

FURTHER POSSIBLE CHANGES IN TITLE II
OF BANKING ACT OF 1935.

Section 201(a). Combination of offices of Governor and Chairman 10

Page 39, lines 9 and 10, strike out the words: "Effective ninety days after the enactment of the Act containing this amendment" and substitute the words "Effective January 1, 1936,"

Make the same change on page 40, lines 10 and 11.

(Note: The purpose of this change is to postpone the effective date of the combination of the offices of Governor and Chairman so as to allow ample time for the directors of the banks to select the persons to be appointed to these offices and to obtain the Federal Reserve Board's approval of such appointments.)

Page 39, line 20, change the semicolon to a period and strike out the words "and other officers and employees of the bank shall be directly responsible to him".

(Note: We agreed last night that we could afford to strike out these words if any further objection is made to them.)

Section 202. Admission of insured banks

Page 41, last 4 lines of the substitute section: We agreed that, if it was objected to, we could strike out the proviso reading as follows:

"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."

As an alternative, it was suggested that, if the present language is objected to, we might substitute a proviso reading as follows:

"Provided, however, That no such bank shall be required to increase its unimpaired capital and surplus to an amount in excess of 10 per cent of the average amount of its liabilities to its depositors and other creditors for the preceding six months."

Section 203(3). Term of office of the Governor of the Board

Page 43, lines 14 to 16, inclusive. If the Senate changes the second sentence of this paragraph in the same way that the House did, it should also strike out the following words from lines 14, 15, and 16 on page 43: "and the provisions of the next preceding sentence of this paragraph shall not apply to the member designated as Governor."

(Note: This is merely a perfecting amendment designed to carry out the purpose of the House amendment. However, you said that you wished to give consideration to the advisability of changing this provision so that the Governor would have to be appointed and confirmed by the Senate as Governor for his entire term as a member of the Board.)

Section 204(b). Statement of objectives

In the proposed new paragraph to be inserted between lines 7 and 8 on page 44, you may wish to consider the advisability of striking out the word "unstabilizing" and substitute the word "injurious". However, I believe that we finally agreed that, if anybody criticizes this language, we should ask them to suggest better language.

Section 208. Federal Reserve Notes

Page 46, line 13, immediately after the words "Sec. 208."
insert the words "Effective 90 days after the enactment of the Banking
Act of 1935,"

(Note: This is intended to allow reasonable time
for the Board to issue regulations regarding the issuance
of Federal Reserve notes and for the Secretary of the
Treasury to prescribe the form of such notes before the
amended provisions of law become effective.)