

*Showing changes in Title II
recommended by Gov. Eccles.*

74TH CONGRESS
1ST SESSION

H. R. 5357

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 5, 1935

Mr. STEAGALL introduced the following bill; which was referred to the Committee on Banking and Currency and ordered to be printed

A BILL

To provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 This Act may be cited as the "Banking Act of 1935."

TITLE I

4
5 Section 12B of the Federal Reserve Act, as amended
6 (U. S. C., Supp. VII, title 12, sec. 264), is further amended
7 as follows:

8 1. By striking out subsection (a) and inserting in lieu
9 thereof the following:

10 "(a) There is hereby created a Federal Deposit Insur-
11 ance Corporation (hereinafter referred to as the 'Corpora-

14 tion ’), which shall insure, as hereinafter provided, the de-
15 posits of all banks which are entitled to the benefits of insur-
16 ance under this section, and which shall have the right to
17 exercise all powers hereinafter granted.”

18 2. By adding at the end of subsection (b) the
19 following:

20 “ In the event of a vacancy in the office of the Comp-
21 troller of the Currency, and pending the appointment of his
22 successor, the Acting Comptroller of the Currency shall be
23 a member of the board of directors in his place and stead.
24 In the absence of the Comptroller of the Currency any
25 Deputy Comptroller of the Currency may, within the limits
26 prescribed by the Comptroller, act as a member of the board
14 of directors in his place and stead.”

15 3. By inserting a new subsection to read as follows:

16 “(c) As used in this section—

17 “(1) The term ‘ State bank ’ means any bank, banking
18 association, trust company, savings bank, or other banking
19 institution which is engaged in the business of receiving de-
20 posits and which is incorporated under the laws of any State
21 or the Territories of Hawaii or Alaska or which is operating
22 under the Code of the District of Columbia (except a national
23 bank).

24 “(2) The term ‘ State member bank ’ means any
25 State bank which is a member of the Federal Reserve Sys-

1 . tem, and the term ' State nonmember bank ' means any
2 other State bank.

3 “(3) The term ' District bank ' means any State bank
4 operating under the Code of the District of Columbia.

5 “(4) The term ' national member bank ' means any
6 national bank located in the States of the United States, the
7 District of Columbia, or the Territories of Hawaii or Alaska,
8 except a national nonmember bank as hereinafter defined.

9 “(5) The term ' national nonmember bank ' means any
10 national bank located in the Territories of Hawaii or Alaska
11 which is not a member of the Federal Reserve System.

12 “(6) The term ' mutual savings bank ' means a bank
13 without capital stock transacting a savings bank business,
14 the net earnings of which inure wholly to the benefit of its
15 depositors after payment of obligations for any advances by
16 its organizers.

17 “(7) The term ' insured bank ' means any bank the
18 deposits of which are insured in accordance with the pro-
19 visions of this section, and the term ' noninsured bank '
20 means any other bank.

21 “(8) The term ' new bank ' means a new national
22 banking association organized by the corporation to assume
23 the insured deposits of an insured bank closed on account
24 of inability to meet the demands of its depositors and other-

1 wise to perform temporarily the functions provided in this
2 section.

3 “(9) The term ‘receiver’ shall include a receiver,
4 liquidating agent, conservator, commission, person, or other
5 agency charged by law with the duty of winding up the
6 affairs of a bank.

7 “(10) The term ‘board of directors’ means the board
8 of directors of the corporation.

9 “(11) The term ‘deposit’ means the unpaid balance
10 of money or its equivalent received by a bank in the usual
11 course of business and for which it has given or is obligated
12 to give unconditional credit to a commercial, checking, sav-
13 ings, time or thrift account, or which is evidenced by its
14 certificate of deposit, and trust funds as provided in para-
15 graph (5) of subsection (h) of this section, together with
16 such other obligations of a bank as the board of directors
17 shall find and shall prescribe by its regulations to be deposit
18 liabilities by general usage: *Provided*, That any obligation
19 of a bank which is payable only at an office of the bank
20 located outside the States of the United States, the District
21 of Columbia, and the Territories of Hawaii and Alaska shall
22 not be a deposit for purposes of this section or be included
23 as a part of total deposits or of an insured deposit. The
24 board of directors may by regulation further define the terms
25 used in this paragraph.

1 “(12) The term ‘insured deposit’ means such part
2 of the net amount of money due to any depositor for deposits
3 in an insured bank, after deducting offsets, as shall not exceed
4 the maximum prescribed by paragraph (1) of subsection
5 (1) of this section. Such amount shall be determined ac-
6 cording to such regulations as the board of directors may
7 prescribe. In determining the amount due to any depositor
8 there shall be added together all deposits in the bank main-
9 tained in the same capacity and the same right for his
10 benefit either in his own name or in the names of others,
11 except trust funds which shall be insured as provided in
12 paragraph (5) of subsection (h) of this section.

13 “(13) The term ‘transferred deposit’ means a de-
14 posit in a new bank or other insured bank made available
15 to a depositor by the corporation as payment of the insured
16 deposit of such depositor in a closed bank, and assumed by
17 such new bank or other insured bank.

18 “(14) The term ‘effective date’ means the date of
19 enactment of the title containing this amendment.”

20 4. By striking out in subsection (c) “(c)” and in-
21 serting “(d)”; by striking out in said subsection (c) that
22 part of the third sentence following the words “Federal
23 Reserve banks” in said sentence and inserting a period;
24 by striking out in subsection (d) “(d)” and the first four
25 sentences of said subsection (d); and by striking out in

1 the fifth sentence of said subsection the following: " class
2 B"; and by inserting at the end of subsection "(d)" the
3 following: " The capital stock of the corporation shall con-
4 sist of the shares subscribed for prior to the effective date.
5 Such stock shall be without nominal or par value, and shares
6 issued prior to the effective date shall be exchanged and
7 reissued at the rate of one share for each \$100 paid into the
8 corporation for capital stock. The consideration received by
9 the corporation for the capital stock shall be allocated to
10 capital and to surplus in such amounts as the board of
11 directors shall prescribe. Such stock shall have no vote
12 and shall not be entitled to the payment of dividends."

13 5. By striking out subsection (e) and inserting in lieu
14 thereof the following:

15 "(e) (1) Every operating member bank, including
16 a bank incorporated since March 10, 1933, licensed on or
17 before the effective date by the Secretary of the Treasury
18 shall be and continue without application or approval an
19 insured bank and shall be subject to the provisions of this
20 section.

21 "(2) After the effective date any national member
22 bank authorized to commence or resume the business of
23 banking, State bank converting into a national member
24 bank, or State bank becoming a member of the Federal
25 Reserve System shall be an insured bank from the time

1 the certificate herein prescribed shall be issued to the Cor-
2 poration by the Comptroller of the Currency in the case
3 of such national member bank, or by the Federal Reserve
4 Board in the case of such State member bank: *Provided,*
5 That in the case of an insured bank admitted to membership
6 in the Federal Reserve System or insured State bank con-
7 verting into a national member bank, such certificate shall
8 not be required, and the bank shall continue as an insured
9 bank. Such certificate shall state that the bank is authorized
10 to transact the business of banking in the case of a national
11 member bank, or is a member of the Federal Reserve
12 System in the case of a State member bank, and that con-
13 sideration has been given to the factors enumerated in
14 subsection (g) of this section.”

15 6. By striking out subsection (f) and inserting in
16 lieu thereof the following,

17 “(f) (1) Every bank not a member of the Federal
18 Reserve System which on the effective date is a member
19 of the Temporary Federal Deposit Insurance Fund or of
20 the Fund for Mutuals created pursuant to the provisions
21 of an Act approved June 16, 1933 (48 Stat. 168, ch. 89),
22 as amended June 16, 1934 (48 Stat. 969, ch. 546), shall
23 be and continue without application or approval an insured
24 bank and shall be subject to the provisions of this section,
25 unless in accordance with regulations to be prescribed by

1 the board of directors such bank shall give to the corpora-
2 tion within thirty days after the effective date written notice
3 of its election not to continue after June 30, 1935, as an
4 insured bank and shall give to its depositors, by publication
5 or by any reasonable means, as the board of directors
6 may prescribe, not less than twenty days' notice prior to
7 June 30, 1935, of such election: *Provided*, That any State
8 nonmember bank which was admitted to said Temporary
9 Federal Deposit Insurance Fund or Fund for Mutuals but
10 which did not file on or before the effective date of October
11 1, 1934, certified statement and make the payment thereon
12 required by law as it existed prior to the effective date,
13 shall cease to be an insured bank on June 30, 1935: *Pro-*
14 *vided further*, That no bank admitted to the said Temporary
15 Federal Deposit Insurance Fund or the Fund for Mutuals
16 prior to the effective date shall, after June 30, 1935, be
17 an insured bank or have its deposits insured by the corpora-
18 tion, if such bank shall have permanently discontinued its
19 banking operations prior to the effective date. Deposits
20 of the bank giving such notice shall continue to be insured
21 until June 30, 1935, and the rights of the bank shall be
22 as provided by law existing prior to the effective date, and
23 such bank shall not be insured by the Corporation beyond
24 June 30, 1935.

1 “(2) Until July 1, 1937, any national nonmember
2 bank, on application by the bank and certification by the
3 Comptroller of the Currency in the manner prescribed in
4 subsection (e) of this section and until such date any State
5 nonmember bank, upon application to and examination by
6 the Corporation and approval by the board of directors, may
7 become an insured bank. Before approving the application
8 of any such State nonmember bank, the board of directors
9 shall give consideration to the factors enumerated in subsec-
10 tion (g) of this section and shall determine, upon the basis of
11 a thorough examination of such bank, that its assets in excess
12 of its capital requirements are adequate to enable it to meet
13 all of its liabilities as shown by the books of the bank to
14 depositors and other creditors.”

15 7. By striking out subsection (g) and inserting in lieu
16 thereof the following:

17 “(g) The factors to be enumerated in the certificate
18 required under subsection (e) and to be considered by the
19 board of directors under subsection (f) shall be the follow-
20 ing: The financial history and condition of the bank, the
21 adequacy of its capital structure, its future earnings pros-
22 pects, the general character of its management, the con-
23 venience and needs of the community to be served by the
24 bank, and whether or not its corporate powers are consistent
25 with the purposes of this section.”

1 8. By striking out subsection (h) and inserting in lieu
2 thereof the following:

3 “(h) (1) The assessment rate shall be one-twelfth of
4 1 per centum per annum upon the total amount of the
5 liability of the insured bank for deposits (according to the
6 definition of the term ‘deposit’ in and pursuant to para-
7 graph (11) of subsection (c) of this section, without any
8 deduction for indebtedness of depositors) based on the
9 average determined from such total as of the close of business
10 on the last day of June and the last day of December of
11 each year: *Provided*, That the board of directors from time
12 to time may fix a lower rate or may provide for a refund or
13 credit by a percentage upon the last annual assessment rate
14 not exceeding 50 per centum thereof, when it finds that such
15 action will provide or leave, as the case may be, adequate
16 revenue and reserves for the Corporation having due regard
17 to experience and conditions affecting banks. The rate or
18 percentage so fixed shall be applicable to all insured banks,
19 except that the board of directors on a similar finding, from
20 time to time, may provide that the rate so fixed shall be
21 applicable to insured mutual savings banks only or may
22 provide a different rate applicable to mutual savings banks
23 only.

24 “(2) On or before the 15th day of July of each year,
25 each insured bank shall file with the corporation a certified

1 statement under oath showing the total amount of its liability
2 for deposits as of the close of business on the 30th day of
3 June last preceding and shall pay to the corporation the
4 portion of the annual assessment equal to one-half of the
5 annual rate fixed by this subsection (h) multiplied by its
6 said total deposits on the date for which such statement is
7 made. On or before the 15th day of January of each year
8 each insured bank shall file a like statement showing the
9 total amount of its liability for deposits as of the close of
10 business on the 31st day of December last preceding, and
11 shall pay to the corporation the portion of the annual assess-
12 ment equal to one-half of the annual rate fixed by this sub-
13 section (h) multiplied by its said total deposits on the date
14 for which such statement is made.

15 “(3) Every bank which becomes an insured bank after
16 the effective date and on any date more than thirty days
17 before the next succeeding last day of June or December
18 of any year shall pay to the Corporation as an initial assess-
19 ment the prorated portion for the period between the date
20 such bank became an insured bank and the next succeeding
21 last day of June or December, as the case may be, of an
22 amount equal to one-half the annual assessment rate provided
23 in this section multiplied by its total deposits at the close
24 of business on the 15th day after it becomes an insured bank.
25 In all other cases the initial assessment upon a bank which

1 becomes an insured bank after the effective date shall be the
2 assessment payable according to paragraphs (1) and (2)
3 of this subsection.

4 “(4) Each bank which shall be and continue without
5 application or approval an insured bank in accordance with
6 the provisions of subsection (e) or (f) of this section,
7 shall, in lieu of all right to refund, be credited with any
8 balance to which such bank shall become entitled upon
9 the termination of said Temporary Federal Deposit Insurance
10 Fund or the Fund for Mutuals. The credit shall be applied
11 by the corporation toward the payment of the assessment
12 next becoming due from such bank and upon succeeding
13 assessments until the credit is exhausted.

14 “(5) Trust funds held by an insured bank in a fiduciary
15 capacity whether held in its trust or deposited in any other
16 department or in another bank shall be insured subject
17 to a \$5,000 limit for each trust estate and when deposited
18 by the fiduciary bank in another insured bank, shall be
19 similarly insured to the fiduciary bank according to the
20 trust estates represented. Notwithstanding any other pro-
21 vision of this section, such insurance shall be separate from
22 and additional to that covering other deposits of the owners
23 of such trust funds or beneficiaries of such trust estates:
24 *Provided*, That where the fiduciary bank deposits any of such
25 trust funds in other insured banks, the amount so held by

1 other insured banks on deposit on the last day of the month
2 preceding the filing of the certified statement required by
3 paragraph (2) of subsection (h) of this section for the
4 purpose of such statement shall not be considered to be a
5 deposit liability of the fiduciary bank, but shall be considered
6 a deposit liability of the bank in which such funds are so
7 deposited by such fiduciary bank. The board of directors
8 shall have power by regulation to prescribe the manner of
9 reporting and of depositing such funds.”

10 9. By striking out subsection (i) and inserting in lieu
11 thereof the following:

12 “(i) (1) Any insured bank (except a national mem-
13 ber bank or State member bank) may, upon not less than
14 ninety days’ written notice to the Corporation, terminate its
15 status as an insured bank. Wherever the board of directors
16 shall find that an insured bank or its directors or trustees have
17 continued unsafe or unsound practices in conducting the
18 business of such bank or have knowingly or negligently
19 permitted any of its officers or agents to violate repeatedly
20 any provision of this section or of any regulation made
21 thereunder, or of any law or regulation made pursuant to
22 law to which the insured bank is subject, the board of
23 directors shall first give to the Comptroller of the Currency
24 in the case of a national bank or district bank, to the
25 authority having supervision in case of a State bank, and

1 also to the Federal Reserve Board in case of a State mem-
2 ber bank, a statement of such violation by the bank for
3 the purpose of securing a correction of such practices or
4 conditions. Unless such correction shall be made within
5 such period of time not exceeding one hundred and twenty
6 days as the Comptroller of the Currency, the State authority,
7 or Federal Reserve Board, as the case may be, shall require,
8 the board of directors, if it shall determine to proceed fur-
9 ther, shall give to the bank not less than thirty days' written
10 notice of intention to terminate the status of the bank as
11 an insured bank, fixing a time and place for a hearing before
12 the board of directors or before a person designated by it
13 to conduct such hearing, at which evidence may be pro-
14 duced, and upon such evidence the board of directors shall
15 make written findings which shall be conclusive. Unless
16 the bank shall appear at the hearing by a duly authorized
17 representative, it shall be deemed to have consented to
18 the termination of its status as an insured bank. If the
19 board of directors shall find that any ground specified in
20 such notice has been established, the board of directors may
21 order that the insured status of the bank be terminated
22 on a date subsequent to such finding and to the expiration
23 of the time specified in such notice of intention. The Cor-
24 poration may publish notice of such termination and the
25 bank shall give notice of termination to its depositors, in

1 such manner and at such time as the board of directors
2 may find necessary and may order for the protection of
3 depositors. After termination of the insured status of any
4 bank under the provisions of this paragraph, the insured
5 deposits of each depositor in the bank on the date of such
6 termination, less all subsequent withdrawals, shall con-
7 tinue for a period of two years to be insured and the bank
8 shall continue to pay to the Corporation assessments as
9 in the case of an insured bank for such period of two years
10 from such termination, but no additions to any deposits
11 or any new deposits shall be insured by the Corporation,
12 and the bank shall not advertise or hold itself out as
13 having insured deposits unless in the same connection it
14 shall state with equal prominence that additions to deposits
15 and new deposits made after the date of such termina-
16 tion, specifying such date, are not insured. Such bank
17 shall in all other respects be subject to the duties and
18 obligations of an insured bank for the period of two years
19 from such termination and in the event of being closed
20 on account of inability to meet the demands of its depositors
21 within such period of two years, the Corporation shall have
22 the same powers and rights with respect to such bank as
23 in case of an insured bank.

24 “(2) Whenever the insured status of a member bank
25 shall be terminated by action of the board of directors, the

1 Federal Reserve Board in the case of a State member bank
2 shall terminate its membership in the Federal Reserve
3 System in accordance with the provisions of section 9
4 of the Federal Reserve Act and in the case of a national
5 member bank the Comptroller of the Currency shall appoint
6 a receiver for the bank (to be the Corporation whenever
7 the bank shall be unable to meet the demands of its deposi-
8 tors). Whenever a member bank shall cease to be a
9 member of the Federal Reserve System, its status as an
10 insured bank shall without notice or other action by the
11 board of directors terminate on the date of the taking effect
12 of the termination of membership of the bank in the Federal
13 Reserve System, with like effect as if terminated on said
14 date by the board of directors after proceedings under para-
15 graph (1) of this subsection (i).

16 “(3) When the liabilities of an insured bank for de-
17 posits shall have been assumed by another bank or banks,
18 the insured status of such insured bank shall terminate on
19 the receipt by the Corporation of satisfactory evidence of
20 such assumption with like effect as if terminated on said date
21 by the board of directors after proceedings under paragraph
22 (1) of this subsection (i): *Provided*, That if such bank
23 gives notice of such assumption within thirty days after such
24 assumption takes effect to its depositors, by publication or

1 by any reasonable means, in accordance with regulations
2 to be prescribed by the board of directors, the insurance
3 of its deposits shall terminate at the end of six months from
4 the date such assumption takes effect and such bank shall
5 be relieved of all future obligations to the Corporation, in-
6 cluding the obligation to pay future assessments.”

7 10. By striking out the period at the end of paragraph
8 “Fourth” of subsection (j) and inserting a colon and
9 the following: “*Provided*, That, notwithstanding any other
10 provision of law, all suits of a civil nature at common
11 law or in equity to which the Federal Deposit Insurance
12 Corporation shall be a party shall be deemed to arise under
13 the laws of the United States, and the district courts of the
14 United States shall have original jurisdiction of all such suits;
15 and the Corporation as defendant in any such suit may, at
16 any time before the trial thereof, remove such suit from a
17 State court into the district court of the United States for
18 the proper district by following the procedure for the removal
19 of causes otherwise provided by law. No attachment or
20 execution shall be issued against the Corporation or its
21 property before final judgment in any suit, action, or pro-
22 ceeding in any State, county, municipal, or United States
23 court.”; and by inserting at the end of said subsection the
24 following:

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1 “ Eighth. To make examinations of and to require
2 information and reports from banks, as provided in this
3 section.

4 “ Ninth. To act as receiver.

5 “ Tenth. To prescribe by its board of directors such
6 rules and regulations as it may deem necessary to carry out
7 the provisions of this section.”

8 11. By striking out in subsection (k) “(k)” and
9 inserting in lieu thereof “(k) (1)”; and by adding to said
10 subsection 3 new paragraphs to read as follows:

11 “(2) The board of directors shall appoint examiners,
12 who shall have power on behalf of the Corporation (except
13 as to a District bank) to examine any insured State nonmem-
14 ber bank, State nonmember bank making application to
15 become an insured bank, or closed insured bank, whenever
16 considered necessary. Such examiners shall have like power
17 to examine, with the written consent of the Comptroller
18 of the Currency, any national bank, or District bank and,
19 with the written consent of the Federal Reserve Board, any
20 State member bank. Each examiner shall have power to
21 make a thorough examination of all of the affairs of the bank
22 and in doing so he shall have power to administer oaths and
23 to examine and take and preserve the testimony of any
24 of the officers and agents thereof under oath and shall make
25 a full and detailed report of the condition of the bank to the

1 Corporation. The board of directors in like manner shall
2 appoint claim agents who shall have power to investigate
3 and examine all claims for insured deposits and transferred
4 deposits. Each claim agent shall have power to adminis-
5 ter oaths and to examine under oath and take and pre-
6 serve testimony of any persons relating to such claims. Any
7 such examiner or claim agent in relation to any such ex-
8 amination, investigation, or taking of testimony may apply
9 to any judge or clerk of any court of the United States to
10 issue subpoenas and to compel the appearance of witnesses
11 and the production and taking of any such testimony and
12 to punish disobedience in like manner as provided in sec-
13 tions 184–186 of the Revised Statutes (U. S. C., title 5,
14 secs. 94–96).

15 “(3) Each insured State nonmember bank (except a
16 District bank) shall make to the Corporation reports of
17 condition in such form and at such times as the board of
18 directors may require of such bank. The board of directors
19 may require such reports to be published in such manner,
20 not inconsistent with any applicable law, as it may direct.
21 Every such bank which fails to make or publish any such
22 report within such time, not less than five days, as the
23 board of directors may require, shall be subject to a penalty
24 of \$100 for each day of such failure recoverable by the Cor-
25 poration for its use.

1 “(4) The Corporation shall have access to reports
2 of examinations made by and reports of condition made to
3 the Comptroller of the Currency or any Federal Reserve
4 bank, and may accept any report made by or to any com-
5 mission, board, or authority having supervision of a State
6 nonmember bank (except a District bank), and may fur-
7 nish to the Comptroller of the Currency, or any such Federal
8 Reserve bank, commission, board, or authority reports of
9 examinations made on behalf of and reports of condition
10 made to the Corporation.”

11 12. By striking out all of subsection (1) preceding
12 the last paragraph thereof and inserting in lieu thereof the
13 following:

14 “(1) (1) The Temporary Federal Deposit Insur-
15 ance Fund and the Fund for Mutuals are hereby consoli-
16 dated into the permanent insurance for deposits created by
17 this section and the assets therein shall be held by the Cor-
18 poration for the uses and purposes of the Corporation: *Pro-*
19 *vided*, That the obligations to and rights of the Corpora-
20 tion, depositors, banks, and other persons arising out of
21 any event or transaction prior to the effective date shall
22 remain unimpaired. From the effective date the Corpora-
23 tion shall insure the deposits of all insured banks as de-
24 fined and provided in this section. The maximum amount
25 of the insured deposit of any depositor shall be \$5,000.

1 “(2) An insured bank shall for the purposes of this
2 section, be deemed to have been closed on account of in-
3 ability to meet the demands of its depositors in any case
4 where it has been closed for the purpose of liquidation
5 without adequate provision for payment of its depositors.

6 “(3) Notwithstanding any other provision of law,
7 whenever any insured national bank or insured District
8 bank shall have been closed by action of its board of di-
9 rectors or the Comptroller of the Currency, as the case may
10 be, on account of inability to meet the demands of its de-
11 positors, the Comptroller of the Currency shall appoint the
12 Corporation receiver for such closed bank and no other
13 person shall be appointed as receiver of such closed bank.

14 “(4) It shall be the duty of the Corporation as such
15 receiver to realize upon the assets of such closed bank,
16 having due regard to the condition of credit in the district
17 in which such closed bank is located; to enforce the indi-
18 vidual liability of the stockholders and directors thereof;
19 and to wind up the affairs of such closed bank in conformity
20 with the provisions of law relating to the liquidation of
21 closed national banks, except as herein otherwise provided,
22 retaining for its own account such portion of the amount
23 realized from such liquidation as it shall be entitled to
24 receive on account of its subrogation to the claims of de-
25 positors and paying to depositors and other creditors the

1 net amount available for distribution to them. With re-
2 spect to such closed bank, the Corporation as such receiver
3 shall have all the rights, powers, and privileges now pos-
4 sessed by or hereafter given a receiver of an insolvent
5 national bank.

6 “(5) Whenever any insured State bank, except a Dis-
7 trict bank, shall have been closed by action of its board of
8 directors or by the authority having supervision of such
9 bank, as the case may be, on account of inability to meet
10 the demands of its depositors, the Corporation shall accept
11 appointment as receiver thereof, if such appointment be
12 tendered by the authority having supervision of such bank
13 and be authorized or permitted by State law. With respect
14 to such insured State bank, the Corporation shall possess
15 the powers and privileges given by State law to a receiver
16 of such State bank.

17 “(6) When an insured bank shall have been closed on
18 account of inability to meet the demands of its depositors,
19 payment of the insured deposits shall be made by the Cor-
20 poration, subject to the provisions of paragraph (7) of this
21 subsection (1), either (a) by making available to each
22 depositor a transferred deposit in a new bank or in another
23 insured bank in the same community in an amount equal
24 to the insured deposit of such depositor and subject to with-
25 drawal on demand, or (b) in accordance with any other

1 procedure adopted by the board of directors: *Provided*, That
2 the Corporation, in its discretion, may require proof of claims
3 to be filed before paying the insured deposits, and that in
4 any case where the Corporation is not satisfied as to the
5 validity of a claim for an insured deposit, it may require the
6 final determination of a court of competent jurisdiction before
7 paying such claim.

8 “(7) In the case of a closed national bank or District
9 bank the Corporation, upon payment of any depositor as
10 provided in paragraph (6) of this subsection (1), shall
11 become and be subrogated to all rights of the depositor to
12 the extent of such payment. In the case of any other closed
13 insured bank, the Corporation shall not pay any depositor
14 until the right of the Corporation to be subrogated to the
15 rights of such depositor on the same basis as provided in the
16 case of a closed national bank under this section shall have
17 been recognized, by express provisions of State law, by
18 allowance of claims by the authority having supervision
19 of such bank, by assignment of claims by depositors, or by
20 any other effective method. Such subrogation in the case
21 of any closed bank shall include the right to receive the same
22 dividends from the proceeds of the assets of such closed
23 bank as would have been payable to such depositor on a
24 claim for the insured deposit, such depositor retaining his
25 claim for any uninsured portion of his deposit.

1 “(8) As soon as possible, the Corporation, if it finds
2 that it is advisable and in the interest of the depositors of the
3 closed bank or the public, shall organize a new bank to as-
4 sume the insured deposits of such closed bank and otherwise
5 to perform temporarily the functions provided for in this
6 section. The new bank shall have its place of business in
7 the same community as the closed bank.

8 “(9) The articles of association and the organization
9 certificate of the new bank shall be executed by representa-
10 tives designated by the corporation. No capital stock need
11 be paid in by the Corporation. The new bank shall not
12 have a board of directors, but shall be managed by an execu-
13 tive officer appointed by the board of directors of the Cor-
14 poration and who shall be subject to its directions. In
15 other respects such bank shall be organized in accordance
16 with the existing provisions of the law relating to the or-
17 ganization of national banking associations. The new bank
18 may, with the approval of the Corporation, accept new
19 deposits, which shall be subject to withdrawal on demand.
20 The new bank, without application or approval, shall be an
21 insured bank and shall maintain on deposit with the Fed-
22 eral Reserve bank of its district the reserves required by
23 law for member banks, but shall not be required to subscribe
24 for stock of the Federal Reserve bank. Funds of the new
25 bank shall be kept on hand in cash, invested in securities of

1 the Government of the United States; or in securities guar-
2 anteed as to principal and interest by the Government of the
3 United States, or deposited with the corporation, or with a
4 Federal Reserve bank, or with an insured bank. The new
5 bank, unless otherwise authorized by the Comptroller of
6 the Currency, shall transact no business except that author-
7 ized by this section and such business as may be incidental
8 to its organization. Notwithstanding any other provision
9 of law it, its franchise, property, and income shall be exempt
10 from all taxation now or hereafter imposed by the United
11 States, by any territory, dependency, or possession thereof,
12 or by any State, county, municipality, or local taxing
13 authority.

14 “(10) On the organization of a new bank, the Cor-
15 poration shall promptly make available to the new bank
16 an amount equal to the estimated insured deposit of such
17 closed bank plus the amount of its estimated expenses of
18 operation and shall determine as expeditiously as possi-
19 ble the amount due each depositor for his insured deposit
20 in the closed bank, and the total expenses of operation of
21 the new bank. Upon determination thereof, the amounts
22 so estimated and made available shall be adjusted to con-
23 form to the amounts so determined. Earnings of the new
24 bank shall be paid over or credited to the Corporation in
25 such adjustment. The new bank shall assume as trans-

1 ferred deposits the payment of the insured deposits of such
2 closed bank to each of its depositors. Of the amount so
3 made available, the Corporation shall transfer to the new
4 bank, in cash, such amount as is necessary to enable it to
5 meet expenses and immediate cash demands on such trans-
6 ferred deposits and the remainder shall be subject to with-
7 drawal by the new bank on demand.

8 “(11) When in the judgment of the board of direc-
9 tors it is desirable to do so, the Corporation shall cause
10 capital stock of the new bank to be offered for sale on such
11 terms and conditions as the board of directors shall deem
12 advisable, in an amount sufficient, in the opinion of the
13 board of directors, to make possible the conduct of the
14 business of the new bank on a sound basis, but in no event
15 less than that required by section 5138 of the Revised
16 Statutes, as amended (U. S. C., Supp. VII, title 12,
17 sec. 51), for the organization of a national bank in the
18 place where such new bank is located, giving the stock-
19 holders of the closed bank the first opportunity to purchase
20 any shares of common stock so offered. Upon proof that
21 an adequate amount of capital stock in the new bank has
22 been subscribed and paid for in cash, the Comptroller of
23 the Currency shall require the articles of association and
24 the organization certificate to be amended to conform to
25 the requirements for the organization of a national bank,

1 and thereafter, when the requirements of law with respect
2 to the organization of a national bank have been complied
3 with, he shall issue a certificate of authority to commence
4 business to the bank, which shall thereupon cease to have
5 the status of a new bank and shall be managed by directors
6 elected by its own shareholders and may exercise all the
7 powers granted by law and shall be subject to all of the
8 provisions of law relating to national banks. Such bank
9 shall thereafter be an insured national bank, without certi-
10 fication to or approval by the Corporation.

11 “(12) If the capital stock of the new bank shall not
12 be offered for sale, or if an adequate amount of capital for
13 such new bank is not subscribed and paid in, the board of
14 directors may offer to transfer its business to any insured
15 bank in the same community which will take over its assets,
16 assume its liabilities, and pay to the Corporation for such
17 business such amount as the board of directors may deem
18 adequate; or the board of directors in its discretion may
19 change the location of the new bank to the office of the
20 Corporation or to some other place or may at any time wind
21 up its affairs as herein provided. Unless the capital stock
22 of the new bank is sold or its assets acquired and its liabilities
23 assumed by an insured bank, as provided above, within two
24 years from the date of its organization, the Corporation shall
25 wind up its affairs, after giving such notice, if any, as the

1 Comptroller of the Currency may require, and shall certify
 2 to the Comptroller of the Currency the termination of the
 3 new bank and thenceforth the Corporation shall be liable
 4 for its obligations and be the owner of its assets. The pro-
 5 visions of sections 5220 and 5221 of the Revised Statutes
 6 (U. S. C., title 12, sec. 181 and 182) shall not apply to such
 7 new banks.”

8 13. By inserting before the said last paragraph of sub-
 9 section (1) the following: “(n) (1)”; and by striking out
 10 the comma after the words “United States” in the first sen-
 11 tence of said paragraph and inserting before the word
 12 “except” the following: “or in securities guaranteed as to
 13 principal and interest by the Government of the United
 14 States,”; and by transposing said paragraph to subsection
 15 (n) as amended, as paragraph (1) thereof.

16 14. By striking out in subsection (m) the following:
 17 “(m)”; and by striking out in said subsection the word
 18 “herein” and inserting in lieu thereof “in this section”;
 19 and by transposing said subsection to subsection (n), as
 20 amended, as paragraph (2) thereof.

21 15. By adding a new subsection to read as follows:
 22 “(m) (1) The Corporation as receiver of a closed
 23 national bank or District bank shall not be required to furnish
 24 bond and shall have the right to appoint an agent or agents
 25 to assist it in its duties as such receiver, and all fees, com-

1 pensation, and expenses of liquidation and administration
2 thereof shall be fixed by the Corporation, subject to the
3 approval of the Comptroller of the Currency, and may be
4 paid by it out of funds coming into its possession as such
5 receiver. The Comptroller of the Currency is authorized
6 and empowered to waive and relieve the Corporation from
7 complying with any regulations of the Comptroller of the
8 Currency with respect to receiverships where in his discre-
9 tion such action is deemed advisable to simplify administra-
10 tion.

11 “(2) Payment of an insured deposit to any person by
12 the Corporation shall discharge the Corporation, and pay-
13 ment of a transferred deposit to any person by the new bank
14 or the other insured bank shall discharge the Corporation
15 and such new bank or other insured bank, to the same
16 extent that payment to such person by the closed bank
17 would have discharged it from liability for the insured
18 deposit.

19 “(3) Except as otherwise prescribed by the board of
20 directors, neither the Corporation, such new bank, nor such
21 other insured bank, shall be required to recognize as the
22 owner of any portion of a deposit appearing on the records
23 of the closed bank under a name other than that of the
24 claimant, any person whose name or interest as such owner
25 is not disclosed on the records of such closed bank as part

1 owner of said account, where such recognition would increase
2 the aggregate amount of the insured deposits in such closed
3 bank.

4 “(4) The Corporation may withhold payment of such
5 portion of the insured deposit of any depositor in a closed
6 bank as may be required to provide for the payment of
7 any liability of such depositor as a stockholder of the bank,
8 or of any liability of such depositor to the bank or its
9 receiver, not offset against a claim due from the bank, pend-
10 ing the determination and payment of such liability by such
11 depositor or any other person liable therefor.

12 “(5) If any depositor in a closed bank shall fail to
13 claim his insured deposit from the Corporation, or shall fail
14 to claim or arrange to continue the transferred deposit with
15 the new bank or other bank assuming liability therefor
16 within one year after the appointment of the receiver for
17 the closed bank, all rights of the depositor against the Cor-
18 poration in respect to the insured deposit or against the
19 new bank and such other bank in respect to the transferred
20 deposit shall be barred, and all rights of the depositor against
21 the closed bank, its shareholders or the receivership estate
22 to which the Corporation may have become subrogated shall
23 thereupon revert to the depositor. The amount of any
24 transferred deposits not claimed within said one-year period,
25 shall be refunded to the Corporation.”

1 16. By striking out in subsection (n) the following:
2 “(n)” and inserting “(3)”; and by retaining said sub-
3 section in paragraph (3) of subsection (n), as amended;
4 and by striking out in said subsection (n) the words
5 “member banks which are now or may hereafter become
6 insolvent or suspended” and inserting in lieu thereof
7 “insured banks closed on account of inability to meet the
8 demands of depositors”; and by striking out “State mem-
9 ber” and inserting in lieu thereof “insured State”; and
10 by striking out the period at the end of the first sentence
11 and inserting in lieu thereof “or District banks.”; and
12 by adding at the end of said subsection two new sentences
13 to read: “The Corporation, in its discretion, may make
14 loans on the security of or may purchase and liquidate or
15 sell any part of the assets of an insured bank which is now
16 or may hereafter be closed on account of inability to meet
17 the demands of its depositors. In any case where the
18 Corporation is acting as receiver of such insured bank such
19 loan or purchase shall not be made without approval of
20 a court of competent jurisdiction.”; and by adding to sub-
21 section (n), as amended, a new paragraph to read as
22 follows:
23 “(4) Until July 1, 1936, whenever in the judgment
24 of the board of directors such action will reduce the risk or
25 avert a threatened loss to the Corporation and will facilitate

1 a merger or consolidation, or facilitate the sale of the assets
2 of an insured bank to and assumption of its liabilities by
3 another insured bank, the Corporation may, upon such
4 terms and conditions as it may determine, make loans secured
5 by the assets of such insured bank in subordination to the
6 rights of depositors or otherwise, or may purchase such
7 assets, or may guarantee any other insured bank against
8 loss by reason of assuming the liabilities and purchasing the
9 assets of such insured bank. Any insured national bank or
10 District bank or, with the approval of the Comptroller of
11 the Currency, any conservator thereof is authorized to con-
12 tract for such sales or loans and to pledge any assets of the
13 bank to secure such loans.

14 17. By striking out in subsection (o) the following:
15 “(o)”, and inserting in lieu thereof “(o) (1)”; and by
16 inserting after the word “empowered” in the first sentence
17 in subsection (o) the following: “with the approval of the
18 Secretary of the Treasury”; by striking out in subsection
19 (o) the words “of its capital” and inserting in lieu thereof
20 “received by the Corporation in payment of its capital
21 stock and of the first annual assessments”; and by adding
22 at the end of subsection (o) two new paragraphs to read
23 as follows:

24 “(2) The Secretary of the Treasury, in his discretion,
25 is authorized to purchase any obligations of the corporation

1 to be issued hereunder, and for such purpose the Secretary
2 of the Treasury is authorized to use as a public-debt trans-
3 action the proceeds of the sale of any securities hereafter
4 issued under the Second Liberty Bond Act, as amended, and
5 the purposes for which securities may be issued under the
6 Second Liberty Bond Act, as amended, are extended to
7 include any purchases of the Corporation's obligations here-
8 under. The Secretary of the Treasury may, at any time,
9 sell any of the obligations of the Corporation acquired by
10 him under this section. All redemptions, purchases, and
11 sales by the Secretary of the Treasury of the obligations
12 of the Corporation shall be treated as public-debt transac-
13 tions of the United States.

14 “(3) No obligations, contingent or absolute, shall be
15 incurred for the expenditure or other disposition of funds
16 heretofore, hereby, or hereafter appropriated or otherwise
17 obtained for the carrying out of functions of the Corporation
18 unless within estimates of such obligations and expenditures
19 approved by the Director of the Budget; and, to the extent
20 that the Secretary of the Treasury may consider practicable
21 and under such rules and regulations as he may prescribe,
22 there shall be maintained on the books of the Treasury De-
23 partment such accounts as may be necessary to give full
24 force and effect to this provision: *Provided*, That this para-
25 graph shall not apply to obligations of the Corporation to

1 depositors of banks closed on account of inability to meet
2 the demands of depositors, obligations for expenses of paying
3 its obligations to depositors or expenses of operation of new
4 banks, obligations connected with the powers and duties of
5 the Corporation as receiver, or obligations incurred for the
6 purposes provided in this subsection (n) of this section, or
7 obligations to make the refund provided by law to any
8 bank not a member of the Federal Reserve System electing
9 as provided in subsection (f) of this section not to continue
10 after June 30, 1935, as an insured bank.”

11 18. By adding at the end of subsection (r) the
12 following:

13 “ The board of directors, from time to time, shall gather
14 information and data and shall make investigations and
15 reports upon the organization, operation, closing, reopen-
16 ing, reorganization, and consolidation of banks, banking
17 practices and management, and the security of depositors
18 and adequacy of service to borrowers. The board of direc-
19 tors, in any annual or special report to Congress, shall
20 report its findings and make such recommendations and
21 requests as it shall find necessary and appropriate for the
22 purpose of carrying out the purposes of this section and
23 fully providing for all of the obligations of the Corporation.”

24 19. By inserting in subsection (s) following the words
25 “ purchase any assets ” the following: “ or for the purpose

1 of obtaining the payment of any insured deposit or trans-
 2 ferred deposit or the allowance, approval, or payment of
 3 any claim.”.

4 20. By striking out in subsection (v) the following:
 5 “(v)”, and inserting in lieu thereof “(v) (1)”; and by
 6 striking out in said subsection “class A stockholder of the
 7 Federal Deposit Insurance Corporation” and inserting in
 8 lieu thereof “insured bank”.

9 21. By striking out the second paragraph of sub-
 10 section (v) and inserting in lieu thereof the following:

11 “(2) Every insured bank shall display at each place
 12 of business maintained by it a sign or signs, and shall include
 13 in advertisements relating to deposits and in forms furnished
 14 for use of its depositors as specified by regulations of the
 15 board of directors, a statement to the effect that its deposits
 16 are insured by the Corporation. The board of directors shall
 17 prescribe by regulation the forms of such signs and the man-
 18 ner of display and the forms of such statements and the
 19 manner of use. For each day an insured bank continues
 20 to violate any provision of this paragraph or any lawful
 21 provision of said regulations, it shall be subject to a penalty
 22 of \$100, which shall be recoverable by the Corporation for
 23 its use.”

24 22. By adding to subsection (v) three new paragraphs
 25 to read as follows:

1 “(3) No insured bank shall pay any dividends on its
2 capital stock while it remains in default in the payment of
3 any assessment due to the Corporation; and any director or
4 officer of any insured bank, who participates in the declara-
5 tion or payment of any such dividend shall, upon conviction,
6 be fined not more than \$1,000 or imprisoned not more than
7 one year, or both.

8 “(4) Unless, in addition to compliance with other
9 provisions of law, it shall have the prior written consent
10 of the corporation, no insured bank shall enter into any
11 consolidation or merger with any noninsured bank, or
12 assume liability to pay any deposits of any noninsured bank,
13 or transfer assets to any noninsured bank in consideration
14 of the assumption of liability for any portion of its deposits,
15 and no insured State nonmember bank (except a district
16 bank) without such consent shall reduce the amount or
17 retire any part of its common or preferred capital stock,
18 or retire any part of its capital notes or debentures.

19 “(5) Each insured bank shall provide such protection
20 and indemnity against burglary, fidelity, and other similar
21 insurable losses as the board of directors by regulation may
22 require adequately to reimburse the bank for such losses.
23 Whenever any insured bank fails to comply with any such
24 regulation the corporation may contract for such protection

1 and indemnity and add the cost thereof to the assessment
2 otherwise payable by such bank.

3 “(6) Whenever an insured bank, except a national
4 bank or district bank, for a period of one hundred and twenty
5 days after written notice of the recommendations of the
6 Corporation, based on a report of examination of such bank
7 by an examiner of the Corporation, shall fail to comply with
8 such recommendations, the Corporation shall have the power,
9 and is hereby authorized, to publish any part of such report
10 of examination in such manner as it may determine: *Pro-*
11 *vided*, That such notice of intention to make such publication
12 shall be given at the time such recommendations are made,
13 or at any time thereafter and at least ninety days before such
14 publication.”

15 23. By striking out all of subsection (y) preceding
16 the last paragraph thereof and inserting in lieu thereof the
17 following:

18 “(y) (1) No State nonmember bank, other than (a)
19 a mutual savings bank, or (b) a Morris Plan Bank, or (c)
20 a bank located in the Territories of Hawaii or Alaska, shall
21 become or continue an insured bank after July 1, 1937,
22 and the insured status and insurance of the deposits of each
23 State nonmember bank, other than (a) a mutual savings
24 bank, or (b) a Morris Plan Bank, or (c) a bank located

1 in the Territories of Hawaii or Alaska, shall terminate on
2 July 1, 1937.

3 “(2) For the purposes of this section, and notwith-
4 standing any other provision thereof, any unincorporated
5 bank which continues to be an insured bank without appli-
6 cation or approval under the provisions of paragraph (1) of
7 subsection (f) of this section shall be included in the term
8 ‘State bank’ and ‘State nonmember bank.’”

9 24. By inserting at the beginning of the last paragraph
10 of subsection (y) the following: “(3)”.

11 TITLE II—AMENDMENTS TO THE FEDERAL
12 RESERVE ACT

13 SECTION 201. (a) Section 4 of the Federal Reserve
14 Act, as amended, is further amended by striking out the
15 paragraph which commences with the words “Class C di-
16 rectors shall be appointed by the Federal Reserve Board”
17 and the next succeeding paragraph, and inserting in lieu
18 thereof the following:

19 “Class C directors shall be appointed by the Federal
20 Reserve Board. They shall have been for at least two
21 years residents of the districts for which they are appointed,
22 except that this requirement shall not apply to the Governor
23 and Vice Governor of the bank. Each class C director shall
24 hold office for a term of three years except that the Gover-
25 nor’s term as a class C director shall expire when he ceases

1 to be Governor of the bank and, if the Vice Governor be
 2 designated as a class C director, his term as a class C director
 3 shall expire when he ceases to be Vice Governor. One of
 4 the directors of class C shall be appointed by the Federal
 5 Reserve Board as deputy chairman to exercise the powers
 6 of the chairman of the board when necessary. In the case
 7 of the absence of the chairman and deputy chairman, the
 8 third class C director shall preside at meetings of the Board.

9 “Effective ninety days after the enactment of the Act
 10 containing this amendment, the offices of Governor and
 11 chairman of the board of directors of each Federal Reserve
 12 bank shall be combined. The Governor shall be the chief
 13 executive officer of the bank and shall be appointed an-
 14 nually by the board of directors, ~~subject to the approval of~~
 15 ~~the Federal Reserve Board. He shall not take office until~~
 16 ~~approved by the Federal Reserve Board and thereupon he~~
 17 ~~shall be appointed by the Federal Reserve Board as one~~
 18 ~~of the class C directors of the bank. He shall be ex officio~~
 19 chairman of the board of directors and chairman of the
 20 executive committee; and all other officers and employees
 21 of the bank shall be directly responsible to him. For each
 22 Federal Reserve bank there shall be appointed annually in
 23 the same manner as the Governor a Vice Governor, who
 24 shall, in the absence or disability of the Governor or during
 25 a vacancy in the office of Governor, serve as the chief ex-

"His first appointment shall be subject to the approval of the Federal Reserve Board. He shall not take office until approved by the Federal Reserve Board and thereupon he shall become a class C director of the bank for the unexpired portion of the term held by his predecessor as chairman of the board of directors or, if such term was completed, then for the next regular term of three years. At the expiration of such term as a class C director, and of each term of three years thereafter, his continuance in office shall be subject to the approval of the Federal Reserve Board, and he shall cease to be governor at the expiration of any such term unless his reappointment be approved by the Federal Reserve Board. Upon such approval he shall become a class C director for the ensuing term of three years."

15 ~~the Federal Reserve Board. He shall not take office until~~
 16 ~~approved by the Federal Reserve Board and thereupon he~~
 17 ~~shall be appointed by the Federal Reserve Board as one~~
 18 ~~of the class C directors of the bank. He shall be ex officio~~
 19 ~~chairman of the board of directors and chairman of the~~
 20 ~~executive committee; and all other officers and employees~~
 21 ~~of the bank shall be directly responsible to him. For each~~
 22 ~~Federal Reserve bank there shall be appointed annually in~~
 23 ~~the same manner as the Governor a Vice Governor, who~~
 24 ~~shall, in the absence or disability of the Governor or during~~
 25 ~~a vacancy in the office of Governor, serve as the chief ex-~~

"His appointment and reappointment shall be subject to approval by the Federal Reserve Board in the same manner as that of the Governor."

1 executive officer of the bank and act as chairman of the execu-
2 tive committee of the bank. He may be appointed by the
3 Federal Reserve Board as a class C director of the bank
4 and in such case may be appointed as deputy chairman of
5 the board of directors. Whenever a vacancy shall occur
6 in the office of the Governor or Vice Governor of a Federal
7 Reserve bank, it shall be filled in the manner provided for
8 original appointments; and the person so appointed shall
9 hold office until the expiration of the term of his predecessor.

10 "Effective ninety days after the enactment of the Act
11 containing this amendment, any Federal Reserve agent who
12 shall not have been appointed Governor of the bank shall
13 cease to be a class C director and chairman of the board of

14 directors. ~~All duties prescribed by law for the Federal~~
15 ~~Reserve agent shall be performed by such person~~ ^{or persons} ~~as the~~
16 ~~Federal Reserve Board shall designate.~~

17 "No member of the board of directors of a Federal
18 Reserve bank, other than the Governor and Vice Governor,
19 shall serve as a director for more than two consecutive terms
20 of three years each, but this shall not prevent the present
21 incumbents from serving out the remainders of their present
22 terms."

23 (b) The last paragraph of such section 4 is amended
24 by striking out the words "Thereafter every director of a
25 Federal Reserve bank chosen as hereinbefore provided shall

"All duties prescribed by law for the Federal Reserve agent shall be performed by the Governor of the bank or by such other person or persons as he may designate."

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(c) The paragraph of such section 4 which commences with the words "Such board of directors shall be selected" is amended by striking therefrom the words "holding office for three years, and" hold office for a term of three years" and substituting the words "Thereafter each director of class A and each director of class B chosen as hereinbefore provided shall hold office for a term of three years."

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~~SEC. 202. Section 9 of the Federal Reserve Act, as amended, is amended by changing the period at the end of the tenth paragraph thereof to a colon and adding the following: "Provided, further, That, upon application to the Federal Reserve Board at any time prior to July 1, 1937, by any nonmember bank which at the time of such application has been admitted to the benefits of insurance by the Federal Deposit Insurance Corporation under section 12B of this Act, the Federal Reserve Board, in its discretion, in order to facilitate the admission of such bank to membership in the Federal Reserve System, may waive in whole or in part the requirements of this section relating to the amount of capital required of such bank. Such bank shall comply with such requirements within such period or periods after admission as in the Board's judgment shall be reasonable in view of all the circumstances."~~



SEC. 203. Section 10 of the Federal Reserve Act, as amended, is further amended in the following respects:

(1) By striking out the second sentence of the first paragraph and substituting the following: "In selecting the six appointive members of the Federal Reserve Board

(c) The paragraph of such section 4 which commences with the words "Such board of directors shall be selected" is amended by striking therefrom the words "holding office for three years, and".

- 1 hold office for a term of three years" and substituting the
- 2 words "Thereafter each director of class A and each director
- 3 of class B chosen as hereinbefore provided shall hold office

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"Sec. 202. Section 9 of the Federal Reserve Act, as amended, is amended by inserting after the tenth paragraph thereof the following new paragraph:

"Upon application to the Federal Reserve Board at any time prior to July 1, 1937, by any nonmember bank which at the time of such application has been admitted to the benefits of insurance by the Federal Deposit Insurance Corporation under section 12B of this Act, the Federal Reserve Board, in its discretion, in order to facilitate the admission of such bank to membership in the Federal Reserve System, may waive in whole or in part the requirements of this section relating to the admission of such bank to membership: Provided, That, if such bank is admitted with a capital less than that required for the organization of a national bank in the same place and its capital and surplus are not, in the judgment of the Federal Reserve Board, adequate in relation to its liabilities to depositors and other creditors, the Federal Reserve Board may, in its discretion, require such bank to increase its capital and surplus to such amount as the board may deem necessary within such period prescribed by the Board as in its judgment shall be reasonable in view of all the circumstances: Provided, however, That no such bank shall be required to increase its capital to an amount in excess of that required for the organization of a national bank in the same place."

1 the President shall choose persons well qualified by edu-
 2 cation or experience or both to participate in the formulation
 3 of national economic and monetary policies. Not more
 4 than one of the appointive members shall be selected from
 5 any one Federal Reserve district, except that this limita-
 6 tion shall not apply to the selection of the Governor."

7 (2) By adding at the end of such first paragraph
 8 the following: "The appointive members of the Federal
 9 Reserve Board appointed after July 1, 1935, shall each
 10 receive a salary at the same rate as that of the heads of
 11 executive departments who are members of the President's
 12 Cabinet, together with actual necessary traveling expenses.
 13 Each appointive member of the Federal Reserve Board
 14 heretofore appointed may retire from active service upon
 15 reaching the age of seventy or at any time thereafter, and
 16 all members hereafter appointed shall retire upon reaching
 17 the age of seventy. Each member of the Board so retired
 18 from active service who shall have served for at least five
 19 years shall receive, during the remainder of his life, ^{annual} retire-
 20 ment pay in an amount equal to the annual salary paid
 21 to appointive members prior to the enactment of the Act
 22 containing this amendment: *Provided*, That if he shall
 23 not have served for as much as twelve years his ^{annual} retirement
 24 pay shall be at the rate of one-twelfth of such annual salary
 25 for each year and for any fraction of an additional year

1 of such service: *Provided further*, That any member whose
2 term expires after he reaches the age of sixty-five and who
3 is not reappointed shall receive retirement pay upon the
4 same basis as if he had been retired under the provisions
5 of this paragraph. The funds necessary for such retire-
6 ment pay shall be provided by the Federal Reserve banks
7 in such manner as the Federal Reserve Board shall pre-
8 scribe."

9 (3) By striking out the fourth sentence of the second
10 paragraph and inserting in lieu thereof the following:
11 "Of the six appointive members of the Board one shall be
12 designated by the President as Governor and one as Vice
13 Governor of the Federal Reserve Board, to serve as such
14 until the further order of the President, and the provisions
15 of the next preceding sentence of this paragraph shall not
16 apply to the member designated as Governor. The term
17 of office of the member designated as Governor shall be the
18 period during which he shall continue as Governor and,
19 upon the termination of his designation as Governor, he
20 shall be deemed to have served the full term for which he
21 was appointed."

22 (a) SEC. 204/ Subsection (i) of section 11 of the Federal
23 Reserve Act, as amended, is amended by adding the fol-
24 lowing at the end thereof: "The Board may assign to
25 designated members of the Board or officers or representa-

1 of such service: *Provided further*, That any member whose
2 term expires after he reaches the age of sixty-five and who
3 is not reappointed shall receive retirement pay upon the
4 same basis as if he had been retired under the provisions
5 of this paragraph. The funds necessary for such retire-
6 ment pay shall be provided by the Federal Reserve banks
7 in such manner as the Federal Reserve Board shall pre-
8 scribe."

9 (3) By striking out the fourth sentence of the second
"except that, if his term expire before he
reaches the age of sixty-five and he decline to
accept reappointment, he shall not receive any
retirement pay".

wing:
all be
Vice

13 Governor of the Federal Reserve Board, to serve as such
14 until the further order of the President, and the provisions
15 of the next preceding sentence of this paragraph shall not
16 apply to the member designated as Governor. The term
17 of office of the member designated as Governor shall be the
18 period during which he shall continue as Governor and,
19 upon the termination of his designation as Governor, he
20 shall be deemed to have served the full term for which he
21 was appointed."

(a)
22 SEC. 204/ Subsection (i) of section 11 of the Federal
(4) By adding at the end of the second paragraph the fol-
lowing: "Upon the expiration of their terms of office, members
of the Federal Reserve Board shall continue to serve until
their successors are appointed and have qualified."

Presented by
the Board

1 tives of the Board, under such rules and regulations, the
2 performance of ^{any of its} duties, functions, or services, so specified,
3 but any such assignment shall not include the determination
4 of any national or system policy or any power to make rules
5 and regulations or any power which under the terms of this
6 Act is required to be exercised by a specified number of
7 members of the Board.”

8 SEC. 205. Effective ninety days after the enactment
9 of this Act, section 12A of the Federal Reserve Act, as
10 amended, is amended to read as follows:

11 ~~“ SEC. 12A. There is hereby created a Federal Open~~
12 ~~Market Committee (hereinafter referred to as the “ Com-~~
13 ~~mittee ”), which shall consist of the Governor of the Federal~~
14 ~~Reserve Board, who shall be chairman of the Committee,~~
15 ~~two members of the Federal Reserve Board, selected by the~~
16 ~~Board, and two governors of the Federal Reserve banks,~~
17 ~~selected by the governors of the Federal Reserve banks in~~
18 ~~accordance with procedure prescribed by regulations of the~~
19 ~~Federal Reserve Board. The terms of the members of the~~
20 ~~Committee, other than the Governor of the Federal Reserve~~
21 ~~Board, shall expire at the end of each calendar year.~~
22 ~~Whenever a vacancy shall occur a successor shall be selected~~
23 ~~in the same manner as his predecessor was selected. Meet-~~
24 ~~ings of the Committee shall be held from time to time upon~~
25 ~~the call of the Governor, at the request of the Board or of~~

Presented by
the Board

(b) Section 11 of the Federal Reserve Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(c) It shall be the duty of the Federal Reserve Board to exercise such powers as it possesses in such manner as to promote conditions conducive to business stability and to mitigate by its influence unstabilizing fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action and credit administration."

8 SEC. 205. Effective ninety days after the enactment

9 of this Act, section 12A of the Federal Reserve Act, as

"Sec. 12A. (a) There is hereby created an Open Market Advisory Committee (hereinafter referred to as the 'Committee'), which shall consist of five representatives of the Federal Reserve banks. The members of the Committee and an alternate to serve in the absence of each of them shall be elected annually by the governors of the twelve Federal Reserve banks in accordance with procedure prescribed by regulations of the Federal Reserve Board. Vacancies shall be filled in the same manner. The terms of the members of the Committee shall expire at the end of each calendar year, and a person elected to fill a vacancy shall serve for the remainder of the terms of his predecessor. The Committee shall elect its own chairman. Meetings of the Committee shall be held from time to time upon the call of the chairman or upon the call of the Governor of the Federal Reserve Board. Meetings shall be called whenever requested by a majority of members of the Committee or by a majority of the members of the Federal Reserve Board.

"(b) The Committee shall consult and advise with, and make recommendations to, the Federal Reserve Board from time to time with regard to the open-market policy of the Federal Reserve System. The

1 ~~any two members of the Committee, or upon his own~~
 2 initiative.

3 “The Committee from time to time shall consider,
 4 adopt, and transmit to the Federal Reserve banks resolutions
 5 setting forth policies which in the judgment of the Com-
 6 mittee should be followed with respect to open-market op-
 7 erations of the Federal Reserve banks, and the Federal
 8 Reserve banks shall conform their open-market operations
 9 to the provisions thereof. The Committee shall aid in the
 10 execution of such policies and/or perform such other duties
 11 relating thereto as the Federal Reserve Board may pre-
 12 scribe. All open-market operations of the Federal Reserve
 13 banks shall be subject to regulations prescribed by the
 14 Federal Reserve Board. The Committee from time to time
 15 shall also make recommendations to the Federal Reserve
 16 Board regarding the discount rates of the Federal Reserve
 17 banks.”

18 SEC. 206. Section 13 of the Federal Reserve Act, as
 19 amended, is further amended by adding at the end thereof a
 20 new paragraph reading as follows:

21 ^{notwithstanding any other provision of law}
 “Upon the endorsement of any member bank, which
 22 shall be deemed a waiver of demand, notice and protest as
 23 to its own endorsement exclusively, and subject to such
 24 regulations as to maturities and other matters as the Federal
 25 Reserve Board may prescribe, any Federal Reserve bank

Committee shall also aid in the execution of open-market policies adopted from time to time by the Federal Reserve Board and shall perform such other duties relating thereto as the Federal Reserve Board may prescribe. The Federal Reserve Board shall consult the Committee before making any changes on its own initiative in the open market policy, in the rates of interest or discount to be charged by the Federal Reserve banks, or in the reserve balances required to be maintained by member banks.

"(c) After consulting with and considering the recommendations of the Committee, the Federal Reserve Board, from time to time, shall prescribe the open-market policy of the Federal Reserve System. Each Federal Reserve bank shall purchase or sell obligations of the United States, bankers' acceptances, bills of exchange, and other obligations of the kinds and maturities made eligible for purchase under the provisions of section 14 of this act to such extent and in such manner as may be required by the Federal Reserve Board in order to effectuate the open-market policies adopted by the Board from time to time under the provisions of this section and each Federal Reserve bank shall cooperate fully, in every way, in making such policies effective.

"(d) All transactions of Federal Reserve banks under authority of section 14 of this act shall be subject to such regulations, limitations and restrictions as the Federal Reserve Board may prescribe."

~~21 "Upon the endorsement of any member bank, which~~

22 shall be deemed a waiver of demand, notice and protest as

23 to its own endorsement exclusively, and subject to such

24 regulations as to maturities and other matters as the Federal

25 Reserve Board may prescribe, any Federal Reserve bank

1 may discount any commercial, agricultural or industrial
 2 paper and may make advances to any such member bank
 3 on its promissory notes secured by any sound assets of such
 4 member bank."

5 SEC. 207. Subsection (b) of section 14 of the Federal
 6 Reserve Act, as amended, is further amended by changing
 7 the semicolon at the end thereof to a colon and adding the
 8 following: "*Provided*, That any bonds, notes, or other obli-
 9 gations which are direct obligations of the United States or
 10 which are fully guaranteed by the United States as to prin-
 11 cipal and interest may be bought and sold without regard to
 12 maturities."

13 SEC. 208. Section 16 of the Federal Reserve Act, as
 14 amended, is further amended in the following respects:

15 (1) By striking out the first ten paragraphs and sub-
 16 stituting therefor the following: ~~————~~

17 "SEC. 16. Each Federal Reserve bank may issue Fed-
 18 eral Reserve notes, which shall be obligations of the United
 19 States, secured by a first and paramount lien on all of the
 20 assets of such bank. Federal Reserve notes shall be issued
 21 and retired ^{by Federal Reserve Banks} under such rules and regulations as the Federal
 22 Reserve Board may prescribe and shall be legal tender for
 23 all purposes.

24 "Every Federal Reserve bank shall maintain reserves
 25 in lawful money (other than Federal Reserve notes or

1 Federal Reserve bank notes) of not less than 35 per
 2 centum against its deposits and reserves in gold certificates
 3 of not less than 40 per centum against its Federal Reserve
 4 notes in actual circulation. Each Federal Reserve note
 5 shall bear upon its face a distinctive letter, which shall be
 6 assigned by the Federal Reserve Board to each Federal
 7 Reserve bank, and also a serial number.

8 "When received by the Treasurer of the United
 9 States from a source other than a Federal Reserve bank,
 10 Federal Reserve notes unfit for further use shall be canceled
 11 and retired; and, upon receipt of advice of such cancelation
 12 and retirement, the issuing Federal Reserve bank shall
 13 reimburse the Treasurer of the United States for the notes
 14 so canceled and retired. When received by a Federal
 15 Reserve bank, Federal Reserve notes unfit for further use
 16 shall be canceled and forwarded to the Treasurer of the
 17 United States for retirement; and, if issued by another
 18 Federal Reserve bank, such issuing bank shall reimburse
 19 the Federal Reserve bank which canceled such notes and
 20 forwarded them to the Treasurer of the United States.

21 "In order to furnish suitable notes for circulation as
 22 Federal Reserve notes, the Comptroller of the Currency,
 23 shall cause plates and dies to be engraved in the best manner
 24 to guard against counterfeiting and fraudulent alterations,
 25 and shall have printed therefrom and numbered such quan-

under the
 direction
 of the
 Secretary
 of the
 Treasury

1 titles of such notes of the denominations of \$5, \$10, \$20,
 2 \$50, \$100, \$500, \$1,000, \$5,000, and \$10,000 as may be
 3 required to supply the Federal Reserve banks. Such notes
 4 shall be in form and tenor as directed by the Secretary of
 5 the Treasury and shall bear the distinctive ^{letters} numbers of the
 6 several Federal Reserve banks through which they are
 7 issued. When such notes have been prepared, they shall
 8 be held in the Treasury subject to the order of the Comp-
 9 troller of the Currency for delivery to the Federal Reserve
 10 banks. Federal Reserve notes unfit for circulation shall be
 11 returned by ~~the Federal Reserve banks~~ to the Comptroller
 12 of the Currency for cancelation and destruction."

13 (2) By striking from the sixteenth paragraph the
 14 words "or Federal Reserve Agent" where they occur in
 15 three different places, ~~and also~~ the words "or his," and the
 16 words "at the Treasury or at the Subtreasury of the United
 17 States nearest the place of business of such Federal Reserve
 18 bank or such Federal Reserve Agent,"

19 SEC. 209. The sixth paragraph of section 19 of the
 20 Federal Reserve Act, as amended, is amended to read as
 21 follows:

22 "Notwithstanding the other provisions of this section,
 23 the Federal Reserve Board, in order to prevent injurious
 24 credit expansion or contraction, may by regulation change
 25 the requirements as to reserves to be maintained against

the words "or any Assistant Treasurer", the words "or Assistant
 Treasurer", and the words "by the Treasurer at Washington upon proper

advice from any Assistant Treasurer that such deposit has been made."

by member banks in reserve and central reserve cities or by member banks not in reserve or central reserve cities or by all member banks."

1 demand or time deposits or both by member banks in any
2 or all Federal Reserve districts and/or any or all of the
3 three classes of cities referred to above."

4 SEC. 210. The first paragraph of section 24 of the
5 Federal Reserve Act, as amended, is amended to read as
6 follows:

7 "~~SEC. 24. Any national banking association~~ may
8 make loans secured by first liens upon improved real estate,
9 including improved farm land and improved business and
10 residential properties. A loan secured by real estate within
11 the meaning of this section shall be in the form of an obli-
12 gation or obligations secured by mortgage, trust deed, or
13 other instrument upon real estate when the entire amount
14 of such obligation or obligations is made or is sold to such
15 association. The amount of any such loan shall not exceed
16 60 per centum of the actual value of the real estate offered
17 for security, but no such loan upon such security shall be
18 made for a longer term than three years: *Provided*, That
19 loans may be made in amounts not exceeding 75 per centum
20 of the actual value of the real estate offered for security,
21 if they are required to be completely amortized within
22 periods not exceeding twenty years by means of substan-
23 tially equal monthly, quarterly, semiannual, or annual pay-
24 ments on principal with interest added or on principal and
25 interest combined. ~~Any bank may make such loans in~~

by member banks in reserve and central reserve cities or by member banks not in reserve or central reserve cities or by all member banks."

1 demand or time deposits or both [✓] by member banks in any
2 or all Federal Reserve districts and/or any or all of the
3 three classes of cities referred to above."

4 SEC. 210. The first paragraph of section 24 of the
5 Federal Reserve Act, as amended, is amended to read as
6 follows:

"Sec. 24. ~~Any national banking association may~~
Reserve Board may prescribe, any national banking asso-
ciation may make real estate loans secured by first liens
upon improved real estate, including improved farm land
and improved business and residential properties. The
amount of any such loan hereafter made shall not exceed
60 per cent of the appraised value of the real estate;
but this limitation shall not prevent the renewal or ex-
tension of loans heretofore made and shall not apply to
real estate loans which are insured under the provisions
of Title II of the National Housing Act. The Federal Re-
serve Board is authorized to prescribe from time to time
regulations defining the term "real estate loans" and
other terms used in this section and regulating and limit-
ing the making of real estate loans by member banks, with
a view of preventing an unreasonably large proportion of
each bank's assets from being invested in real estate and
real estate loans, preventing such loans from exceeding
a reasonable percentage of the appraised value of the
real estate in view of the circumstances existing at the
25 interest concerned. Any bank may

by member banks in reserve and central reserve cities or by member banks not in reserve or central reserve cities or by all member banks."

1 demand or time deposits or both ~~by member banks in any~~
2 or all Federal Reserve districts and/or any or all of the
3 three classes of cities referred to above."

4 SEC. 210. The first paragraph of section 24 of the
5 Federal Reserve Act, as amended, is amended to read as
6 follows:

7 "~~SEC. 24. Any national banking association may~~
8 make loans secured by first liens upon improved real estate,
time and otherwise requiring the banks to conform to sound
practices in making real estate loans. On and after the
date on which the regulations first adopted under this
section shall become effective, no State bank or trust com-
pany which is a member of the Federal Reserve System shall
make new real estate loans except to the same extent and
under the same regulations and limitations as national bank-
ing associations are permitted to do so."

16 60 per centum of the actual value of the real estate offered
17 for security, but no such loan upon such security shall be
18 made for a longer term than three years: *Provided*, That
19 loans may be made in amounts not exceeding 75 per centum
20 of the actual value of the real estate offered for security;
21 if they are required to be completely amortized within
22 periods not exceeding twenty years by means of substan-
23 tially equal monthly, quarterly, semiannual, or annual pay-
24 ments on principal with interest added or on principal and
25 interest combined. ~~Any bank may make such loans in~~

1 ~~an aggregate sum equal to the amount of the capital stock~~
2 of such association paid in and unimpaired plus its unim-
3 paired surplus fund, or equal to 60 per centum of the amount
4 of its time and savings deposits, whichever is the greater:
5 *Provided*, That in computing such aggregate sum there
6 shall be included all such loans on which the bank is liable
7 as endorser, guarantor, or otherwise, and the book value
8 ~~of~~ ^{of} ~~or~~ all real estate owned by the bank directly or indirectly
9 except its banking premises. Nothing contained in this
10 section shall prevent any national banking association from
11 acquiring, as additional security for loans previously made
12 in good faith, ~~second or subsequent~~ liens on real estate
13 or shares or participations in such liens. In the case of
14 loans secured by real estate which are insured under the
15 provisions of title II of the National Housing Act, the
16 restrictions of this section as to the amount of the loan in
17 relation to the actual value of the real estate and as to the
18 three-year limit on the terms of such loans shall not apply.
19 All loans made hereunder shall be subject to the general
20 limitations contained in section 5200 of the Revised Statutes
21 of the United States. Such banks may continue hereafter
22 as heretofore to receive time and savings deposits and to
23 pay interest on the same, but the rate of interest which
24 such banks may pay upon such time deposits or upon savings
25 ~~or other deposits shall not exceed the maximum rate author-~~

1 ized by law to be paid upon such deposits by State banks
2 or trust companies organized under the laws of the State
3 wherein such national banking association is located. State
4 banks and trust companies which are members of the Fed-
5 eral Reserve System shall not hereafter make new loans
6 secured by real estate except to the same extent and under
7 the same terms and conditions as national banking asso-
8 ciations are permitted to do so.

9 TITLE III

10 SECTION 301. Subsection (c) of section 2 of the Bank-
11 ing Act of 1933, as amended, is amended by adding at the
12 end thereof the following paragraph:

13 “Notwithstanding the foregoing, the term ‘holding
14 company affiliate’ shall not include any organization which,
15 in the judgment of the Federal Reserve Board, is not en-
16 gaged, directly or indirectly, as a business in holding the
17 stock of, or managing or controlling, banks, banking asso-
18 ciations, savings banks, and/or trust companies.”

19 SEC. 302. The first paragraph of section 20 of the
20 Banking Act of 1933, as amended, is amended by inserting
21 before the period at the end thereof a colon and the follow-
22 ing: “*Provided*, That nothing in this paragraph shall apply
23 to any such organization which shall have been placed in
24 formal liquidation and which shall transact no business except
25 such as may be incidental to the liquidation of its affairs.”

1 SEC. 303. (a) Paragraph (1) of subsection (a) of
2 section 21 of the Banking Act of 1933, as amended, is
3 amended by adding before the semicolon at the end thereof
4 a colon and the following: "*Provided*, That the provisions
5 of this paragraph shall not prohibit national banks or State
6 banks or trust companies (whether or not members of the
7 Federal Reserve System) or other financial institutions or
8 private bankers from dealing in, underwriting, purchasing,
9 and selling investment securities to the extent permitted to
10 national banking associations by the provisions of section
11 5136 of the Revised Statutes, as amended (U. S. C., title
12 12, sec. 24; Supp. VII, title 12, sec. 24): *Provided further*,
13 That nothing in this paragraph shall be construed as affect-
14 ing in any way such right as any bank, banking association,
15 savings bank, trust company, or other banking institution,
16 may otherwise possess to sell, without recourse or agree-
17 ment to repurchase, obligations evidencing loans on real
18 estate."

19 (b) Paragraph (2) of subsection (a) of such section
20 21 is amended by inserting after the words "to engage to
21 any extent whatever" the words "with others than his or
22 its officers, agents, or employees", and is further amended
23 by adding the following sentence at the end of said para-
24 graph: "The expense of the examinations required here-
25 under shall be assessed against, and paid by, the institu-

1 tion subject to examination in the manner and with the
2 same effect as provided by section 5240 of the Revised
3 Statutes, as amended (U. S. C., title 12, secs. 484, 485;
4 Supp. VII, title 12, secs. 481-483).”

5 SEC. 304. Section 22 of the Banking Act of 1933, as
6 amended, is amended by adding at the end thereof the
7 following sentence: “Such additional liability shall cease on
8 July 1, 1937, with respect to shares issued prior to June
9 17, 1933, by any association which shall be transacting
10 the business of banking on July 1, 1937.”

11 SEC. 305. Section 4 of the Act entitled “An Act to
12 amend section 12B of the Federal Reserve Act so as to
13 extend for one year the temporary plan for deposit insurance,
14 and for other purposes” (48 Stat. 969), approved June 16,
15 1934, is amended to read as follows:

16 “SEC. 4. So much of section 31 of the Banking Act
17 of 1933, as amended, as relates to stock ownership by di-
18 rectors, trustees, or members of similar governing bodies of
19 any national banking association or of any State bank or
20 trust company which is a member of the Federal Reserve
21 System is hereby repealed.”

22 SEC. 306. Effective January 1, 1936, section 32 of
23 the Banking Act of 1933, as amended, is amended to read
24 as follows:

1 “SEC. 32. No officer, director, or employee of any
2 corporation or unincorporated association, no partner or em-
3 ployee of any partnership, and no individual, primarily
4 engaged in the issue, flotation, underwriting, public sale, or
5 distribution, at wholesale or retail, or through syndicate par-
6 ticipation, of stocks, bonds, or other similar securities, shall
7 serve at the same time as an officer, director, or employee
8 of any member bank except in limited classes of cases in
9 which the Federal Reserve Board may allow such service
10 by general regulations when in the judgment of the Federal
11 Reserve Board it would not unduly influence the investment
12 policies of such member bank or the advice it gives its
13 customers regarding investments.”

14 SEC. 307. (a) The second sentence of paragraph
15 seventh of section 5136 of the Revised Statutes, as
16 amended (U. S. C., Supp. VII, title 12, sec. 24), is
17 amended to read as follows: “The business of dealing in
18 investment securities and stock by the association shall be
19 limited to purchasing and selling such securities and stock
20 without recourse, solely upon the order, and for the account
21 of, customers, and in no case for its own account, and the
22 association shall not underwrite any issue of securities or
23 stock: *Provided*, That the association may purchase for its
24 own account investment securities under such limitations and
25 restrictions as the Comptroller of the Currency may by reg.

1 ulation prescribe, but in no event shall the total amount of
2 the investment securities of any one obligor or maker, pur-
3 chased after this section, as amended, takes effect and held
4 by the association for its own account, exceed at any time
5 10 per centum of its capital stock actually paid in and
6 unimpaired and 10 per centum of its unimpaired surplus
7 fund.”

8 (b) The fourth sentence of such paragraph seventh
9 is amended to read as follows: “ Except as hereinafter pro-
10 vided or otherwise permitted by law, nothing herein con-
11 tained shall authorize the purchase by the association for its
12 own account of any shares of stock of any corporation.”

13 SEC. 308. Section 5138 of the Revised Statutes, as
14 amended (U. S. C., Supp. VII, title 12, sec. 51), is amended
15 by adding the following sentence at the end thereof: “ No
16 such association shall hereafter be authorized to commence
17 the business of banking until it shall have a paid-in surplus
18 equal to 20 per centum of its capital: *Provided*, That the
19 Comptroller of the Currency may waive this requirement
20 as to a State bank, converting into a national banking
21 association.”

22 SEC. 309. The last paragraph of section 5139 of the
23 Revised Statutes, as amended (U. S. C., Supp. VII, title
24 12, sec. 52), is amended to read as follows:

1 “After one year from the date of the enactment of
2 the Banking Act of 1933, no certificate evidencing the
3 stock of any such association shall bear any statement
4 purporting to represent the stock of any other corporation,
5 except a member bank or a corporation existing on the
6 date this paragraph takes effect engaged primarily in hold-
7 ing the bank premises of such association, nor shall the
8 ownership, sale, or transfer of any certificate representing
9 the stock of any such association be conditioned in any
10 manner whatsoever upon the ownership, sale, or transfer
11 of a certificate representing the stock of any other corpora-
12 tion, except a member bank or a corporation existing on
13 the date this paragraph takes effect engaged primarily in
14 holding the bank premises of such association: *Provided,*
15 That this section shall not operate to prevent the owner-
16 ship, sale, or transfer of stock of any other corporation
17 being conditioned upon the ownership, sale, or transfer of
18 a certificate representing stock of a national banking
19 association.”

20 SEC. 310. (a) Section 5144 of the Revised Statutes,
21 as amended (U. S. C., Supp. VII, title 12, sec. 61), is
22 amended by inserting before the period at the end of the
23 first sentence thereof a semicolon and the following:
24 “except that such holding company affiliate may without

1 obtaining such permit vote in favor of placing the associa-
2 tion in voluntary liquidation ”.

3 (b) Such section 5144 is further amended by adding
4 at the end of the first paragraph thereof the following:
5 “ Whenever shares of stock cannot be voted by reason of
6 being held by the bank as sole trustee, such shares shall
7 be excluded in determining whether matters voted upon
8 by the shareholders were adopted by the requisite percent-
9 age of shares.”

10 (c) The first sentence of the third paragraph of
11 such section 5144 is amended to read: “Any such holding
12 company affiliate may make application to the Federal
13 Reserve Board for a voting permit entitling it to vote
14 the stock controlled by it at any or all meetings of share-
15 holders of such bank or authorizing the trustee or trustees
16 holding the stock for its benefit or for the benefit of its
17 shareholders so to vote the same.”

18 SEC. 311. Section 5154 of the Revised Statutes, as
19 amended (U. S. C., title 12, sec. 35), is amended by adding
20 at the end thereof the following paragraph:

21 “ The Comptroller of the Currency may, in his discre-
22 tion and subject to such conditions as he may prescribe,
23 permit such converting bank to retain and carry at a value
24 determined by the Comptroller such of the assets of such

1 converting bank as do not conform to the legal requirements
2 relative to assets acquired and held by national banking
3 associations.”

4 SEC. 312. Section 5162 of the Revised Statutes
5 (U. S. C., title 12, sec. 170) is amended by adding at the
6 end thereof the following paragraph:

7 “The Comptroller of the Currency may designate
8 one or more persons to countersign in his name and on his
9 behalf such assignments or transfers of bonds as require his
10 countersignature.”

11 SEC. 313. The first two sentences of section 5197 of
12 the Revised Statutes, as amended (U. S. C., Supp. VII,
13 title 12, sec. 85), are amended to read as follows: “Any
14 association may take, receive, reserve, and charge on any
15 loan or discount made, or upon any notes, bills of exchange,
16 or other evidences of debt, interest at the rate allowed by
17 the laws of the State, Territory, or District where the
18 association is located, or at a rate of 1 per centum in excess
19 of the discount rate on ninety-day commercial paper in
20 effect at the Federal Reserve bank in the Federal Reserve
21 district where the association is located, whichever may
22 be the greater, and no more, except that where, by the
23 laws of any State, a different rate is limited for banks
24 organized under State laws, the rate so limited shall be
25 allowed for associations organized or existing in any such

1 State under this title. When no rate is fixed by the laws
2 of the State, or Territory, or District, the association may
3 take, receive, reserve, or charge a rate not exceeding 7
4 per centum, or 1 per centum in excess of the discount
5 rate on ninety-day commercial paper in effect at the Fed-
6 eral Reserve bank in the Federal Reserve district where
7 the association is located, whichever may be the greater,
8 and such interest may be taken in advance, reckoning the
9 days for which the note, bill, or other evidence of debt
10 has to run: *Provided*, That the maximum amount to be
11 charged at a branch of an association located outside of
12 the States of the United States and the District of Columbia
13 shall be at the rate allowed by the laws of the country,
14 territory, dependency, province, dominion, insular posses-
15 sion, or other political subdivision where the branch is
16 located.”

17 SEC. 314. Section 5199 of the Revised Statutes
18 (U. S. C., title 12, sec. 60), is amended to read as follows:

19 “SEC. 5199. The directors of any association may,
20 semiannually,¹ declare a dividend of so much of the net
21 profits of the association as they shall judge expedient; but
22 each association shall, before the declaration of a dividend
23 on its shares of common stock, carry not less than one-tenth
24 part of its net profits of the preceding half year to its surplus

1 fund until the same shall equal the amount of its common
2 capital.”

3 SEC. 315. Section 5209 of the Revised Statutes
4 (U. S. C., title 12, sec. 592), is hereby amended by insert-
5 ing after the words, “ known as the Federal Reserve Act ”,
6 the words “ or of any insured bank as defined in subsection
7 (c) of section 12B of the Federal Reserve Act ”; and by
8 inserting after the words “ such Federal Reserve bank or
9 member bank ”, wherever they appear in such section, the
10 words “ or insured bank ”; and by inserting after the words
11 “ or the Comptroller of the Currency ”, the words, “ or the
12 Federal Deposit Insurance Corporation,”.

13 SEC. 316. Section 5220 of the Revised Statutes
14 (U. S. C., title 12, sec. 181), is amended by adding at the
15 end thereof the following paragraph:

16 “ The shareholders shall designate one or more persons
17 to act as liquidating agent or committee, who shall conduct
18 the liquidation in accordance with law and under the super-
19 vision of the board of directors, who shall require a suitable
20 bond to be given by said agent or committee. The liquidat-
21 ing agent or committee shall render annual reports to the
22 Comptroller of the Currency on the 31st day of December
23 of each year showing the progress of said liquidation until
24 the same is completed. The liquidating agent or committee
25 shall also make an annual report to a meeting of the share-

1 holders to be held on the date fixed in the articles of
2 association for the annual meeting, at which meeting the
3 shareholders may, if they see fit, by a vote representing
4 a majority of the entire stock of the bank, remove the
5 liquidating agent or committee and appoint one or more
6 others in place thereof. A special meeting of the share-
7 holders may be called at any time in the same manner as
8 if the bank continued an active bank and at said meeting
9 the shareholders may, by vote of the majority of the stock,
10 remove the liquidating agent or committee. The Comp-
11 troller of the Currency is authorized to have an examination
12 made at any time into the affairs of the liquidating bank
13 until the claims of all creditors have been satisfied, and
14 the expense of making such examinations shall be assessed
15 against such bank in the same manner as in the case of
16 examinations made pursuant to section 5240 of the Revised
17 Statutes, as amended (U. S. C., title 12, secs. 484, 485;
18 Supp. VII, title 12, secs. 481-483).”

19 SEC. 317. Section 5243 of the Revised Statutes
20 (U. S. C., title 12, sec. 583) is amended to read as follows:

21 “SEC. 5243. The use of the word ‘national’ either
22 alone or in combination with other words or syllables, as
23 part of the name or title used by any person, corporation,
24 firm, partnership, business trust, association or other business
25 entity, doing the business of bankers, brokers, or trust or

1 savings institutions is prohibited except where such institu-
2 tion is organized under the laws of the United States, or is
3 otherwise permitted by the laws of the United States to use
4 such name or title, or is lawfully using such name or title
5 on the date when this section, as amended, takes effect.”

6 SEC. 318. Section 5 of the Federal Reserve Act, as
7 amended, is amended by striking out the last two sentences
8 thereof and inserting in lieu thereof the following: “When
9 a member bank reduces its capital stock or surplus it shall
10 surrender a proportionate amount of its holdings in the capi-
11 tal stock of said Federal Reserve bank. Any member bank
12 which holds capital stock of a Federal Reserve bank in excess
13 of the amount required on the basis of 6 per centum of its
14 paid-up capital stock and surplus shall surrender such excess
15 stock. When a member bank voluntarily liquidates it shall
16 surrender all of its holdings of the capital stock of said Fed-
17 eral Reserve bank and be released from its stock subscrip-
18 tion not previously called. In any such case the shares sur-
19 rendered shall be canceled and the member bank shall receive
20 in payment therefor, under regulations to be prescribed by
21 the Federal Reserve Board, a sum equal to its cash-paid
22 subscriptions on the shares surrendered and one-half of 1 per
23 centum a month from the period of the last dividend, not
24 to exceed the book value thereof, less any liability of such
25 member bank to the Federal Reserve bank.”

1 SEC. 319. The fifth paragraph of section 9 of the Fed-
2 eral Reserve Act, as amended, is amended by adding at
3 the end thereof the following sentence: "Such reports of
4 condition shall be in such form and shall contain such infor-
5 mation as the Federal Reserve Board may require and shall
6 be published by the reporting banks in such manner and in
7 accordance with such regulations as the said Board may
8 prescribe."

9 SEC. 320. The first sentence of paragraph (m) of sec-
10 tion 11 of the Federal Reserve Act, as amended, is amended
11 by inserting before the period at the end thereof a colon
12 and the following: "*Provided*, That with respect to loans
13 represented by obligations in the form of notes secured by
14 not less than a like amount of bonds or notes of the United
15 States issued since April 24, 1917, or certificates of indebted-
16 ness of the United States, such limitation of 10 per centum
17 on loans to any person shall not apply, but State member
18 banks shall be subject to the same limitations and conditions
19 as are applicable in the case of national banks under para-
20 graph (8) of section 5200 of the Revised Statutes, as
21 amended (U. S. C., Supp. VII, title 12, sec. 84)."

22 SEC. 321. The third paragraph of section 13 of the
23 Federal Reserve Act, as amended, is amended by changing
24 the words "indorsed and otherwise secured to the satisfac-
25 tion of the Federal Reserve bank" in that paragraph to

1 read "indorsed and/or otherwise secured to the satisfaction
2 of the Federal Reserve bank."

3 SEC. 322: Subsection (e) of section 13b of the Fed-
4 eral Reserve Act, as amended, is amended by striking out
5 "upon the date this section takes effect", and inserting in
6 lieu thereof "on and after June 19, 1934"; and by striking
7 out "the par value of the holdings of each Federal Reserve
8 bank of Federal Deposit Insurance Corporation stock" and
9 inserting in lieu thereof "the amount paid by each Federal
10 Reserve bank for Federal Deposit Insurance Corporation
11 stock."

12 SEC. 323. (a) The first paragraph of section 19 of the
13 Federal Reserve Act, as amended, is amended to read as
14 follows:

15 "SEC. 19. The Federal Reserve Board is authorized,
16 for the purposes of this section, to define the terms 'demand
17 deposits', 'gross demand deposits', 'deposits payable on
18 demand', 'time deposits', 'savings deposits', and 'trust
19 funds', to determine what shall be deemed to be a payment
20 of interest, and to prescribe such rules and regulations as it
21 may deem necessary to effectuate the purposes of this section
22 and prevent evasions thereof."

23 (b) The tenth paragraph of such section 19 is
24 amended to read as follows:

25 "In estimating the reserve balances required by this
26 Act, member banks may deduct from the amount of their

1 gross demand deposits the amounts of balances due from
2 other banks (except Federal Reserve banks and foreign
3 banks), including cash items with Federal Reserve banks
4 and other banks in process of collection, checks on other
5 banks in the same place, and exchanges for clearing houses.”

6 (c) The last two paragraphs of such section 19 are
7 amended to read as follows:

8 “No member bank shall, directly or indirectly, by any
9 device whatsoever, pay any interest on any deposit which is
10 payable on demand: *Provided*, That nothing herein con-
11 tained shall be construed as prohibiting the payment of in-
12 terest in accordance with the terms of any certificate of
13 deposit or other contract entered into in good faith which is
14 in force on the date on which the bank becomes subject to
15 the provisions of this paragraph; but no such certificate of
16 deposit or other contract shall be renewed or extended unless
17 it shall be modified to conform to this paragraph, and every
18 member bank shall take such action as may be necessary to
19 conform to this paragraph as soon as possible consistently
20 with its contractual obligations: *Provided further*, That this
21 paragraph shall not apply (1) to any deposit of such bank
22 which is payable only at an office thereof located outside of
23 the States of the United States and the District of Columbia;
24 (2) to any deposit made by a mutual savings bank; (3) to
25 any deposit of public funds made by or on behalf of any State,

1 county, school district, or other subdivision or municipality,
2 or to any deposit of trust funds if the payment of interest
3 with respect to such deposit of public funds or of trust funds
4 is required by State law; or (4) to any deposit of funds by
5 the United States, any Territory, District, or possession
6 thereof (including the Philippine Islands) or any public
7 instrumentality or agency of the foregoing, with respect to
8 which interest is required by law to be paid.

9 . “The Federal Reserve Board shall from time to time
10 limit by regulation the rate of interest which may be paid
11 by member banks on time and savings deposits; may classify
12 time and savings deposits according to maturities, locations
13 of banks, conditions respecting receipt, withdrawal, or
14 repayment, or otherwise as it may deem necessary in the
15 public interest; and may prescribe different rates for deposits
16 of different classes. No member bank shall pay any time
17 deposit before its maturity except upon such conditions and
18 in accordance with such rules and regulations as may be
19 prescribed by the Federal Reserve Board, or waive any
20 requirement of notice before payment of any savings deposit
21 except as to all savings deposits having the same require-
22 ment: *Provided*, That the provisions of this paragraph
23 shall not apply to any deposit which is payable only at
24 an office of a member bank located outside of the States
25 of the United States and the District of Columbia. Every

1 bank whose deposits are insured under the provisions of
2 section 12B of this Act (except mutual savings banks
3 and Morris Plan banks which are not members of the
4 Federal Reserve System) shall comply with the provisions
5 of this paragraph and the paragraph immediately preced-
6 ing and with the rules and regulations prescribed by the
7 Federal Reserve Board pursuant thereto.”

8 (d) At the end of such section 19, there is added the
9 following new paragraph:

10 “Notwithstanding the provisions of section 7 of the
11 First Liberty Bond Act, as amended, section 8 of the Second
12 Liberty Bond Act, as amended, and section 8 of the Third
13 Liberty Bond Act, as amended, member banks shall be
14 required to maintain the same reserves against deposits of
15 public moneys by the United States as they are required
16 by this section to maintain against other deposits.”

17 SEC. 324. Section 21 of the Federal Reserve Act, as
18 amended, is amended by adding at the end thereof the fol-
19 lowing paragraph:

20 “Whenever member banks are required to obtain re-
21 ports from affiliates, or whenever affiliates of member banks
22 are required to submit to examination, the Federal Reserve
23 Board or the Comptroller of the Currency, as the case may
24 be, may waive such requirements with respect to any such
25 report or examination of any affiliate if in the judgment of

1 the said Board or Comptroller, respectively, such report or
2 examination is not necessary to disclose fully the relations
3 between such affiliate and such bank and the effect thereof
4 upon the affairs of such bank.”

5 SEC. 325. (a) Subsection (a) of section 22 of the
6 Federal Reserve Act, as amended, is amended by inserting
7 in the first paragraph thereof after “No member bank ”
8 the following: “and no insured bank as defined in sub-
9 section (c) of section 12B of this Act ”; by inserting before
10 the period at the end of the first sentence of such paragraph
11 “or assistant examiner who examines or has authority to
12 examine such bank ”; and by inserting after “any member
13 bank ” in the second paragraph thereof “or insured bank ”;
14 by inserting before the period at the end thereof “or Federal
15 Deposit Insurance Corporation examiner ”; and by adding
16 at the end of such subsection a new paragraph, as follows:

17 “The provisions of this subsection shall apply to all
18 public examiners and assistant examiners who examine mem-
19 ber banks of the Federal Reserve System or insured banks,
20 whether appointed by the Comptroller of the Currency, by
21 the Federal Reserve Board, by a Federal Reserve agent, by
22 a Federal Reserve bank, or by the Federal Deposit Insur-
23 ance Corporation, or appointed or elected under the laws
24 of any State; but shall not apply to private examiners or

1 assistant examiners employed only by a clearing house asso-
2 ciation or by the directors of a bank.”

3 (b) Subsection (b) of section 22 is amended by
4 inserting therein after “no national bank examiner” the
5 following: “and no Federal Deposit Insurance Corporation
6 examiner”; and by inserting after “member bank” the
7 following: “or insured bank”; and by inserting after
8 “from the Comptroller of the Currency,” the following:
9 “or from the Federal Deposit Insurance Corporation.”

10 (c) Subsection (g) of such section 22 is amended
11 to read as follows:

12 “(g) No executive officer of any member bank shall
13 borrow from or otherwise become indebted to any member
14 bank of which he is an executive officer, and no member
15 bank shall make any loan or extend credit in any other
16 manner to any of its own executive officers: *Provided,*
17 That loans made to any such officer prior to June 16,
18 1933, may be renewed or extended for periods expiring
19 not more than five years from such date where the board
20 of directors of the member bank shall have satisfied them-
21 selves that such extension or renewal is in the best interest
22 of the bank and that the officer indebted has made reason-
23 able effort to reduce his obligation, these findings to be
24 evidenced by resolution of the board of directors spread

1 upon the minute book of the bank. If any executive
2 officer of any member bank borrow from or if he be or
3 become indebted to any bank other than a member bank
4 of which he is an executive officer, he shall make a written
5 report to the board of directors of the member bank of
6 which he is an executive officer, stating the date and
7 amount of such loan or indebtedness, the security therefor,
8 and the purpose for which the proceeds have been or are
9 to be used. Borrowing by, or loaning to, a partnership
10 in which one or more executive officers of a member bank
11 are partners having either individually or together a ma-
12 jority interest in said partnership, shall be considered within
13 the prohibition of this subsection. Nothing contained in
14 this subsection shall prohibit any executive officer of a
15 member bank from endorsing or guaranteeing for the pro-
16 tection of such bank any loan or other asset which shall
17 have been previously acquired by such bank in good faith
18 or from incurring any indebtedness to such bank for the
19 purpose of protecting such bank against loss or giving
20 financial assistance to it. The Federal Reserve Board is
21 authorized to define the term 'executive officer', to deter-
22 mine what shall be deemed to be a borrowing, indebtedness,
23 loan, or extension of credit, for the purposes of this sub-
24 section, and to prescribe such rules and regulations as it
25 may deem necessary to effectuate the provisions of this

1 subsection in accordance with its purposes and to prevent
2 evasions of such provisions. Any executive officer of a
3 member bank accepting a loan or extension of credit which
4 is in violation of the provisions of this subsection shall be
5 subject to removal from office in the manner prescribed
6 in section 30 of the Banking Act of 1933: *Provided,*
7 That for each day that a loan or extension of credit made
8 in violation of this subsection exists, it shall be deemed to
9 be a continuation of such violation within the meaning of
10 said section 30.”

11 SEC. 326. The third paragraph of section 23A of the
12 Federal Reserve Act, as amended, is amended to read as
13 follows:

14 “For the purpose of this section, the term ‘affiliate’
15 shall include holding company affiliates as well as other affil-
16 iates, and the provisions of this section shall not apply to any
17 affiliate (1) engaged primarily in holding the bank premises
18 of the member bank with which it is affiliated or in main-
19 taining and operating properties acquired for banking pur-
20 poses prior to the date this section, as amended, takes effect;
21 (2) engaged solely in conducting a safe-deposit business or
22 the business of an agricultural credit corporation or live-
23 stock loan company; (3) in the capital stock of which a
24 national banking association is authorized to invest pursuant
25 to section 25 of the Federal Reserve Act, as amended, or a

1 subsidiary of such affiliate, all the stock of which (except
2 qualifying shares of directors in an amount not to exceed 10
3 per centum) is owned by such affiliate; (4) organized under
4 section 25 (a) of the Federal Reserve Act, as amended, or
5 a subsidiary of such affiliate, all the stock of which (except
6 qualifying shares of directors in an amount not to exceed 10
7 per centum) is owned by such affiliate; (5) engaged solely
8 in holding obligations of the United States Government, the
9 Federal intermediate credit banks, the Federal land banks,
10 the Federal home-loan banks, or the Home Owners' Loan
11 Corporation; (6) where the affiliate relationship has arisen
12 out of a bona fide debt contracted prior to the date of the
13 creation of such relationship; or (7) where the affiliate re-
14 lationship exists by reason of the ownership or control of
15 any voting shares thereof by a member bank as executor,
16 administrator, trustee, receiver, agent, depositary, or in any
17 other fiduciary capacity, except where such shares are held
18 for the benefit of all or a majority of the stockholders of such
19 member bank; but as to any such affiliate, member banks
20 shall continue to be subject to other provisions of law appli-
21 cable to loans by such banks and investments by such banks
22 in stocks, bonds, debentures, or other such obligations. The
23 provisions of this section shall likewise not apply to indebit-
24 edness of any affiliate for unpaid balances due a bank on
25 assets purchased from such bank."

1 SEC. 327. Section 24 of the Federal Reserve Act, as
2 amended, is amended by adding at the end thereof the fol-
3 lowing new paragraph:

4 “Loans made to establish industrial or commercial
5 businesses (a) which are in whole or in part discounted or
6 purchased or loaned against as security by a Federal reserve
7 bank under the provisions of section 13b of the Federal
8 Reserve Act, (b) for any part of which a commitment shall
9 have been made by a Federal reserve bank under the pro-
10 visions of said section, (c) in the making of which a Federal
11 reserve bank participates under the provisions of said section.
12 or (d) in which the Reconstruction Finance Corporation
13 cooperates or purchases a participation under the provi-
14 sion of section 5d of the Reconstruction Finance Cor-
15 poration Act, shall not be subject to the restrictions or
16 limitations of this section upon loans secured by real estate.”

17 SEC. 328. Effective January 1, 1936, the Act entitled
18 “An Act to supplement existing laws against unlawful re-
19 straints and monopolies, and for other purposes” (38
20 Stat. 730), approved October 15, 1914, as amended, is
21 further amended (a) by striking out section 8A thereof and
22 (b) by substituting for the first three paragraphs of section
23 8 thereof the following:

24 “SEC. 8. No director, officer, or employee of any
25 member bank of the Federal Reserve System shall be at the

1 same time a private banker or a director, officer, or employee
2 of any other bank, banking association, savings bank (other
3 than a mutual savings bank), or trust company except in
4 limited classes of cases in which the Federal Reserve Board
5 may allow such service by general regulations when in the
6 judgment of the Federal Reserve Board such classes of
7 institutions are not in substantial competition.”

8 SEC. 329. (a) Section 1 of the Act of November 7,
9 1918, as amended (U. S. C., title 12, sec. 33; Supp. VII,
10 title 12, sec. 33), is amended by striking out the second
11 proviso down to and including the words “to be ascer-
12 tained” and inserting in lieu thereof the following: “*And*
13 *provided further*, That if such consolidation shall be voted
14 for at said meetings by the necessary majorities of the share-
15 holders of each of the associations proposing to consolidate,
16 any shareholder of any of the associations so consolidated
17 who has voted against such consolidation at the meeting of
18 the association of which he is a shareholder and has given
19 notice in writing thereat to the presiding officer that he
20 dissents from the plan of consolidation, shall be entitled to
21 receive the value of the shares so held by him if and when
22 said consolidation shall be approved by the Comptroller
23 of the Currency, such value to be ascertained as of the date
24 of the Comptroller’s approval.”

1 (b) Such section 1 is further amended by adding at
2 the end thereof the following paragraphs:

3 "Publication of notice and notification by registered
4 mail of the meeting provided for in the foregoing paragraph
5 may be waived by unanimous action of the shareholders of
6 the respective associations. Where a dissenting shareholder
7 has given notice as above provided to the association of
8 which he is a shareholder of his dissent from the plan of
9 consolidation, and the directors thereof fail for more than
10 thirty days thereafter to appoint an appraiser of the value
11 of his shares, said shareholder may request the Comptroller
12 of the Currency to appoint such appraiser to act on the
13 appraisal committee for and on behalf of such association.

14 "If shares, when sold at public auction in accordance
15 with this section, realize a price greater than their final
16 appraised value, the excess in such sale price shall be paid
17 to the shareholder. The consolidated association shall be
18 liable for all liabilities of the respective consolidating associa-
19 tions. In the event one of the appraisers fails to agree with
20 the others as to the value of said shares, then the valuation
21 of the remaining appraisers shall govern."

22 SEC. 330. (a) Section 3 of the Act of November 7,
23 1918, as amended (U. S. C., Supp. VII, title 12, sec.
24 34 (a)), is amended by striking out the first sentence

1 following the proviso down to and including the words
2 "to be ascertained" and inserting in lieu thereof the fol-
3 lowing: "If such consolidation shall be voted for at said
4 meetings by the necessary majorities of the shareholders
5 of the association and of the State or other bank proposing
6 to consolidate, and thereafter the consolidation shall be
7 approved by the Comptroller of the Currency, any share-
8 holder of either the association or the State or other bank
9 so consolidated, who has voted against such consolidation
10 at the meeting of the association of which he is a stock-
11 holder, and has given notice in writing thereat to the pre-
12 siding officer that he dissents from the plan of consolidation,
13 shall be entitled to receive the value of the shares so held
14 by him if and when said consolidation shall be approved
15 by the Comptroller of the Currency, such value to be ascer-
16 tained as of the date of the Comptroller's approval."

17 (b) Such section 3 is further amended by adding
18 at the end thereof the following paragraph:

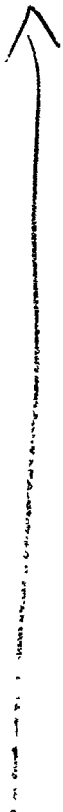
19 "Where a dissenting shareholder has given notice as
20 provided in this section to the bank of which he is a share-
21 holder of his dissent from the plan of consolidation, and the
22 directors thereof fail for more than thirty days thereafter
23 to appoint an appraiser of the value of his shares, said
24 shareholder may request the Comptroller of the Currency
25 to appoint such appraiser to act on the appraisal committee

1 for and on behalf of such bank. In the event one of the
2 appraisers fails to agree with the others as to the value
3 of said shares, then the valuation of the remaining appraisers
4 shall govern.”

5 SEC. 331. The Act entitled “An Act to prohibit offer-
6 ing for sale as Federal farm loan bonds any securities not
7 issued under the terms of the Farm Loan Act, to limit the
8 use of the words ‘ Federal ’, ‘ United States ’, or ‘ reserve ’,
9 or a combination of such words, to prohibit false advertising
10 and for other purposes ”, approved May 24, 1926 (U. S. C.,
11 Supp. VII, title 12, secs. 584–588), is amended by inserting
12 in section 2 thereof after “ the words ‘ United States ’ ”, the
13 following, “ the words ‘ Deposit Insurance ’ ”; and by insert-
14 ing in said section after the words “ the laws of the United
15 States ”, the following, “ nor to any new bank organized by
16 the Federal Deposit Insurance Corporation as provided in sec-
17 tion 12B of the Federal Reserve Act, as amended,” and
18 by striking out the period at the end of section 4 and
19 inserting the following, “ or the Federal Deposit Insurance
20 Corporation.”

21 SEC. 332. The Act entitled “An Act to provide pun-
22 ishment for certain offenses committed against banks or-
23 ganized or operating under laws of the United States or
24 any member of the Federal Reserve System ” (48 Stat.
25 783), approved May 18, 1934, is amended by striking

1 out the period after "United States" in the first section
 2 thereof and inserting the following: "and any insured bank
 3 as defined in subsection (c) of section 12B of the Federal
 4 Reserve Act, as amended."



74TH CONGRESS }
 1ST SESSION } **H. R. 5357**

A BILL

To provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

By Mr. STEAGALL

FEBRUARY 5, 1935

Referred to the Committee on Banking and Currency and ordered to be printed

Section The second paragraph of Section 9 of the Federal Reserve Act, as amended, is amended by striking out the period at the end thereof and adding thereto the following words:

"except that the approval of the Federal Reserve Board, instead of the Comptroller of the Currency, shall be obtained before any State member bank may hereafter establish any branch and before any State bank hereafter admitted to membership may retain any branch established after February 25, 1927, beyond the limits of the city, town or village in which the parent bank is situated."