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at its option.

66 (b) *A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen per centum of the aggregate amount of its demand liabilities and five per centum of its time deposits, as follows:*

In its vaults six-fifteenths thereof.

In the Federal reserve bank of its district for a period of six months after the date aforesaid at least three-fifteenths, and for each succeeding six months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

After said twenty-four months' period all of said reserves, except those hereinbefore required to be held permanently in the Federal reserve bank, shall be held in its vaults or in the Federal reserve bank, or in both, at its option.

HITCHCOCK AMENDMENT.

After said period said reserves, other than those hereinbefore required to be held in the reserve bank, may be held in the vaults of the member bank or in the Federal reserve bank, or in both, at the option of the member bank.

(b) *A bank in a reserve or a central reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen per centum of the aggregate amount of its net deposits, as follows:*

In its vaults, five-fifteenths thereof.

In the Federal reserve bank of its district for a period of six months after the date aforesaid at least one-fifteenth, and for each succeeding six months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

After said period all of said reserves, except those hereinbefore required to be held permanently in the Federal reserve bank, may be held in its own vaults or in the Federal reserve bank, or in both, at the option of the member bank.

SECTION 20—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

(c) If a central reserve city bank as defined by existing law, it shall hold and maintain for a period of sixty days from the date fixed by the Secretary of the Treasury as hereinbefore provided a reserve equal to twenty per centum of the aggregate amount of its deposits, not including savings deposits hereinafter provided for, and permanently thereafter eighteen per centum. At least one-half of such reserve shall consist of money which national banks may under existing law count as legal reserve, held actually in the bank's own vaults. After sixty days from the date aforesaid, and thereafter for a period of one year, at least three-eighths and permanently thereafter at least five-eighths of such reserve shall consist of a credit balance with the Federal reserve bank of its district. The remainder of the

39 eighteen per centum reserve required of each central reserve city bank shall consist either in whole or in part of reserve money actually held in its own vaults or of credit balance with the Federal reserve bank of its district.

(c) *A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to eighteen per centum of the aggregate amount of its demand liabilities and five per centum of its time deposits, as follows:*

In its vaults six-eighths thereof.

In the Federal reserve bank for a period of six months after the date aforesaid at least three-eighths, and permanently thereafter six-eighths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank at its option.

67 *Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section fourteen properly indorsed and acceptable to the said reserve bank.*

See subsection b.

If a State bank or trust company is required by the law of its State to keep its reserves either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any non-member bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall extend directly or indirectly the benefits of this system to a nonmember bank, except upon written permission of the Federal Reserve Board, under penalty of suspension.

68 *The reserve carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for*

If a State bank or trust company is required by the laws of its State to keep its reserves either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate.

SECTION 20—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

the purpose of meeting existing liabilities: Provided, however, That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

United States banks located in Alaska or outside the Continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject to all the other provisions of this Act.

SECTION 21.

SEC. 21. That so much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, be, and the same is hereby, repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

SEC. 21. That so much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national bank currency and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, be, and the same is hereby, repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

SEC. 21. That so much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, be, and the same is hereby, repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

SECTION 22.

SEC. 22. That every Federal reserve bank shall at all times have on hand in its own vaults, in gold or lawful money, a sum equal to not less than thirty-three and one-third per centum of its outstanding demand liabilities.

~~SEC. 22. That every Federal reserve bank shall at all times have on hand in its own vaults, in gold, or lawful money, a sum equal to not less than thirty-three and one-third per centum of its outstanding demand liabilities.~~

SEC. 22. That every Federal reserve bank shall at all times have on hand in its own vaults, in gold, gold certificates, or lawful money, a sum equal to not less than thirty-three and one-third ⁶⁵ ~~thirty-five~~ per centum of its ~~outstanding demand liabilities~~ net deposits, in addition to the reserve required against the Federal reserve notes emitted by such bank. The term "net deposits" wherever used in this Act shall mean net deposits as from time to time defined by the Comptroller of the Currency, subject to the approval of the Federal Reserve Board.

SECTION 22—Continued.

HOUSE BILL.

The Federal Reserve Board may notify any Federal reserve bank whose lawful reserve shall be below the amount required to be kept on hand, to make good such reserve; and if such bank shall fail for thirty days thereafter so to make good its lawful reserve, the Federal Reserve Board may appoint a receiver to wind up the business of said bank

OWEN AMENDMENT.

~~The Federal Reserve Board may notify any Federal reserve bank whose lawful reserve shall be below the amount required to be kept on hand to make good such reserve; and if such bank shall fail for thirty days thereafter so to make good its lawful reserve, the Federal Reserve Board may appoint a receiver to wind up the business of said bank.~~

HITCHCOCK AMENDMENT.

The Federal Reserve Board may notify any Federal reserve bank whose lawful reserve shall be below the amount required to be kept on hand to make good such reserve; and if such bank shall fail for thirty days thereafter so to make good its lawful reserve, the Federal Reserve Board may appoint a receiver to wind up the business of said bank *in the meantime may prohibit such Federal reserve bank from making additional loans or discounts: Provided, however, That the Federal Reserve Board may in case of emergency permit the reserve against deposits to be reduced below the said limit, but the reserve bank shall in such case pay a tax at the rate of one per centum per annum for every two and one-half per centum or fraction thereof that the reserve falls below said thirty-five per centum, but in no case shall it be allowed to fall below twenty-five per centum of its net deposits: Provided further, That the amount*
66 *of such tax paid by the bank during a fiscal year shall be charged to the member banks in the district in proportion to their average discounts during that year.*

SECTION 23.

40 BANK EXAMINATIONS.

SEC. 23. That the examination of the affairs of every national banking association authorized by existing law shall take place at least twice in each calendar year and as much oftener as the Federal Reserve Board shall consider necessary in order to furnish a full and complete knowledge of its condition. The Secretary of the Treasury may, however, at any time direct the holding of a special examination. The person assigned to the making of such examination of the affairs of any national banking association shall have power to call together a quorum of the directors of such association, who shall, under oath, state to such examiner the character and circumstances of such of its loans or discounts as he may designate; and from and after the passage of this Act all bank examiners shall receive fixed salaries, the amount whereof shall be determined by the Federal Reserve Board and annually re-

BANK EXAMINATIONS.

~~SEC. 23 21. That the examination of the affairs of every national banking association authorized by existing law~~ *Every member bank shall take place be examined by the Comptroller of the Currency at least twice in each calendar year and as much oftener as the Federal Reserve Board shall consider necessary, in order to furnish a full and complete knowledge of its condition. The Secretary of the Treasury. The Federal Reserve Board may authorize examinations by the State authorities to be accepted in the case of State banks and trust companies and may,*
70 *however, at any time direct the holding of a special examination. The person assigned to the making of such the examination of the affairs of any national banking association member bank shall have power to call together a quorum of the directors of such association bank, who shall, under oath, state to such examiner*

BANK EXAMINATIONS.

SEC. 23. That the examination of the affairs of every national banking association authorized by existing law member bank shall take place at least twice in each calendar year and as much oftener as the Federal Reserve Board shall consider necessary in order to furnish a full and complete knowledge of its condition. The Secretary of the Treasury may, however, Federal Reserve Board may authorize examinations by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination. The person assigned to the making of such examination of the affairs of any national banking association member bank shall have power to call together a quorum of the directors of such association bank, who shall, under oath, state to such examiner the character and circumstances of such of its loans or discounts as he

SECTION 23—Continued.

HOUSE BILL.

ported to Congress. But the expense of the examinations herein provided for shall be assessed by the Federal Reserve Board upon the associations examined in proportion to assets or resources held by such associations upon a date during the year in which such examinations are held to be established by the Federal Reserve Board. The Comptroller of the Currency shall so arrange the duties of national-bank examiners that no two successive examinations of any association shall be made by the same examiner.

41 In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal Reserve Board, arrange for special or periodical examination of the member banks within its district. Such examination shall be so conducted as to inform the Federal reserve bank under whose auspices it is carried on of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded by the latter concerning the condition of any national banking association located within the district of the said Federal reserve bank.

The Federal Reserve Board shall as often as it deems best, and in any case not less frequently than four times each year, order an examination of national banking associations in reserve cities. Such examinations shall show in detail the total amount of loans made by

OWEN AMENDMENT.

the character and circumstances of such of its loans or discounts as he may designate; ~~and from and after the passage of this Act all bank examiners shall receive fixed salaries, the amount whereof shall be determined by the.~~ *The Federal Reserve Board shall fix the salaries of all bank examiners and annually reported make report thereof to Congress.* ~~But the~~ *The* expense of the examinations herein provided for shall be assessed by *authority of* the Federal Reserve Board upon the ~~associations~~ *banks* examined in proportion to assets or resources held by such ~~associations~~ *banks* upon a date during the year in which such examinations are held to be established by the Federal Reserve Board. ~~The Comptroller of the Currency shall so arrange the duties of national bank examiners that no two successive examinations of any association shall be made by the same examiner the dates when the various banks are examined.~~

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the *Federal reserve agent or of the* Federal Reserve Board, 71 ~~arrange provide for special or periodical~~ *arrange provide for special or* examination of the member banks within its district. Such examination shall be so conducted as to inform the Federal reserve bank under whose auspices it is carried on of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded by the latter concerning the condition of any ~~national banking association located~~ *member bank* within the district of the said Federal reserve bank.

No bank shall be subject to any visitorial powers other than such as are authorized by law, or vested in the courts of justice, or such as shall be or shall have been exercised or directed by Congress, or either House thereof, or any committee thereof.

~~The Federal Reserve Board shall as often as it deems best, and in any case not less frequently than four times each year, order an examination of national banking associations in reserve cities. Such examinations shall show in detail the total amount of loans made by each~~

HITCHCOCK AMENDMENT.

may designate; and from and after the passage of this Act all bank examiners shall receive fixed salaries, the amount whereof shall be *not less than \$2,000 nor more than \$7,000 per annum and be determined by* the Federal Reserve Board and annually reported to Congress. But the expense of the examinations herein provided for shall be 67 assessed by *authority of* the Federal Reserve Board upon the ~~associations~~ *member banks* examined in proportion to assets or resources held by such ~~associations~~ *member banks* upon a date during the year in which such examinations are held to be established by the Federal Reserve Board. ~~The Comptroller of the Currency shall so arrange the duties of national bank examiners that no two successive examinations of any association shall be made by the same examiner the dates when the various banks are examined.~~

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the *Federal reserve agent or of the* Federal Reserve Board, arrange for special or periodical examination of the member banks within its district. Such examination shall be so conducted as to inform the Federal reserve bank under whose auspices it is carried on of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded by the latter concerning the condition of any ~~national banking association~~ *member bank* located within the district of the said Federal reserve bank.

~~The Federal Reserve Board shall as often as it deems best, and in any case not less frequently than four times each year, order an examination of national banking associations in reserve cities. Such examinations shall show in detail the total amount of loans~~

SECTION 23—Continued.

HOUSE BILL.

each bank on demand, on time, and the different classes of collateral held to protect the various loans, and the lines of credit which are being extended by them. The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank.

OWEN AMENDMENT.

~~bank on demand, on time, and the different classes of collateral held to protect the various loans, and the lines of credit which are being extended by them.~~ The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank.

HITCHCOCK AMENDMENT.

~~made by each bank on demand, on time, and the different classes of collateral held to protect the various loans, and the lines of credit which are being extended by them.~~ The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank.

SECTION 24.

42 SEC. 24. That no national bank shall hereafter make any loan or grant any gratuity to any examiner of such bank. Any bank offending against this provision shall be deemed guilty of a misdemeanor and shall be fined not more than \$5,000, and a further sum equal to the money so loaned or gratuity given; and the officer or officers of a bank making such loan or granting such gratuity shall be likewise deemed guilty of a misdemeanor and each shall be fined not to exceed \$5,000.

Any examiner accepting a loan or gratuity from any bank examined by him shall be deemed guilty of a misdemeanor and shall be fined not more than \$5,000, and a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office.

SEC. 24 ~~22~~. That no national No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any examiner of such bank. Any bank officer, director, or employee offending against violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and fined a further sum equal to the money so loaned or gratuity given; and the officer or officers of a bank making such loan or granting such gratuity shall be likewise deemed guilty of a misdemeanor and each shall be fined not to exceed \$5,000. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

No officer or director of a national bank shall receive or be beneficiary, either directly or indirectly, of any fee (other than a legitimate fee paid an attorney at law for legal services), commission, gift, or other consideration for or on account of any loan, purchase, sale, payment, exchange, or transaction with respect to stocks, bonds, or other investment

SEC. 24. That no national member bank, or any officer, director, or employee thereof, shall hereafter make any loan or grant any gratuity to any examiner of such bank. Any bank offending against officer, director, or employee thereof violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, and a further sum equal to the money so loaned or gratuity given and the officer or officers of a bank making such loan or granting such gratuity shall be likewise deemed guilty of a misdemeanor and each shall be fined not to exceed \$5,000 or both.

Any examiner accepting such a loan or gratuity from any bank examined by him shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or be fined not more than \$5,000, and a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner or both. No national-bank such examiner shall perform any other service for compensation for a bank within his jurisdiction while holding such office.

No officer or director of a national bank shall receive or be beneficiary, either directly or indirectly, of any fee (other than a legitimate fee paid an attorney at law for legal services), commission, gift, or other consideration for or on account of any loan, purchase, sale, payment, exchange, or transaction with respect to stocks, bonds, or other investment securities or

SECTION 24—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

~~securities or notes, bills of exchange, acceptances, bankers' bills, cable transfers or mortgages made by or on behalf of a national bank of which he is such officer or director.~~

~~notes, bills of exchange, acceptances, bankers' bills, cable transfers, or mortgages made by or on behalf of a national bank of which he is such officer or director. Any person violating any provision of this section shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding five years, or both such fine and imprisonment, in the discretion of the court having jurisdiction.~~

No officer or director of a national bank shall receive or be beneficiary, either directly or indirectly, of any fee (other than a legitimate fee paid an attorney at law for legal services), commission, gift, or other consideration for or on account of any loan, purchase, sale, payment, exchange, or transaction with respect to stocks, bonds, or other investment securities or notes, bills of exchange, acceptances, bankers' bills, cable transfers, or mortgages made by or on behalf of a national bank of which he is such officer or director.

Other than the usual salary or director's fee paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or either House thereof, or any committee thereof.

Other than the usual salary or director's fee paid to any officer, director, or employee of a member bank and other than a reasonable fee paid to such officer, director, or employee acting as an attorney at law for legal services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank.

Any person violating any provision of this section shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding five years, or both such fine and imprisonment, in the discretion of the court having jurisdiction.

Any person violating any provision of this section shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding ~~five years~~ ^{one year}, or both such fine and imprisonment in the discretion of the court having jurisdiction.

Any person violating any provision of this section shall be deemed guilty of a misdemeanor and punished by a fine not exceeding \$5,000 or by imprisonment not exceeding one year, or both.

Except so far as already provided in existing laws this provision shall not take effect until six months after the passage of this Act.

Except so far as already provided in existing laws this provision shall not take effect until ~~six months~~ ^{sixty} days after the passage of this Act.

Except so far as already provided in existing laws this provision shall not take effect until six months after the passage of this Act.

SECTION 25.

SEC. 25. That from and after the passage of this Act the stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stock-

~~SEC. 25 23. That from and after the passage of this Act the~~ The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stock-

SEC. 25. That from and after the passage of this Act the stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in

SECTION 25—Continued.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

holders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations shall be liable to the same extent as if they had made no such transfer; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

holders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations, *or with knowledge of such impending failure*, shall be liable to the same extent as if they had made no such transfer, *to the extent that the subsequent transferee fails to meet such liability*; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations shall be liable to the same extent as if they had made no such transfer; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

Section fifty-one hundred and fifty-one, Revised Statutes of the United States, is hereby reenacted except in so far as modified by this section.

~~Section fifty-one hundred and fifty-one, Revised Statutes of the United States, is hereby reenacted except in so far as modified by this section.~~

Section fifty-one hundred and fifty-one, Revised Statutes of the United States, is hereby reenacted except in so far as modified by this section.

SECTION 26.

44 LOANS ON FARM LANDS.

75 LOANS ON FARM LANDS.

71 LOANS ON FARM LANDS.

SEC. 26. That any national banking association not situated in a reserve city or central reserve city may make loans secured by improved and unencumbered farm land, but no such loan shall be made for a longer time than twelve months, nor for an amount exceeding fifty per centum of the actual value of the property offered as security, and such property shall be situated within the Federal reserve district in which the bank is located. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus.

~~SEC. 26 24. That any~~ Any national banking association not situated in a reserve city or central reserve city may make loans secured by improved and unencumbered farm land, *situated within its Federal reserve district*, but no such loan shall be made for a longer time than ~~twelve months~~ *five years*, nor for an amount exceeding fifty per centum of the actual value of the property offered as security, ~~and such property shall be situated within the Federal reserve district in which the bank is located.~~ Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus.

The Hitchcock amendment proposes to strike out all of section 26 of the House bill and insert the following:

SEC. 26. That deposits in national banks, payable more than thirty days after they are made, shall be known as time deposits, and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same. All national banks, not located in central reserve cities, may make loans, secured by improved, occupied, and unencumbered farm land situated within the Federal reserve district where the loaning bank is located to the extent of one-half of its value, but no such loan shall be made for a longer period than five years, nor shall the aggregate of such loans by any bank exceed one-third of its time deposits.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

72 After becoming member banks of any reserve bank, national banks are hereby authorized to act as administrators, executors, to trustees.

SECTION 27.

Both the Owen and Hitchcock amendments propose to eliminate this section entirely.

HOUSE BILL.

SAVINGS DEPARTMENT.

SEC. 27. That any national banking association may, subsequent to a date one year after the organization of the Federal Reserve Board, make application to the Comptroller of the Currency for permission to open a savings department. Such application shall set forth that the directors of said national bank have by a majority vote apportioned a specified percentage of their paid-in capital and surplus to said savings department and to that end have segregated specified assets for the uses of said department, or that cash capital for the said savings department has been obtained by subscription to additional issues of the capital stock of said national bank: *Provided*, That the capital thus set apart for the uses of the proposed savings department aforesaid shall in no case be less than \$15,000, or than a sum equal to twenty per centum of the paid-up capital and surplus of the said national bank.

In making the application aforesaid any national banking association may further apply for power to act as trustee for mortgage loans subject to the conditions and limitations herein prescribed or to be established as hereinafter provided.

Whenever the Comptroller of the Currency shall have approved any such application as hereinbefore provided, he shall so inform the applying bank, and thereafter it shall be authorized to receive savings deposits as so defined, and the organization and business conducted or possessed by said bank at the time of making said application, except such as has been specifically segregated for the savings department, and subsequent expansions thereof shall be known as the commercial department of the said bank. The said departments shall, to all intents and purposes, be separate and distinct institutions save and except as hereinafter expressly provided. The capital, surplus, deposits, securities, investments, and other property, effects, and assets of each of said departments shall, in no event, be mingled with those of the other departments, or used, either in whole or in part, to pay any of the deposits of the other department until all of the deposits of its own department have been fully paid and satisfied. National banks may increase or diminish their capital stock in the manner now provided by law, but whenever such general increase or reduction of the capital stock of any national bank operating upon the provisions of this section shall be made such increase or reduction shall be apportioned between the commercial and savings departments of the said bank as its board of directors shall prescribe, notice of such increase or reduction, and of the apportionment thereof, being forthwith given to the Comptroller of the Currency; and any such national bank may increase or diminish the capital already apportioned to either its savings or commercial department to an extent not inconsistent with the provisions of this section, notifying the Comptroller of the Currency as hereinbefore provided. The savings department for which authority has been solicited and granted shall have control of the cash assets apportioned to it as hereinbefore provided, and shall be organized under rules and regulations to be prescribed by the Comptroller of the Currency.

Both the savings and commercial departments so created shall, however, be under the control and direction of a single board of directors and of the general officers of said bank.

All business transacted by the commercial department of any such national bank shall be in every respect subject to the limitations and requirements provided in the national banking Act as modified by this Act, and such business shall henceforward be known as commercial business.

Savings department of each such national bank shall be authorized to accumulate and loan the funds of its depositors, to receive deposits of current funds, to purchase securities authorized by the Federal Reserve Board, to loan any funds in its possession upon real estate or other authorized security, and to collect the same with interest, and to declare and pay dividends or interest upon its deposits. The Federal Reserve Board is hereby authorized to exempt the savings departments of national banking associations from any and every restriction upon classes or kinds of business laid down in the national banking Act, and it shall be the duty of the said board within one year after its organization to prepare and publish rules and regulations for the conduct of business by such savings departments. The said regulations shall require every national bank which shall conduct a savings department and a commercial department to segregate in its own vaults the cash and assets belonging to such departments respectively and shall prescribe the general forms of separate books of account to be used by each such department for its exclusive and individual use. The regulations aforesaid shall further specify the period of notice for the withdrawal of deposits made in the said savings department and shall forbid the acceptance of deposits by one department of such national bank from the other department of such bank. The Federal Reserve Board shall make and publish at its discretion lists of securities, paper, bonds, and other forms of investment, which the savings departments of national banks shall be authorized to buy or loan upon; and said lists need not be uniform throughout the United States, but shall be adapted to the conditions of business in different sections of the country.

It shall be the duty of every national bank to maintain, with respect to all deposits liabilities of its savings department, a reserve in money which may under existing law be counted as reserve, equal to not less than five per centum of the total deposit liabilities of such department, and every national bank authorized to maintain a savings department is hereby exempted from the reserve requirements of the national banking Act and of this Act in respect to the said deposit liabilities of its savings department, except as in this section provided. Every regulation made in pursuance of this section shall be duly published, and also posted in every member bank having a savings department.

Every officer, director, or employee of any member bank who shall knowingly or willfully violate any of the provisions of this section, or any of the regulations of the Federal Reserve Board, or of the Comptroller of the Currency, made under and by virtue of the provisions of this section shall be guilty of a felony, and on conviction thereof shall be punished by a fine not exceeding \$5,000 or by imprisonment not exceeding two years, or both, in the discretion of the court.

SECTION 28.

HOUSE BILL.

FOREIGN BRANCHES.

SEC. 28. That any national banking association possessing a capital of \$1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such circumstances as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries 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. Such application shall specify, in addition to the name and capital of the banking association filing it, the foreign country or countries or the dependencies of the United States where the banking operations proposed are to be carried on and the amount of capital set aside by the said banking association filing such application for the conduct of its foreign business at the branches proposed by it to be established in foreign countries. The Federal Reserve Board shall have power to approve or to reject such application, if in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish branches in foreign countries shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association 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 accruing at each such branch as a separate item.

OWEN AMENDMENT.

FOREIGN BRANCHES.

SEC. 28 25. ~~That~~ Any national banking association possessing a capital ~~and surplus~~ of \$1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such ~~circumstances~~ *regulations* as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries ~~or dependencies of the United States~~ 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. Such application shall specify, in addition to the name and capital of the banking association filing it, the ~~foreign country or countries or the dependencies of the United States~~ *place or places* where the banking operations proposed are to be carried on and the amount of capital set aside by the said banking association filing such application for the conduct of its foreign business at the branches proposed by it to be established in ~~foreign countries~~ *such place or places*. The Federal Reserve Board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish *foreign* branches ~~in foreign countries~~ shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association 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 accruing at each ~~such~~ branch as a separate item.

HITCHCOCK AMENDMENT.

FOREIGN BRANCHES.

SEC. 28 27. That any *Federal reserve bank* or national banking association possessing a capital of ~~\$1,000,000~~ *\$5,000,000* or more may file application with the Federal Reserve Board, upon such conditions and under such circumstances as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries ~~or dependencies of the United States~~ 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. Such applications shall specify, in addition to the name and capital of the banking association filing it, the ~~foreign country or countries or the dependencies of the United States~~ *place or places* where the banking operations proposed are to be carried on and the amount of capital set aside by the said banking association filing such application for the conduct of its foreign business at the branches proposed by it to be established in foreign countries. The Federal Reserve Board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish branches in foreign countries shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every *Federal reserve bank* and every such national banking association 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 accruing at each such branch as a separate item.

SECTION 29.

HOUSE BILL.

51 SEC. 29. That all provisions of law inconsistent with or superseded by any of the provisions of this Act be, and the same are hereby, repealed: *Provided*, That nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred, entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes."

OWEN AMENDMENT.

82 SEC. 29 26. ~~That all~~ *All* provisions of law inconsistent with or superseded by any of the provisions of this Act ~~be, and the same are~~ *are to that extent and to that extent only* hereby, repealed: *Provided*, ~~That nothing~~ *Nothing* in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred, entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," *and the Secretary of the Treasury may for such purposes, or to strengthen the gold reserve, borrow gold on the security of United States bonds or for one-year notes bearing interest at a rate of not to exceed three per centum per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.*

HITCHCOCK AMENDMENT.

SEC. 29 28. ~~That all~~ *All* provisions of law inconsistent with or superseded by any of the provisions of this Act ~~be, and the same are~~ *are to that extent and to that extent only* hereby repealed: *Provided*, That nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred, entitled, "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes."

NEW SECTIONS.

HOUSE BILL.

OWEN AMENDMENT.

HITCHCOCK AMENDMENT.

SEC. 27. *The provisions of the Act of May thirtieth, nineteen hundred and eight, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifteen, and sections fifty-one hundred and fifty-three, fifty-one hundred and seventy-two, fifty-one hundred and ninety-one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May twentieth, nineteen hundred and eight, are hereby re-enacted to read as such sections read prior to May twentieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act.*

SEC. 28. *If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.*

SEC. 29. *That the provisions of the Act of May thirtieth, nineteen hundred and eight, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifteen.*

SECTION 30.

SEC. 30. That the right to amend, alter, or repeal this Act is hereby expressly reserved.

Passed the House of Representatives September 18, 1913.

Attest:

SOUTH TRIMBLE,
Clerk.

SEC. 30 29. ~~That the~~ The right to amend, alter, or repeal this Act is hereby expressly reserved.

SEC. 30. That the right to amend, alter, or repeal this Act is hereby expressly reserved.