

OUTLINE OF BILL PROPOSED BY FEDERAL DEPOSIT INSURANCE CORPORATION
TO AMEND SECTION 12B OF THE FEDERAL RESERVE ACT AS AMENDED.

OUTLINE OF SALIENT POINTS

1. Temporary Fund and Fund for Mutuals are merged into Permanent Fund, which becomes operative immediately upon enactment of the bill.
(In amended bill as it now stands non-member state banks are insured up to July 1, 1937 only. They must then become members of the Federal Reserve System. Mutual Savings Banks and territorial banks are excepted from this provision.)
2. Maximum insurance for each depositor in any bank remains at \$5,000. as in present Temporary Plan.
3. Maximum annual premium of $1/8$ of 1% of total deposits is substituted for obligatory stock subscription amounting to 1% of total deposits and unlimited liability thereafter. Mutual savings banks may be required to pay an uniformly lower premium.
4. Check tax is appropriated to Corporation.
5. Corporation is given the following authority not expressly stated in the present law:
- (a) Right to examine all insured banks;
 - (b) Right to require reports from all insured banks;
 - (c) Right to terminate insurance benefits;
 - (d) Right to control new admissions;
 - (e) Corporation approval is required before merger or consolidation or reduction of capital takes place;
 - (f) Right to require adequate fidelity, forgery and burglary insurance;
6. Non-Federal Reserve member banks may withdraw from insurance.
7. Corporation's present right to buy assets of closed member banks is extended to open banks until July 1, 1936 to facilitate mergers and avert loss.
8. The Corporation is required to report to Congress needed revisions in bank laws and other changes necessary for better administration and for meeting all obligations of deposit insurance.
9. Capital stock of Corporation changed to no par value with right to allocate to surplus any portion of amounts paid in by Treasury or Federal Reserve banks. All dividends are eliminated.
10. Obligations of Corporation may be issued only on approval of the Secretary of the Treasury, who is authorized to purchase the same.
11. Detail administrative and technical changes:
- (a) In terminating affairs of new National Banks used to pay off depositors in closed banks they may be moved to central locations.
 - (b) Duplication of supervision over liquidation of National Banks eliminated through centralization of all such powers in the Federal Deposit Insurance Corporation.
 - (c) Definitions of terms used.