

## AMENDMENTS TO BANKING LAWS

JUNE 15, 1926.—Ordered to be printed

Mr. McFADDEN, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany H. R. 2]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 13, 14, 15, 16, and 35.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 29, 31, 32, 34, and 39, and agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows.

Insert the matter proposed to be inserted by the Senate amendment; and on page 5 of the House bill, lines 23, 24, and 25, strike out "the approval of this act, or from the date of its organization if organized after such date of approval" and insert *its organization (whether organized before or after this section as amended takes effect)*; and the Senate agree to the same.

**Amendment numbered 28:**

That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *and in the branch or branches, if any, retained or established and operated by it in accordance with the provisions of section 5155 of the Revised Statutes, as amended*; and the Senate agree to the same.

**Amendment numbered 30:**

That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows:

On page 7 of the Senate engrossed amendments, line 23, after "act," insert a comma and *as amended* and a comma; and on page 8 of the Senate engrossed amendments, lines 15 and 16, strike out "of the approval of this act" and insert *this section as amended takes effect*; and on page 8 of the Senate engrossed amendments, line 22, strike out "of the approval of this act" and insert *this section as amended takes effect*; and the Senate agree to the same.

**Amendment numbered 33:**

That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment; and on page 24 of the House bill, line 4, strike out "paragraph 2 thereof" and insert in lieu thereof *as amended*; and on page 17 of the House bill, line 20, after "act," insert a comma and *as amended* and a comma; and on page 21 of the House bill, line 17, after "act," insert a comma and *as amended*; and on page 21 of the House bill, line 21, after "Statutes," insert a comma and *as amended*; and on page 21 of the House bill, line 23, after "act," insert a comma and *as amended* and a comma; and on page 25 of the House bill, line 4, after "act," insert a comma and *as amended* and a comma; and on page 26 of the House bill, line 1, after "States," insert a comma and *as amended*; and the Senate agree to the same.

**Amendment numbered 36:**

That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows:

On page 10 of the Senate engrossed amendments, line 12, strike out "18" and insert 17; and the Senate agree to the same.

**Amendment numbered 37:**

That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows:

On page 11 of the Senate engrossed amendments, line 4, strike out "19" and insert 18; and the Senate agree to the same.

**Amendment numbered 38:**

That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert:

*Sec. 19. That subdivision second of the fourth paragraph of section 4 of the Federal reserve act, as amended, is amended to read as follows:*

*"Second. To have succession for a period terminating 50 years after the expiration of its original franchise unless it is sooner dissolved by act of Congress or its franchise becomes forfeited for violation of law."*

*Sec. 20. There is hereby created a joint special committee (hereinafter in this section referred to as the "joint committee") to consist of three members of the Committee on Banking and Currency of the House of Representatives, to be appointed by the Speaker of the House of Representatives, and three members of the Committee on Banking and Currency of the Senate, to be appointed by the President of the Senate, to make an inquiry into the prices of commodities in the United States as affected, since the year 1914, if at all, by the Federal banking laws. The joint committee is authorized to appoint and fix the compensation of such clerical, stenographic, and other assistants, to hold such hearings and to sit and act at such places and times during the sessions and recesses of the Sixty-ninth Congress, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to have such printing and binding done, and to make such expenditures, as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per hundred words. Subpœnas for witnesses shall be issued upon the request of the joint committee, or any member thereof, under the signature of either the Speaker of the House or the President of the Senate, and the Sergeant-at-Arms of either the Senate or the House is hereby authorized and directed to serve all such subpœnas and other processes. The members of the joint committee shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the joint committee. The expenses of the joint committee shall not exceed \$2,000 and shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives, upon vouchers signed by the chairman. The joint committee shall report to their respective Houses from time to time the results of its inquiries, together with such recommendations as it may deem advisable and a period.*

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

Amend the title so as to read: "An act to further amend the national banking laws and the Federal reserve act, and for other purposes;" and the Senate agree to the same.

The committee of conference have not agreed on amendment numbered 26.

LOUIS T. McFADDEN,  
EDWARD J. KING,

*Managers on the part of the House.*

GEO. P. McLEAN,  
WALTER E. EDGE,  
CARTER GLASS,

*Managers on the part of the Senate.*

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes, submit the following written statement explaining the effect of the action agreed on by the conference committee and submitted in the accompanying conference report.

Amendments Nos. 3, 4, 6, 7, 8, 9, 10, 12, 17, 18, 19, 20, 21, 22, 24, 25, 27, 31, 32, and 34 are clerical or minor clarifying changes.

Amendments Nos. 1 and 11: The Senate amendments provide that a State bank may consolidate with a national bank in any part of the State if the State law permitted two State banks to consolidate under the same conditions. The House bill contained no similar provision, and the House recedes.

Amendment No. 2: The House bill provided for the publication of the time, place, and object of meetings for the consolidation of a national bank with a State bank in a newspaper of general circulation published in the place where the national bank is located. The Senate amendment provided for such publication in addition in a legal newspaper for the publication of legal notices or advertisements, if any such paper has been designated by the rules of a court in the county where the national bank is situated. The House recedes.

Amendment No. 5: The Senate amendment provides that in case of a consolidation of a national bank with a State bank that the consolidated bank should enjoy, among other property rights, franchises, and interests of the constituent banks, the right of session as trustees, executors, or in any other fiduciary capacity. The House bill had no provision on the subject, and the House recedes.

Amendments Nos. 13, 14, 15, and 16: The Senate amendments authorize national banks to buy and sell investment securities. The House bill contained no similar provision. The Senate recedes.

Amendment No. 23: The Senate amendment prohibits a national bank from being organized in the outlying sections of a city upon a capitalization of \$100,000 if the State law places the same prohibition upon the State banks. The House bill contained no similar provision, and the House recedes.

Amendment No. 28: The Senate amendment provides that national banks might transact general business not only at the place specified in the organization certificate but also at such branches as

the bank might lawfully maintain under the provisions of the bill. The House bill contained no similar provision, and the House recedes with an amendment making clerical changes.

Amendment No. 29: The House provision relative to the establishment of new branches of national banks were stricken out by the Senate, and the House recedes. Corresponding provisions were included by the Senate in amendment No. 26.

Amendment No. 30: The House bill provided that no State member bank may establish new branches outside of the home city of the bank except upon pain of expulsion from the Federal reserve system. The Senate amendment retains this provision in a redrafted form, and the House recedes with an amendment making certain clerical changes.

Amendment No. 33: The House provision empowered Federal reserve banks to rediscount for member banks an amount of eligible paper equal to the amount which a national bank could lawfully discount for its customers. This is a liberalization of existing law under which Federal reserve banks could discount for any one borrower only eligible paper not exceeding 10 per cent of the capital and surplus of the member bank. The Senate amendment struck out the House provision and the House recedes with an amendment also striking out the House provision but further making certain clerical changes in matters of citation.

Amendment No. 35: The Senate amendment amended the Clayton Act by giving the Federal Reserve Board discretionary authority to permit, if the public interest requires, a single person to serve as a director of not more than three banks. The House bill contained no such language, and the Senate recedes.

Amendments Nos. 36 and 37: The Senate amendments provide that national banks may hereafter divide their stock into shares of less than \$100 par value. The House bill contained no such language, and the House recedes with amendments changing the section numbers.

Amendment No. 38: The Senate amendment provides for the extension of the existing charters of Federal reserve banks until such time as the charters were dissolved by act of Congress or forfeited for violation of law. The House bill contained no similar provision and the House recedes with an amendment which provides for the extension of such charters for a period terminating 50 years after the expiration of the present charters, except in case of dissolution by act of Congress or forfeiture for violation of law; and with a further amendment providing for creation of a joint special committee to inquire into the prices of commodities in the United States as affected since the year 1914 by the Federal banking laws.

Amendment No. 39: The Senate amendment grants specific authority to the Federal Reserve Board to discontinue branch Federal reserve banks in order definitely to settle the question which is now before the Attorney General for an opinion as to whether the Federal Reserve Board now impliedly possesses such power. The House bill contained no similar provision, and the House recedes.

Amendment to the title: The House recedes from its disagreement to the amendment of the title by the Senate with a further amendment which states that the bill is to be entitled "An act to further

amend the national banking laws and the Federal reserve act, and for other purposes."

The committee of conference have not agreed upon the following amendment of the Senate:

Amendment No. 26: The House bill provided that a State bank upon converting into a national bank may retain only such branches as the State bank might have had in operation within the corporate limits of the city in which the bank was situated, with a proviso that no such branches may be retained which may have been established after the approval of this act in a State which at the time of the approval of this act did not permit branches to the State banks.

The Senate struck out the House provisions and substituted new language which embraced all of the conditions under which a national bank might have branches. The Senate provision permits the retention of all existing lawful branches; the retention of any branch in operation for more than 25 years; the retention of all now existing branches in case a State bank is converted into or consolidated with a national bank; the establishment of new branches by national banks in certain cities in States which permit branch banking at the discretion of the Comptroller of the Currency; and the establishment of branches in incorporated contiguous territory to such cities at the discretion of the Comptroller of the Currency. The Senate provision further provides that no branch could be established or moved without the approval of the Comptroller of the Currency; defines the terms "branch," "State bank," "State banks," "bank," and "banks"; and exempts foreign branches from the provisions of the section.

LOUIS T. McFADDEN,  
EDWARD J. KING,

*Managers on the part of the House.*

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