

CLAYTON ACT.

(SUBSTITUTE FOR SECTION 328 OF BANKING ACT OF 1935.)

Sec. 328. Effective January 1, 1936, section 25 of the Federal Reserve Act, as amended, is further amended by striking out the last paragraph of such section; the paragraph of section 25(a) of the Federal Reserve Act, as amended, which commences with the words "A majority of the shares of the capital stock of any such corporation" is amended by striking out all of said paragraph except the first sentence thereof; and the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes" (38 Stat. 730), approved October 15, 1914, as amended, is further amended (a) by striking out section 8A thereof and (b) by substituting for the first three paragraphs of section 8 thereof the following:

"Section 8. No director, officer, or employee of any member bank of the Federal Reserve System or any branch thereof shall be at the same time a private banker or a director, officer, or employee of any other bank, banking association, savings bank, or trust company organized under the National Bank Act or organized under the laws of any State or of the District of Columbia, or any branch thereof, except any one or more of the following or any branch thereof:

"(1) A bank, banking association, savings bank, or trust company, more than 90 per cent of the stock of which is owned directly or indirectly by the United States or by any corporation of which the United States directly or indirectly owns more than 90 per cent of the stock.

"(2) A corporation principally engaged in international or foreign banking or banking in a dependency or insular possession of the United States which has entered into an agreement with the Federal Reserve Board pursuant to section 25 of the Federal Reserve Act.

"(3) A bank, banking association, savings bank, or trust company, more than 50 per cent of the stock of which is owned directly or indirectly by persons who own directly or indirectly more than 50 per cent of the stock of such member bank.

"(4) A bank, banking association, savings bank, or trust company not located and having no branch in the same city, town or village as that in which such member bank or any branch thereof is located, or in any city, town or village contiguous or adjacent thereto.

"(5) A bank, banking association, savings bank, or trust company not engaged in a class or classes of business in which such member bank is engaged.

"(6) Any director, officer, or employee of any member bank of the Federal Reserve System or any branch thereof who is lawfully serving at the same time as a private banker or as a director, officer, or employee of any one or more other banks, banking associations, savings banks, or trust companies or any branch thereof on the date of the enactment of the Banking Act of 1935, shall not be prevented by anything in this section from continuing such service: PROVIDED, HOWEVER, that this exemption shall not apply to any service under a permit of the Federal Reserve Board which is specifically limited as to its duration."

NOTE: Adequate provisions for the enforcement of section 8 of the Clayton Act are contained (a) in Section 11 of the Clayton Act, which provides for cease and desist orders similar to those issued by the Interstate Commerce Commission and for the enforcement of such orders by court action; and (b) in the provisions of Section 30 of the Banking Act of 1935, which provides for the removal of officers and directors of banks for continued violations of law after warnings.