

A BILL*Banking  
file*

To amend Section 12B of the Federal Reserve Act so as to extend for one year the temporary plan for deposit insurance, permit a further period of preparation for initiating the permanent plan, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 12B of the Federal Reserve Act is amended --

(1) by striking out "July 1, 1934" wherever it appears in subsections (e), (1), and (y), and inserting in lieu thereof "July 1, 1935";

(2) by striking out "June 15, 1934" where it appears in the last sentence of the third paragraph of subsection (y), and inserting in lieu thereof "December 15, 1934";

(3) by striking out "June 30, 1934" where it appears in the first sentence of the fifth paragraph of subsection (y), and inserting in lieu thereof "June 30, 1935";

(4) by adding after the first clause of the second sentence in paragraph five of subsection (y) the following: "and the provisions of such subsection (1) relating to the appointment of the

2.

Corporation as Receiver shall be applicable to the members of the Temporary Federal Deposit Insurance Fund.";

and by striking out the initial words "and the" in the second clause of the second sentence of paragraph five of subsection (y) and inserting in lieu thereof the word "The";

(5) by adding to paragraph six of subsection (y) the following: "The Corporation shall prescribe by regulations the manner of exercise of the right of termination of membership in the Fund on July 1, 1934, and may require members of the Fund to give thirty days' notice prior to July 1, 1934, of election as a condition to withdrawal. Banks which withdraw from the Fund on July 1, 1934, shall be entitled to a refund of their proportionate share of any estimated balance in the Fund on the same basis as if the Fund had terminated under existing law." ;

(6) by adding at the end of subsection (o) the following new paragraph:

"Such of the obligations authorized to be issued under this subsection as the Corporation, with the approval of the Secretary of the Treasury, may determine, shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. In the

3.

event that the Corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, and guaranteed by the United States under this paragraph, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Corporation to be issued under this subsection which are guaranteed by the United States under this paragraph, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the second Liberty bond act, as amended, and the purposes for which securities may be issued under the second Liberty bond act, as amended, are extended to include any purchases of the Corporation's obligations under this paragraph. The Secretary of the Treasury, may, at any time, sell any of the obligations of the Corporation acquired by him under this paragraph. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Corporation shall be treated as public-debt transactions of the United States. The

4.

Secretary of the Treasury, at the request of the Federal Deposit Insurance Corporation, is authorized to market for the Corporation such of its notes, debentures, bonds, and other such obligations as are guaranteed by the United States under this paragraph, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the Corporation so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the Corporation on the books of the Treasury. Any obligations of the Corporation which are guaranteed by the United States under this paragraph shall be eligible for discount or purchase by any Federal Reserve bank."; and

(7) by inserting after the first sentence of subsection (p) the following new sentence:

"Any such obligations which are guaranteed by the United States under the second paragraph of subsection (o) shall be exempt from all such taxation (except surtaxes, estate, inheritance, and gift taxes)."