

January 29, 1935

ADDITIONAL TECHNICAL PROVISIONS INCORPORATED IN OMNIBUS BILL

1. Authorize Board to define the different classes of deposits.
2. Permit member banks to deduct "due from" items from gross deposits in calculating net demand deposits.
3. Require member banks to carry same reserves against demand deposits of United States Government as against other demand deposits.
4. Repeal section 8A of Clayton Act and revise section 8 so as to eliminate permit provisions. Prohibit all interlocking directorates except to extent allowed by Board's general regulations.
5. Amend section 11(m) of Federal Reserve Act so as to permit State member banks to lend as much to individual borrowers on security of Government bonds as national banks are permitted to lend under section 5200 of the Revised Statutes.
6. Require State member banks to publish their reports of condition.
7. Permit supervisory authorities to waive examinations and reports of affiliates when they are not necessary to disclose relations between such affiliates and member banks.
8. Revise provisions of Federal Reserve Act regarding payment of interest on deposits by member banks so as to clarify them and allow more flexibility.
9. Require insured nonmember banks to conform to the Board's regulations re interest on deposits.
10. Exempt from voting permit provisions organizations not engaged in the business of holding bank stocks or controlling banks.
11. Amend section 21 of the Banking Act of 1933 so as to permit banking institutions to deal in, underwrite, purchase and sell investment securities to the extent permitted to national banks and also so as to make it clear that nothing in section 21 prevents banking institutions from selling real estate loans without recourse.
12. Amend section 32 of the Banking Act of 1933 so as to make it applicable to individuals as well as to partnerships and corporations; eliminate provisions re correspondent relationships; eliminate permit provisions; and authorize Board to permit interlocking relationships by general regulations applicable to limited classes of cases.

13. Amend section 5 of Federal Reserve Act so as to require cancelation of proportionate amount of Federal reserve bank stock when member banks reduce their surplus.

14. Amend section 13 re Federal reserve bank loans to individuals so as to require indorsement or security instead of indorsement and security.

15. Amend section 5144 of the Revised Statutes so as to clarify right of holding companies to cumulate votes to same extent as other stockholders.

16. Abolish stockholders' liability of national banks when they create surplus equal to capital.

17. Revise section 22(g) re industrial loans in accordance with the Board's recent recommendation.

18. Exempt industrial loans discounted with, or covered by commitment from, Federal reserve bank or R. F. C. from restrictions re real estate loans.

19. Miscellaneous other provisions which were in the Omnibus Bill last year and some additional provisions re national banks recommended by Comptroller of Currency.