
TEXTUAL CHANGES IN EXISTING LAW
which would be made by the
"BANKING ACT OF 1935" (H.R. 7617)
AS PASSED BY THE HOUSE OF REPRESENTATIVES
on May 9, 1935.

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(Stricken material shown in canceled letters.)
(New material shown in CAPITAL letters.)

TITLE I. FEDERAL DEPOSIT INSURANCE AMENDMENTS.

(All changes made by this title are in section 12B of the Federal Reserve Act.)

Sec. 12B. ~~(a) There is hereby created a Federal Deposit Insurance Corporation (hereinafter referred to as the "Corporation" whose duty it shall be to purchase, hold, and liquidate, as hereinafter provided, the assets of national banks which have been closed by action of the Comptroller of the Currency, or by vote of their directors, and the assets of State member banks which have been closed by action of the appropriate State authorities, or by vote of their directors, and to insure, as hereinafter provided, the deposits of all banks which are entitled to the benefits of insurance under this section.~~

(a) THERE IS HEREBY CREATED A FEDERAL DEPOSIT INSURANCE CORPORATION (HEREINAFTER REFERRED TO AS THE "CORPORATION"), WHICH SHALL INSURE, AS HEREINAFTER PROVIDED, THE DEPOSITS OF ALL BANKS WHICH ARE ENTITLED TO THE BENEFITS OF INSURANCE UNDER THIS SECTION, AND WHICH SHALL HAVE THE RIGHT TO EXERCISE ALL POWERS HEREINAFTER GRANTED.

(b) The management of the Corporation shall be vested in a board of directors consisting of three members, one of whom shall be the Comptroller of the Currency, and two of whom shall be citizens of the United States to be appointed by the President, by and with the advice and con-

sent of the Senate. One of the appointive members shall be the chairman of the board of directors of the Corporation and not more than two of the members of such board of directors shall be members of the same political party. Each such appointive member shall hold office for a term of six years and shall receive compensation at the rate of $10,000 per annum, payable monthly out of the funds of the Corporation, but the Comptroller of the Currency shall not receive additional compensation for his services as such member. IN THE EVENT OF A VACANCY IN THE OFFICE OF THE COMPTROLLER OF THE CURRENCY, AND PENDING THE APPOINTMENT OF HIS SUCCESSOR, THE ACTING COMPTROLLER OF THE CURRENCY SHALL BE A MEMBER OF THE BOARD OF DIRECTORS IN THE PLACE AND STEAD OF THE COMPTROLLER. IN THE ABSENCE OF THE COMPTROLLER OF THE CURRENCY ANY DEPUTY COMPTROLLER OF THE CURRENCY, AS DESIGNATED FROM TIME TO TIME BY THE COMPTROLLER, MAY, WITHIN THE LIMITS PRESCRIBED BY THE COMPTROLLER, ACT AS A MEMBER OF THE BOARD OF DIRECTORS IN HIS PLACE AND STEAD. IN THE EVENT OF A VACANCY IN THE OFFICE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, AND PENDING THE APPOINTMENT OF HIS SUCCESSOR, THE COMPTROLLER OF THE CURRENCY SHALL ACT AS CHAIRMAN. THE COMPTROLLER OF THE CURRENCY SHALL BE INELIGIBLE DURING THE TIME HE IS IN OFFICE AND FOR TWO YEARS THEREAFTER TO HOLD ANY OFFICE, POSITION, OR EMPLOYMENT IN ANY INSURED BANK. THE APPOINTIVE MEMBERS OF THE BOARD OF DIRECTORS SHALL BE INELIGIBLE DURING THE TIME THEY ARE IN OFFICE AND FOR TWO YEARS THEREAFTER TO HOLD ANY OFFICE, POSITION, OR EMPLOYMENT IN ANY INSURED BANK, EXCEPT THAT THIS RESTRICTION SHALL NOT APPLY TO A MEMBER WHO HAS SERVED THE FULL TERM FOR WHICH HE WAS APPOINTED. NO MEMBER OF THE BOARD OF DIRECTORS SHALL BE AN OFFICER OR DIRECTOR OF ANY BANK, BANKING IN-

STITUTION, TRUST COMPANY, OR FEDERAL RESERVE BANK OR HOLD STOCK IN ANY BANK, BANKING INSTITUTION, OR TRUST COMPANY; AND BEFORE ENTERING UPON HIS DUTIES AS A MEMBER OF THE BOARD OF DIRECTORS HE SHALL CERTIFY UNDER OATH THAT HE HAS COMPLIED WITH THIS REQUIREMENT AND SUCH CERTIFICATION SHALL BE FILED WITH THE SECRETARY OF THE BOARD OF DIRECTORS. NO MEMBER OF THE BOARD OF DIRECTORS SERVING ON THE BOARD OF DIRECTORS AT THE EFFECTIVE DATE SHALL BE SUBJECT TO ANY OF THE PROVISIONS OF THE THREE PRECEDING SENTENCES UNTIL THE EXPIRATION OF HIS PRESENT TERM OF OFFICE.

(c) AS USED IN THIS SECTION--

(1) THE TERM "STATE BANK" MEANS ANY BANK, BANKING ASSOCIATION, TRUST COMPANY, SAVINGS BANK, OR OTHER BANKING INSTITUTION WHICH IS ENGAGED IN THE BUSINESS OF RECEIVING DEPOSITS AND WHICH IS INCORPORATED UNDER THE LAWS OF ANY STATE OR THE TERRITORY OF HAWAII OR ALASKA OR WHICH IS OPERATING UNDER THE CODE OF THE DISTRICT OF COLUMBIA (EXCEPT A NATIONAL BANK).

(2) THE TERM "STATE MEMBER BANK" MEANS ANY STATE BANK WHICH IS A MEMBER OF THE FEDERAL RESERVE SYSTEM, AND THE TERM "STATE NONMEMBER BANK" MEANS ANY OTHER STATE BANK.

(3) THE TERM "DISTRICT BANK" MEANS ANY STATE BANK OPERATING UNDER THE CODE OF THE DISTRICT OF COLUMBIA.

(4) THE TERM "NATIONAL MEMBER BANK" MEANS ANY NATIONAL BANK LOCATED IN THE STATES OF THE UNITED STATES, THE DISTRICT OF COLUMBIA, OR THE TERRITORIES OF HAWAII OR ALASKA, EXCEPT A NATIONAL NONMEMBER BANK AS HEREINAFTER DEFINED.

(5) THE TERM "NATIONAL NONMEMBER BANK" MEANS ANY NATIONAL BANK LOCATED IN THE TERRITORIES OF HAWAII OR ALASKA WHICH IS NOT A MEMBER OF THE FEDERAL RESERVE SYSTEM.

(6) THE TERM "MUTUAL SAVINGS BANK" MEANS A BANK WITHOUT CAPITAL STOCK TRANSACTING A SAVINGS BANK BUSINESS, THE NET EARNINGS OF WHICH INURE WHOLLY TO THE BENEFIT OF ITS DEPOSITORS AFTER PAYMENT OF OBLIGATIONS FOR ANY ADVANCES BY ITS ORGANIZERS.

(7) THE TERM "SAVINGS BANK" MEANS A BANK, OTHER THAN A MUTUAL SAVINGS BANK, TRANSACTING A STRICTLY SAVINGS-BANK BUSINESS UNDER STATE LAWS IMPOSING SPECIAL REQUIREMENTS ON SUCH BANKS GOVERNING THE MANNER OF INVESTING THEIR FUNDS AND OF CONDUCTING THEIR BUSINESS: PROVIDED, THAT THE BANK MAINTAINS, UNTIL MATURITY DATE OR UNTIL WITHDRAWN, ALL DEPOSITS MADE WITH IT, EXCLUSIVE OF FUNDS HELD BY IT IN A FIDUCIARY CAPACITY, AS TIME SAVINGS DEPOSITS OF THE SPECIFIC TERM TYPE OR OF THE TYPE WHERE THE RIGHT TO REQUIRE WRITTEN NOTICE BEFORE PERMITTING WITHDRAWAL IS RESERVED: PROVIDED FURTHER, THAT SUCH BANK TO BE CONSIDERED A SAVINGS BANK MUST ELECT TO BECOME SUBJECT TO REGULATIONS OF THE CORPORATION RESPECTING THE REDEPOSIT OF MATURING DEPOSITS AND PROHIBITING WITHDRAWAL OF DEPOSITS BY CHECKING EXCEPT FROM SPECIFICALLY DESIGNATED DEPOSIT ACCOUNTS TOTALING NOT MORE THAN 15 PER CENTUM OF THE BANK'S TOTAL DEPOSITS.

(8) THE TERM "INSURED BANK" MEANS ANY BANK THE DEPOSITS OF WHICH ARE INSURED IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION, AND THE TERM "NONINSURED BANK" MEANS ANY OTHER BANK.

(9) THE TERM "NEW BANK" MEANS A NEW NATIONAL BANKING ASSOCIATION ORGANIZED BY THE CORPORATION TO ASSUME THE INSURED DEPOSITS OF AN INSURED BANK CLOSED ON ACCOUNT OF INABILITY TO MEET THE DEMANDS OF ITS DEPOSITORS AND OTHERWISE TO PERFORM TEMPORARILY THE FUNCTIONS PRESCRIBED IN THIS SECTION.

(10) THE TERM "RECEIVER" SHALL INCLUDE A RECEIVER, LIQUIDATING AGENT, CONSERVATOR, COMMISSION, PERSON, OR OTHER AGENCY CHARGED BY LAW WITH THE DUTY OF WINDING UP THE AFFAIRS OF A BANK.

(11) THE TERM "BOARD OF DIRECTORS" MEANS THE BOARD OF DIRECTORS OF THE CORPORATION.

(12) THE TERM "DEPOSIT" MEANS THE UNPAID BALANCE OF MONEY OR ITS EQUIVALENT RECEIVED BY A BANK IN THE USUAL COURSE OF BUSINESS AND FOR WHICH IT HAS GIVEN OR IS OBLIGATED TO GIVE UNCONDITIONAL CREDIT TO A COMMERCIAL, CHECKING, SAVINGS, TIME OR THRIFT ACCOUNT, OR WHICH IS EVIDENCED BY ITS CERTIFICATE OF DEPOSIT, AND TRUST FUNDS HELD BY SUCH BANK WHETHER RETAINED OR DEPOSITED IN ANY DEPARTMENT OF SUCH BANK OR DEPOSITED IN ANOTHER BANK, TOGETHER WITH SUCH OTHER OBLIGATIONS OF A BANK AS THE BOARD OF DIRECTORS SHALL FIND AND SHALL PRESCRIBE BY ITS REGULATIONS TO BE DEPOSIT LIABILITIES BY GENERAL USAGE: PROVIDED, THAT ANY OBLIGATION OF A BANK WHICH IS PAYABLE ONLY AT AN OFFICE OF THE BANK LOCATED OUTSIDE THE STATES OF THE UNITED STATES, THE DISTRICT OF COLUMBIA, AND THE TERRITORIES OF HAWAII AND ALASKA SHALL NOT BE A DEPOSIT FOR PURPOSES OF THIS SECTION OR BE INCLUDED AS A PART OF TOTAL DEPOSITS OR OF AN INSURED DEPOSIT. THE BOARD OF DIRECTORS MAY BY REGULATION FURTHER DEFINE THE TERMS USED IN THIS PARAGRAPH.

(13) THE TERM "INSURED DEPOSIT" MEANS SUCH PART OF THE NET AMOUNT OF MONEY DUE TO ANY DEPOSITOR FOR DEPOSITS IN AN INSURED BANK, AFTER DEDUCTING OFFSETS, AS SHALL NOT EXCEED THE MAXIMUM PRESCRIBED BY PARAGRAPH (1) OF SUBSECTION (1) OF THIS SECTION. SUCH AMOUNT SHALL BE DETERMINED ACCORDING TO SUCH REGULATIONS AS THE BOARD OF DIRECTORS MAY PRESCRIBE. IN DETERMINING THE AMOUNT DUE TO ANY DEPOSITOR THERE SHALL BE ADDED TOGETHER ALL DEPOSITS IN THE BANK MAINTAINED IN THE SAME CAPACITY AND THE SAME RIGHT FOR HIS BENEFIT EITHER IN HIS OWN NAME OR IN THE NAMES OF OTHERS, EXCEPT TRUST FUNDS WHICH SHALL BE INSURED AS PROVIDED IN PARAGRAPH (8) OF SUBSECTION (h) OF THIS SECTION.

(14) THE TERM "TRANSFERRED DEPOSIT" MEANS A DEPOSIT IN A NEW BANK OR OTHER INSURED BANK MADE AVAILABLE TO A DEPOSITOR BY THE CORPORATION AS PAYMENT OF THE INSURED DEPOSIT OF SUCH DEPOSITOR IN A CLOSED BANK, AND ASSUMED BY SUCH NEW BANK OR OTHER INSURED BANK.

(15) THE TERM "EFFECTIVE DATE" MEANS THE DATE OF ENACTMENT OF THE BANKING ACT OF 1935.

~~(e)~~ (d) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000,000, which shall be available for payment by the Secretary of the Treasury for capital stock of the Corporation in an equal amount, which shall be subscribed for by him on behalf of the United States. Payments upon such subscription shall be subject to call

in whole or in part by the board of directors of the Corporation. Such stock shall be in addition to the amount of capital stock required to be subscribed for by Federal Reserve banks ~~and member and nonmember banks as hereinafter provided, and the United States shall be entitled to the payment of dividends on such stock to the same extent as member and nonmember banks are entitled to such payment on the class A stock of the Corporation held by them.~~ Receipts for payments by the United States for or account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States.

~~(d) The capital stock of the Corporation shall be divided into shares of $100 each. Certificates of stock of the Corporation shall be of two classes ---- class A and class B. --Class A stock shall be held by member and nonmember banks as hereinafter provided and they shall be entitled to payment of dividends out of net earnings at the rate of six per centum per annum on the capital stock paid in by them, which dividends shall be cumulative, or to the extent of thirty per centum of such net earnings in any one year, whichever amount shall be the greater, but such stock shall have no vote at meetings of stockholders. --Class B stock shall be held by Federal Reserve banks only and shall not be entitled to the payment of dividends.~~ Every Federal Reserve bank shall subscribe to

shares of ~~class B~~ stock in the Corporation to an amount equal to one-half of the surplus of such bank on January 1, 1933, and its subscriptions shall be accompanied by a certified check payable to the Corporation in an amount equal to one-half of such subscription. The remainder of such subscription shall be subject to call from time to time by the board of directors upon ninety days' notice. THE CAPITAL STOCK OF THE CORPORATION SHALL CONSIST OF THE SHARES SUBSCRIBED FOR PRIOR TO THE EFFECTIVE DATE. SUCH STOCK SHALL BE WITHOUT NOMINAL OR PAR VALUE, AND SHARES ISSUED PRIOR TO THE EFFECTIVE DATE SHALL BE EXCHANGED AND REISSUED AT THE RATE OF ONE SHARE FOR EACH $100 PAID INTO THE CORPORATION FOR CAPITAL STOCK. THE CONSIDERATION RECEIVED BY THE CORPORATION FOR THE CAPITAL STOCK SHALL BE ALLOCATED TO CAPITAL AND TO SURPLUS IN SUCH AMOUNTS AS THE BOARD OF DIRECTORS SHALL PRESCRIBE. SUCH STOCK SHALL HAVE NO VOTE AND SHALL NOT BE ENTITLED TO THE PAYMENT OF DIVIDENDS.

~~(c) Every bank which is or which becomes a member of the Federal Reserve System on or before July 1, 1936, shall take all steps necessary to enable it to become a class A stockholder of the Corporation on or before July 1, 1936, and thereafter no State bank or trust company or mutual savings bank shall be admitted to membership in the Federal Reserve System until it becomes a class A stockholder of the Corporation, no national bank in the continental United States shall be granted a certificate by the Comptroller of the Currency authorizing it to commence~~

the-business-of-banking-until-it-becomes-a-member-of-the-Federal Reserve-System-and-a-class-A-stockholder-of-the-Corporation,-and-no national-bank-in-the-continental-United-States-for-which-a-receiver or-conservator-has-been-appointed-shall-be-permitted-to--resume-the transaction-of-its-banking-business-until-it-becomes-a-class-A-stockholder-of-the-Corporation.--Every-member-bank-shall-apply-to the-Corporation-for-class-A-stock-of-the-Corporation-in-an-amount equal-to-one-half-of-1-per centum-of-its-total-deposit-liabilities-as computed-in-accordance-with-regulations-prescribed-by-the-Federal Reserve-Board,-except-that-in-the-case-of-a-member-bank-organized after-the-date-this-section-takes-effect,-the-amount-of-such-class-A-stock-applied-for-by-such-member-bank-during-the-first-twelve-months after-its-organization-shall-equal-6-per-centum-of-its-paid-up-capital and-surplus,-and-beginning-after-the-expiration-of-such-twelve-months' period-the-amount-of-such-class-A-stock-of-such-member-bank-shall-be adjusted-annually-in-the-same-manner-as-in-the-case-of-other-member banks.--Upon-receipt-of-such-application-the-Corporation-shall-request the-Federal-Reserve-Board,-in-the-case-of-a-State-member-bank,-or-the Comptroller-of-the-Currency,-in-the-case-of-a-national-bank,-to-certify upon-the-basis-of-a-thorough-examination-of-such-bank-whether-or-not-the assets-of-the-applying-bank-are-adequate-to-enable-it-to-meet-all-of-its liabilities-to-depositors-and-other-creditors-as-shown-by-the-books-of the-bank,-and-the-Federal-Reserve-Board-or-the-Comptroller-of-the

~~Currency shall make such certification as soon as practicable. If such certification be in the affirmative, the Corporation shall grant such application and the applying bank shall pay one-half of its subscription in full and shall thereupon become a class A stockholder of the Corporation. Provided, That no member bank shall be required to make such payment or become a class A stockholder of the Corporation before July 1, 1936. The remainder of such subscription shall be subject to call from time to time by the board of directors of the Corporation. If such certification be in the negative, the Corporation shall deny such application. If any national bank shall not have become a class A stockholder of the Corporation on or before July 1, 1936, the Comptroller of the Currency shall appoint a receiver or conservator therefor in accordance with the provisions of existing law. Except as provided in subsection (g) of this section, if any State member bank shall not have become a class A stockholder of the Corporation on or before July 1, 1936, the Federal Reserve Board shall terminate its membership in the Federal Reserve System in accordance with the provisions of section 9 of this Act.~~

(e) (1) EVERY OPERATING MEMBER BANK, INCLUDING A BANK INCORPORATED SINCE MARCH 10, 1933, LICENSED ON OR BEFORE THE EFFECTIVE DATE BY THE SECRETARY OF THE TREASURY SHALL BE AND CONTINUE WITHOUT APPLICATION OR APPROVAL AN INSURED BANK AND SHALL BE SUBJECT TO THE PROVISIONS OF THIS SECTION.

(2) AFTER THE EFFECTIVE DATE ANY NATIONAL MEMBER BANK AUTHORIZED TO COMMENCE OR RESUME THE BUSINESS OF BANKING, STATE BANK CONVERTING INTO A NATIONAL MEMBER BANK, OR STATE BANK BECOMING A MEMBER OF THE FEDERAL RESERVE SYSTEM SHALL BE AN INSURED BANK FROM THE TIME THE CERTIFICATE HEREIN PRESCRIBED SHALL BE ISSUED TO THE CORPORATION BY THE COMPTROLLER OF THE CURRENCY IN THE CASE OF SUCH NATIONAL MEMBER BANK, OR BY THE FEDERAL RESERVE BOARD IN THE CASE OF SUCH STATE MEMBER BANK: PROVIDED, THAT IN THE CASE OF AN INSURED BANK ADMITTED TO MEMBERSHIP IN THE FEDERAL RESERVE SYSTEM OR INSURED STATE BANK CONVERTING INTO A NATIONAL MEMBER BANK, SUCH CERTIFICATE SHALL NOT BE REQUIRED, AND THE BANK SHALL CONTINUE AS AN INSURED BANK. SUCH CERTIFICATE SHALL STATE THAT THE BANK IS AUTHORIZED TO TRANSACT THE BUSINESS OF BANKING IN THE CASE OF A NATIONAL MEMBER BANK, OR IS A MEMBER OF THE FEDERAL RESERVE SYSTEM IN THE CASE OF A STATE MEMBER BANK, AND THAT CONSIDERATION HAS BEEN GIVEN TO THE FACTORS ENUMERATED IN SUBSECTION (g) OF THIS SECTION.

~~(f)--Any-State-bank-or-trust-company-or-mutual-savings-bank-which applies-for-membership-in-the-Federal-Reserve-System-or-for-conversion into-a-national-banking-association-on-or-after-July-1,-1936,-may,-with the-consent-of-the-Corporation,-obtain-the-benefits-of-this-section, pending-action-on-such-application,-by-subscribing-and-paying-for-the same-amount-of-stock-of-the-Corporation-as-it-would-be-required-to-subscribe-and-pay-for-upon-becoming-a-member-bank.--Thereupon-the-provisions of-this-section-applicable-to-member-banks-shall-be-applicable-to-such State-bank-or-trust-company-or-mutual-savings-bank-to-the-same-extent as-if-it-were-already-a-member-bank.--Provided,-That-if-the-application~~

~~of such State bank or trust company or mutual savings bank for membership in the Federal Reserve System or for conversion into a national banking association be approved and it shall not complete its membership in the Federal Reserve System or its conversion into a national banking association within a reasonable time, or if such application shall be disapproved, then the amount paid by such State bank or trust company or mutual savings bank on account of its subscription to the capital stock of the Corporation shall be repaid to it and it shall no longer be subject to the provisions or entitled to the privileges of this section.~~

(f) (1) EVERY BANK NOT A MEMBER OF THE FEDERAL RESERVE SYSTEM WHICH ON THE EFFECTIVE DATE IS A MEMBER OF THE TEMPORARY FEDERAL DEPOSIT INSURANCE FUND OR OF THE FUND FOR MUTUALS CREATED PURSUANT TO THE PROVISIONS OF THE BANKING ACT OF 1933, AS AMENDED (48 STAT. 168, 969; CHS. 89, 546), SHALL BE AND CONTINUE WITHOUT APPLICATION OR APPROVAL AN INSURED BANK AND SHALL BE SUBJECT TO THE PROVISIONS OF THIS SECTION, UNLESS IN ACCORDANCE WITH REGULATIONS TO BE PRESCRIBED BY THE BOARD OF DIRECTORS SUCH BANK SHALL GIVE TO THE CORPORATION AND TO THE RECONSTRUCTION FINANCE CORPORATION, IF IT OWNS OR HOLDS AS PLEDGEE ANY PREFERRED STOCK, CAPITAL NOTES, OR DEBENTURES OF SUCH BANK, WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE WRITTEN NOTICE OF ITS ELECTION NOT TO CONTINUE AFTER JUNE 30, 1935, AS AN INSURED BANK AND SHALL GIVE TO ITS DEPOSITORS, BY PUBLICATION OR BY ANY REASONABLE MEANS, AS THE BOARD OF DIRECTORS MAY PRESCRIBE, NOT LESS THAN TWENTY DAYS' NOTICE PRIOR TO JUNE 30, 1935, OF SUCH ELECTION: PROVIDED, THAT

ANY STATE NONMEMBER BANK WHICH WAS ADMITTED TO SAID TEMPORARY FEDERAL DEPOSIT INSURANCE FUND OR FUND FOR MUTUALS BUT WHICH DID NOT FILE ON OR BEFORE THE EFFECTIVE DATE AN OCTOBER 1, 1934, CERTIFIED STATEMENT AND MAKE THE PAYMENTS THEREON REQUIRED BY LAW AS IT EXISTED PRIOR TO THE EFFECTIVE DATE, SHALL CEASE TO BE AN INSURED BANK ON JUNE 30, 1935: PROVIDED FURTHER, THAT NO BANK ADMITTED TOTHE SAID TEMPORARY FEDERAL DEPOSIT INSURANCE FUND OR THE FUND FOR MUTUALS PRIOR TO THE EFFECTIVE DATE SHALL, AFTER JUNE 30, 1935, BE AN INSURED BANK OR HAVE ITS DEPOSITS INSURED BY THE CORPORATION , IF SUCH BANK SHALL HAVE PERMANENTLY DISCONTINUED ITS BANKING OPERATIONS PRIOR TO THE EFFECTIVE DATE. DEPOSITS OF THE BANK GIVING SUCH NOTICE SHALL CONTINUE TO BE INSURED UNTIL JUNE 30, 1935, AND THE RIGHTS OF THE BANK SHALL BE AS PROVIDED BY LAW EXISTING PRIOR TO THE EFFECTIVE DATE, AND SUCH BANK SHALL NOT BE INSURED BY THE CORPORATION BEYOND JUNE 30, 1935.

(2) SUBJECT TO THE PROVISIONS OF THIS SECTION, ANY NATIONAL NONMEMBER BANK, ON APPLICATION BY THE BANK AND CERTIFICATION BY THE COMPTROLLER OF THE CURRENCY IN THE MANNER PRESCRIBED IN SUBSECTION (c) OF THIS SECTION, AND ANY STATE NONMEMBER BANK, UPON APPLICATION TO AND EXAMINATION BY THE CORPORATION AND APPROVAL BY THE BOARD OF DIRECTORS, MAY BECOME AN INSURED BANK. BEFORE APPROVING THE APPLICATION OF ANY SUCH STATE NONMEMBER BANK, THE BOARD OF DIRECTORS SHALL GIVE CONSIDERATION TO THE FACTORS ENUMERATED IN SUBSECTION (g) OF THIS SECTION AND SHALL DETERMINE, UPON THE BASIS OF A THOROUGH EXAMINATION OF SUCH BANK, THAT ITS ASSETS IN EXCESS OF ITS CAPITAL REQUIREMENTS ARE ADEQUATE TO ENABLE IT TO MEET ALL OF ITS LIABILITIES AS SHOWN BY THE BOOKS OF THE BANK TO DEPOSITORS AND OTHER CREDITORS.

(g) If any State bank or trust company, or mutual savings bank (referred to in this subsection as "State bank") which is or which becomes a member of the Federal Reserve System is not permitted by the laws under which it was organized to purchase stock in the Corporation, it shall apply to the Corporation for admission to the benefits of this section and, if such application be granted after appropriate certification in accordance with this section, it shall deposit with the Corporation an amount equal to the amount which it would have been required to pay in on account of a subscription to capital stock of the Corporation. Thereafter such deposit shall be adjusted in the same manner as subscriptions for stock by class A stockholders. Such deposit shall be subject to the same conditions with respect to repayment as amounts paid on subscriptions to class A stock by other member banks and the Corporation shall pay interest thereon at the same rate as dividends are actually paid on outstanding shares of class A stock. As long as such deposit is maintained with the Corporation, such State bank shall, for the purposes of this section, be deemed to be a class A stockholder of the Corporation. If the laws under which such State bank was organized be amended so as to authorize State banks to subscribe for Class A stock of the Corporation, such State bank shall within six months thereafter subscribe for an appropriate amount of such class A stock and the deposit hereinafter provided for in lieu of payment upon class A stock shall be applied upon such subscription. If the law under which such State

~~bank-was-organized-be-not-amended-at-the-next-session-of-the-State legislature-following-the-admission-of-such-State-bank-to-the-benefits of-this-section-so-as-to-authorize-State-banks-to-purchase-such-class A-stock,-or,-if-the-law-be-so-amended-and-such-State-bank-shall-fail within-six-months-thereafter-to-purchase-such-class-A-stock,-the-deposit-previously-made-with-the-Corporation-shall-be-returned-to-such State-bank-and-it-shall-no-longer-be-entitled-to-the-benefits-of-this section,-unless-it-shall-have-been-closed-in-the-meantime-on-account of-inability-to-meet-the-demands-of-its-depositors.~~

(g) THE FACTORS TO BE ENUMERATED IN THE CERTIFICATE REQUIRED UNDER SUBSECTION (e) AND TO BE CONSIDERED BY THE BOARD OF DIRECTORS UNDER SUBSECTION (f) SHALL BE THE FINANCIAL CONDITION OF THE BANK AND THE ADEQUACY OF ITS CAPITAL STRUCTURE.

~~(h)--The-amount-of-the-outstanding-class-A-stock-of-the-Corporation-held-by-member-banks-shall-be-annually-adjusted-as-hereinafter provided-as-of-the-last-preceding-call-date-as-member-banks-increase their-time-and-demand-deposits-or-as-additional-banks-become-members or-subscribe-to-the-stock-of-the-Corporation,-and-such-stock-may-be decreased-in-amount-as-member-banks-reduce-their-time-and-demand deposits-or-cease-to-be-members.--Shares-of-the-capital-stock-of-the corporation-owned-by-member-banks-shall-not-be-transferred-or-hypothecated.--When-a-member-bank-increases-its-time-and-demand-deposits-it shall,-at-the-beginning-of-each-calendar-year,-subscribe-for-an-additional-amount-of-capital-stock-of-the-Corporation-equal-to-one-half-of 1-per-centum-of-such-increase-in-deposits.--One-half-of-the-amount-of such-additional-stock-shall-be-paid-for-at-the-time-of-the-subscription~~

therefor, and the balance shall be subject to call by the board of directors of the Corporation. A bank organized on or before the date this section takes effect and admitted to membership in the Federal Reserve System at any time after the organization of the Corporation shall be required to subscribe for an amount of class A capital stock equal to one half of 1 per centum of the time and demand deposits of the applicant bank as of the date of such admission, paying therefor its par value plus one half of 1 percentum a month from the period of the last dividend on the class A stock of the Corporation. When a member bank reduces its time and demand deposits it shall surrender, not later than the first day of January thereafter, a proportionate amount of its holdings in the capital stock of the Corporation, and when a member bank voluntarily liquidates it shall surrender all its holdings of the capital stock of the Corporation and be released from its stock subscription not previously called. The shares so surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Corporation, a sum equal to its cash paid subscriptions on the shares surrendered and its proportionate share of dividends not to exceed one half of 1 per centum a month, from the period of the last dividend on such stock, less any liability of such member bank to the Corporation.

(h)(1) THE ASSESSMENT RATE SHALL BE ONE-EIGHTH OF 1 PER CENTUM PER ANNUM BASED UPON THE AVERAGE OF THE TOTAL AMOUNT OF THE LIABILITY OF THE BANK FOR DEPOSITS (ACCORDING TO THE DEFINITION OF THE TERM "DEPOSIT" IN AND PURSUANT TO PARAGRAPH (12) OF SUBSECTION (c) OF THIS SECTION, WITHOUT ANY DEDUCTION FOR INDEBTEDNESS OF DEPOSITORS). THE AVERAGE OF SUCH TOTAL SHALL BE DETERMINED AS OF THE CLOSE OF BUSINESS ON ONE DAY OF EACH OF THREE OR MORE MONTHS PRECEDING JULY AND JANUARY OF EACH YEAR, SUCH DAYS TO BE DESIGNATED BY THE DIRECTORS IN THE MANNER PROVIDED IN THE NEXT SUCCEEDING PARAGRAPH. IN THE EVENT A SEPARATE FUND FOR MUTUALS BE ESTABLISHED THE BOARD OF DIRECTORS FROM TIME TO TIME MAY FIX A LOWER RATE OPERATIVE FOR SUCH PERIOD AS THE BOARD MAY DETERMINE APPLICABLE TO INSURED MUTUAL SAVINGS BANKS ONLY.

(2) DURING THE MONTHS OF JUNE AND DECEMBER OF EACH YEAR THE BOARD OF DIRECTORS SHALL DESIGNATE THREE OR MORE DATES, ONE IN EACH OF THREE OR MORE MONTHS OF THE CURRENT SEMIANNUAL PERIOD, FOR WHICH THE INSURED BANKS SHALL REPORT THEIR DEPOSIT LIABILITIES FOR THE PURPOSE OF ASSESSMENT. ON OR BEFORE THE 15TH DAY OF JULY OF EACH YEAR, EACH INSURED BANK SHALL FILE WITH THE CORPORATION A CERTIFIED STATEMENT UNDER OATH SHOWING THE TOTAL AMOUNT OF ITS LIABILITY FOR DEPOSITS AS OF THE CLOSE OF BUSINESS ON THE THREE OR MORE DAYS SO DESIGNATED AND SHALL PAY TO THE CORPORATION THE PORTION OF THE ANNUAL ASSESSMENT EQUAL TO ONE-HALF OF THE ANNUAL RATE FIXED BY THIS SUBSECTION (h) MULTIPLIED BY THE AVERAGE OF ITS TOTAL DEPOSITS FOR SUCH DAYS AS ARE DESIGNATED. ON OR BEFORE THE 15TH DAY OF JANUARY OF EACH YEAR EACH INSURED BANK SHALL FILE A LIKE STATEMENT SHOWING THE TOTAL AMOUNT OF

ITS LIABILITY FOR DEPOSITS AS OF THE CLOSE OF BUSINESS ON THE THREE OR MORE DAYS DESIGNATED AS HEREINBEFORE PROVIDED, AND SHALL PAY TO THE CORPORATION THE PORTION OF THE ANNUAL ASSESSMENT EQUAL TO ONE-HALF OF THE ANNUAL RATE FIXED BY THIS SUBSECTION (h) MULTIPLIED BY THE AVERAGE OF ITS TOTAL DEPOSITS FOR SUCH DAYS AS ARE DESIGNATED.

(3) EVERY BANK WHICH BECOMES AN INSURED BANK AFTER THE EFFECTIVE DATE SHALL BE ADMITTED WITHOUT LIABILITY FOR THE CURRENT SEMIANNUAL PAYMENT BUT IT SHALL FILE WITH THE CORPORATION A CERTIFIED STATEMENT UNDER OATH SHOWING THE TOTAL AMOUNT OF ITS LIABILITY FOR DEPOSITS AT THE CLOSE OF BUSINESS ON THE FIFTEENTH DAY AFTER IT BECOMES AN INSURED BANK AND IT SHALL PAY TO THE CORPORATION AS AN INITIAL ASSESSMENT THE PRORATED PORTION FOR THE PERIOD BETWEEN THE DATE SUCH BANK BECAME AN INSURED BANK AND THE NEXT SUCCEEDING LAST DAY OF JUNE OR DECEMBER, AS THE CASE MAY BE, OF AN AMOUNT EQUAL TO ONE-HALF THE ANNUAL ASSESSMENT RATE PROVIDED IN THIS SECTION MULTIPLIED BY SUCH TOTAL DEPOSITS. THE FIRST SEMIANNUAL PAYMENT AFTER THE INITIAL PAYMENT SHALL BE MADE ACCORDING TO THE PROVISIONS OF PARAGRAPHS (1) AND (2) OF THIS SUBSECTION IN ALL CASES WHERE THE BANK SHALL HAVE BEEN IN OPERATION THROUGHOUT THE PRECEDING SEMIANNUAL PERIOD AND IN ALL OTHER CASES ACCORDING TO ITS CERTIFIED STATEMENT UNDER OATH SHOWING THE DEPOSIT LIABILITY AT A DATE DESIGNATED BY THE BOARD OF DIRECTORS.

(4) EACH BANK WHICH SHALL BE AND CONTINUE WITHOUT APPLICATION OR APPROVAL AN INSURED BANK IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION (e) OR (f) OF THIS SECTION, SHALL, IN LIEU OF ALL RIGHT TO

REFUND, BE CREDITED WITH ANY BALANCE TO WHICH SUCH BANK SHALL BECOME ENTITLED UPON THE TERMINATION OF SAID TEMPORARY FEDERAL DEPOSIT INSURANCE FUND OR THE FUND FOR MUTUALS. THE CREDIT SHALL BE APPLIED BY THE CORPORATION TOWARD THE PAYMENT OF THE ASSESSMENT NEXT BECOMING DUE FROM SUCH BANK AND UPON SUCCEEDING ASSESSMENTS UNTIL THE CREDIT IS EXHAUSTED.

(5) ANY INSURED BANK WHICH FAILS TO FILE SUCH CERTIFIED STATEMENT OR STATEMENTS AS IT IS LAWFULLY REQUIRED TO FILE IN CONNECTION WITH DETERMINING THE AMOUNT OF ASSESSMENT OR ASSESSMENTS DUE THE CORPORATION, MAY BE COMPELLED TO FILE SUCH STATEMENT OR STATEMENTS BY MANDATORY INJUNCTION OR OTHER APPROPRIATE REMEDY IN A SUIT BROUGHT BY THE CORPORATION AGAINST THE BANK AND ANY OFFICER OR OFFICERS THEREOF, FOR THE PURPOSE STATED, IN ANY COURT OF THE UNITED STATES OF COMPETENT JURISDICTION IN THE DISTRICT OR TERRITORY IN WHICH SUCH BANK IS LOCATED.

(6) THE CORPORATION, IN A SUIT BROUGHT AT LAW OR IN EQUITY IN ANY COURT OF COMPETENT JURISDICTION, SHALL BE ENTITLED TO RECOVER FROM ANY INSURED BANK ANY UNPAID ASSESSMENT OR ASSESSMENTS LAWFULLY DUE FROM SUCH INSURED BANK TO THE CORPORATION, REGARDLESS OF WHETHER OR NOT SUCH BANK SHALL HAVE FILED THE CERTIFIED STATEMENT OR STATEMENTS IT IS LAWFULLY REQUIRED TO FILE, AND REGARDLESS OF WHETHER OR NOT SUIT SHALL HAVE BEEN BROUGHT TO COMPEL SUCH STATEMENT OR STATEMENTS TO BE FILED.

(7) SHOULD ANY NATIONAL MEMBER BANK NOW OR HEREAFTER ORGANIZED, OR SHOULD ANY NATIONAL NONMEMBER BANK WHICH IS NOW OR

HEREAFTER BECOMES AN INSURED BANK, OMIT TO FILE ANY CERTIFIED STATEMENT REQUIRED TO BE FILED BY SUCH BANK UNDER ANY PROVISION OF THIS SECTION, OR TO PAY THE ASSESSMENT REQUIRED TO BE PAID UNDER ANY PROVISION OF THIS SECTION BY SUCH BANK ON ANY CERTIFIED STATEMENT FILED BY IT, AND SHOULD ANY SUCH BANK NOT CORRECT SUCH OMISSION TO FILE OR TO PAY WITHIN THIRTY DAYS AFTER WRITTEN NOTICE HAS BEEN GIVEN BY THE CORPORATION TO AN OFFICER OF THE BANK, CITING THIS PARAGRAPH, AND STATING THAT THE BANK HAS OMITTED TO FILE OR PAY AS REQUIRED BY LAW, ALL THE RIGHTS, PRIVILEGES, AND FRANCHISES OF THE OFFENDING BANK GRANTED TO IT UNDER THE NATIONAL BANK ACT OR UNDER THE PROVISIONS OF THE FEDERAL RESERVE ACT, AS AMENDED, SHALL BE THEREBY FORFEITED. WHETHER OR NOT THE PENALTY PROVIDED IN THIS PARAGRAPH HAS BEEN INCURRED SHALL BE DETERMINED AND ADJUDGED IN THE MANNER PROVIDED IN THE SIXTH PARAGRAPH OF SECTION 2 OF THIS ACT, AS AMENDED. THE REMEDIES PROVIDED IN THIS PARAGRAPH AND IN THE TWO PRECEDING PARAGRAPHS SHALL NOT BE CONSTRUED AS LIMITING ANY OTHER REMEDIES AGAINST ANY BANK, BUT SHALL BE IN ADDITION THERETO.

(8) TRUST FUNDS HELD BY AN INSURED BANK IN A FIDUCIARY CAPACITY WHETHER HELD IN ITS TRUST OR DEPOSITED IN ANY OTHER DEPARTMENT OR IN ANOTHER BANK SHALL BE INSURED SUBJECT TO A $5,000 LIMIT FOR EACH TRUST ESTATE AND WHEN DEPOSITED BY THE FIDUCIARY BANK IN ANOTHER INSURED BANK, SHALL BE SIMILARLY INSURED TO THE FIDUCIARY BANK ACCORDING TO THE TRUST ESTATES REPRESENTED. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, SUCH INSURANCE SHALL BE SEPARATE FROM AND ADDITIONAL TO THAT COVERING OTHER DEPOSITS OF THE OWNERS

OF SUCH TRUST FUNDS OR BENEFICIARIES OF SUCH TRUST ESTATES: PROVIDED, THAT WHERE THE FIDUCIARY BANK DEPOSITS ANY OF SUCH TRUST FUNDS IN OTHER INSURED BANKS, THE AMOUNT SO HELD BY OTHER INSURED BANKS ON DEPOSIT SHALL NOT FOR THE PURPOSE OF THE CERTIFIED STATEMENT REQUIRED UNDER PARAGRAPHS (2) OR (3) OF SUBSECTION (h) OF THIS SECTION, BE CONSIDERED TO BE A DEPOSIT LIABILITY OF THE FIDUCIARY BANK, BUT SHALL BE CONSIDERED A DEPOSIT LIABILITY OF THE BANK IN WHICH SUCH FUNDS ARE SO DEPOSITED BY SUCH FIDUCIARY BANK. THE BOARD OF DIRECTORS SHALL HAVE POWER BY REGULATION TO PRESCRIBE THE MANNER OF REPORTING AND OF DEPOSITING SUCH FUNDS.

~~(i) If any member or nonmember bank shall be declared insolvent, or shall cease to be a member bank (or in the case of a nonmember bank, shall cease to be entitled to the benefits of insurance under this section), the stock held by it in the Corporation shall be canceled, without impairment of the liability of such bank, and all cash paid subscriptions on such stock, with its proportionate share of dividends not to exceed one half of 1 per centum per month from the period of last dividend on such stock shall be first applied to all debts of the insolvent bank or the receiver thereof to the Corporation, and the balance, if any, shall be paid to the receiver of the insolvent bank.~~

(i)(1) ANY INSURED BANK (EXCEPT A NATIONAL MEMBER BANK OR STATE MEMBER BANK) MAY, UPON NOT LESS THAN NINETY DAYS' WRITTEN NOTICE TO THE CORPORATION, AND TO THE RECONSTRUCTION FINANCE CORPORATION IF IT OWNS OR HOLDS AS PLEDGEE ANY PREFERRED STOCK,

CAPITAL NOTES, OR DEBENTURES OF SUCH BANK, TERMINATE ITS STATUS AS AN INSURED BANK. WHEREVER THE BOARD OF DIRECTORS SHALL FIND THAT AN INSURED BANK OR ITS DIRECTORS OR TRUSTEES HAVE CONTINUED UNSAFE OR UNSOUND PRACTICES IN CONDUCTING THE BUSINESS OF SUCH BANK OR HAVE KNOWINGLY OR NEGLIGENTLY PERMITTED ANY OF ITS OFFICERS OR AGENTS TO VIOLATE ANY PROVISION OF THIS SECTION OR OF ANY MATERIAL REGULATION MADE THEREUNDER, OR OF ANY LAW OR MATERIAL REGULATION MADE PURSUANT TO LAW TO WHICH THE INSURED BANK IS SUBJECT, THE BOARD OF DIRECTORS SHALL FIRST GIVE TO THE COMPTROLLER OF THE CURRENCY IN THE CASE OF A NATIONAL BANK OR DISTRICT BANK, TO THE AUTHORITY HAVING SUPERVISION IN CASE OF A STATE BANK, AND ALSO TO THE FEDERAL RESERVE BOARD IN CASE OF A STATE MEMBER BANK, A STATEMENT OF SUCH VIOLATION BY THE BANK FOR THE PURPOSE OF SECURING A CORRECTION OF SUCH PRACTICES OR CONDITIONS. UNLESS SUCH CORRECTION SHALL BE MADE WITHIN ONE HUNDRED AND TWENTY DAYS OR SUCH SHORTER PERIOD OF TIME AS THE COMPTROLLER OF THE CURRENCY, THE STATE AUTHORITY, OR FEDERAL RESERVE BOARD, AS THE CASE MAY BE, SHALL REQUIRE, THE BOARD OF DIRECTORS, IF IT SHALL DETERMINE TO PROCEED FURTHER, SHALL GIVE TO THE BANK NOT LESS THAN THIRTY DAYS' WRITTEN NOTICE OF INTENTION TO TERMINATE THE STATUS OF THE BANK AS AN INSURED BANK, FIXING A TIME AND PLACE FOR A HEARING BEFORE THE BOARD OF DIRECTORS OR BEFORE A PERSON DESIGNATED BY IT TO CONDUCT SUCH HEARING, AT WHICH EVIDENCE MAY BE PRODUCED, AND UPON SUCH EVIDENCE THE BOARD OF DIRECTORS SHALL MAKE WRITTEN FINDINGS WHICH SHALL BE CONCLUSIVE. UNLESS THE BANK SHALL APPEAR AT THE HEARING BY A DULY AUTHORIZED REPRESENTATIVE, IT SHALL BE

DEEMED TO HAVE CONSENTED TO THE TERMINATION OF ITS STATUS AS AN INSURED BANK. IF THE BOARD OF DIRECTORS SHALL FIND THAT ANY VIOLATION SPECIFIED IN SUCH NOTICE HAS BEEN ESTABLISHED, THE BOARD OF DIRECTORS MAY ORDER THAT THE INSURED STATUS OF THE BANK BE TERMINATED ON A DATE SUBSEQUENT TO SUCH FINDING AND TO THE EXPIRATION OF THE TIME SPECIFIED IN SUCH NOTICE OF INTENTION. THE CORPORATION MAY PUBLISH NOTICE OF SUCH TERMINATION AND THE BANK SHALL GIVE NOTICE OF SUCH TERMINATION TO ITS DEPOSITORS, IN SUCH MANNER AND AT SUCH TIME AS THE BOARD OF DIRECTORS MAY FIND NECESSARY AND MAY ORDER FOR THE PROTECTION OF DEPOSITORS. AFTER TERMINATION OF THE INSURED STATUS OF ANY BANK UNDER THE PROVISIONS OF THIS PARAGRAPH, THE INSURED DEPOSITS OF EACH DEPOSITOR IN THE BANK ON THE DATE OF SUCH TERMINATION, LESS ALL SUBSEQUENT WITHDRAWALS FROM ANY DEPOSITS OF SUCH DEPOSITOR, SHALL CONTINUE FOR A PERIOD OF TWO YEARS TO BE INSURED AND THE BANK SHALL CONTINUE TO PAY TO THE CORPORATION ASSESSMENTS AS IN THE CASE OF AN INSURED BANK FOR SUCH PERIOD OF TWO YEARS FROM SUCH TERMINATION, BUT NO ADDITIONS TO ANY DEPOSITS OR ANY NEW DEPOSITS SHALL BE INSURED BY THE CORPORATION, AND THE BANK SHALL NOT ADVERTISE OR HOLD ITSELF OUT AS HAVING INSURED DEPOSITS UNLESS IN THE SAME CONNECTION IT SHALL STATE WITH EQUAL PROMINENCE THAT ADDITIONS TO DEPOSITS AND NEW DEPOSITS MADE AFTER THE DATE OF SUCH TERMINATION, SPECIFYING SUCH DATE, ARE NOT INSURED. SUCH BANK SHALL IN ALL OTHER RESPECTS BE SUBJECT TO THE DUTIES AND OBLIGATIONS OF AN INSURED BANK FOR THE PERIOD OF TWO YEARS FROM SUCH TERMINATION AND IN THE EVENT OF BEING CLOSED ON ACCOUNT OF INABILITY TO MEET THE DEMANDS OF ITS DEPOSITORS WITHIN SUCH PERIOD OF TWO YEARS, THE CORPORATION SHALL HAVE THE SAME POWERS AND RIGHTS WITH RESPECT TO SUCH BANK AS IN CASE OF AN INSURED BANK.

(2) WHENEVER THE INSURED STATUS OF A MEMBER BANK SHALL BE TERMINATED BY ACTION OF THE BOARD OF DIRECTORS, THE FEDERAL RESERVE BOARD IN THE CASE OF A STATE MEMBER BANK SHALL TERMINATE ITS MEMBERSHIP IN THE FEDERAL RESERVE SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF SECTION 9 OF THIS ACT AND IN THE CASE OF A NATIONAL MEMBER BANK THE COMPTROLLER OF THE CURRENCY SHALL APPOINT A RECEIVER FOR THE BANK (TO BE THE CORPORATION WHENEVER THE BANK SHALL BE UNABLE TO MEET THE DEMANDS OF ITS DEPOSITORS).

(3) WHEN THE LIABILITIES OF AN INSURED BANK FOR DEPOSITS SHALL HAVE BEEN ASSUMED BY ANOTHER INSURED BANK OR BANKS, THE INSURED STATUS OF THE BANK WHOSE LIABILITIES ARE SO ASSUMED SHALL TERMINATE ON THE DATE OF RECEIPT BY THE CORPORATION OF SATISFACTORY EVIDENCE OF SUCH ASSUMPTION WITH LIKE EFFECT AS IF TERMINATED ON SAID DATE BY THE BOARD OF DIRECTORS AFTER PROCEEDINGS UNDER PARAGRAPH (1) OF THIS SUBSECTION (i): PROVIDED, THAT IF THE BANK WHOSE LIABILITIES ARE SO ASSUMED GIVES TO ITS DEPOSITORS NOTICE OF SUCH ASSUMPTION WITHIN THIRTY DAYS AFTER SUCH ASSUMPTION TAKES EFFECT, BY PUBLICATION OR BY ANY REASONABLE MEANS, IN ACCORDANCE WITH REGULATIONS TO BE PRESCRIBED BY THE BOARD OF DIRECTORS, THE INSURANCE OF ITS DEPOSITS SHALL TERMINATE AT THE END OF SIX MONTHS FROM THE DATE SUCH ASSUMPTION TAKES EFFECT AND SUCH BANK SHALL BE RELIEVED OF ALL FUTURE OBLIGATIONS TO THE CORPORATION, INCLUDING THE OBLIGATION TO PAY FUTURE ASSESSMENTS.

(j) Upon the date of enactment of the Banking Act of 1933, the Corporation shall become a body corporate and as such shall have power--

First. To adopt and use a corporate seal.

Second. To have succession until dissolved by an Act of Congress.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity, State or Federal. ALL SUITS OF A CIVIL NATURE AT COMMON LAW OR IN EQUITY TO WHICH THE FEDERAL DEPOSIT INSURANCE CORPORATION SHALL BE A PARTY SHALL BE DEEMED TO ARISE UNDER THE LAWS OF THE UNITED STATES: PROVIDED, THAT ANY SUCH SUIT TO WHICH THE CORPORATION IS A PARTY IN ITS CAPACITY AS RECEIVER OF A STATE BANK AND WHICH INVOLVES ONLY THE RIGHTS OR OBLIGATIONS OF DEPOSITORS, CREDITORS, STOCKHOLDERS AND SUCH STATE BANK UNDER STATE LAW SHALL NOT BE DEEMED TO ARISE UNDER THE LAWS OF THE UNITED STATES. NO ATTACHMENT OR EXECUTION SHALL BE ISSUED AGAINST THE CORPORATION OR ITS PROPERTY BEFORE FINAL JUDGMENT IN ANY SUIT, ACTION, OR PROCEEDING IN ANY STATE, COUNTY, MUNICIPAL, OR UNITED STATES COURT. THE BOARD OF DIRECTORS SHALL DESIGNATE AN AGENT UPON WHOM SERVICE OF PROCESS MAY BE MADE IN ANY STATE, TERRITORY, OR JURISDICTION IN WHICH ANY INSURED BANK IS LOCATED.

Fifth. To appoint by its board of directors such officers and employees as are not otherwise provided for in this section, to define their duties, fix their compensation, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. Nothing in this or any other Act shall be construed to prevent the appointment and compensation as an officer or employee of the Corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

Sixth. To prescribe by its board of directors bylaws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions

of this section and such incidental powers as shall be necessary to carry out the powers so granted.

EIGHTH. TO MAKE EXAMINATIONS OF AND TO REQUIRE INFORMATION AND REPORTS FROM BANKS, AS PROVIDED IN THIS SECTION.

NINTH. TO ACT AS RECEIVER.

TENTH. TO PRESCRIBE BY ITS BOARD OF DIRECTORS SUCH RULES AND REGULATIONS AS IT MAY DEEM NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION.

~~(k)~~ (k)(1) The board of directors shall administer the affairs of the Corporation fairly and impartially and without discrimination. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this section.

(2) THE BOARD OF DIRECTORS SHALL APPOINT EXAMINERS, WHO SHALL HAVE POWER ON BEHALF OF THE CORPORATION (EXCEPT AS TO A DISTRICT BANK) TO EXAMINE ANY INSURED STATE NONMEMBER BANK, STATE NONMEMBER BANK MAKING APPLICATION TO BECOME AN INSURED BANK, OR CLOSED INSURED BANK, WHENEVER CONSIDERED NECESSARY. SUCH EXAMINERS SHALL HAVE LIKE POWER

TO EXAMINE, WITH THE WRITTEN CONSENT OF THE COMPTROLLER OF THE CURRENCY, ANY NATIONAL BANK, OR DISTRICT BANK AND, WITH THE WRITTEN CONSENT OF THE FEDERAL RESERVE BOARD, ANY STATE MEMBER BANK. EACH EXAMINER SHALL HAVE POWER TO MAKE A THOROUGH EXAMINATION OF ALL OF THE AFFAIRS OF THE BANK AND IN DOING SO HE SHALL HAVE POWER TO ADMINISTER OATHS AND TO EXAMINE AND TAKE AND PRESERVE THE TESTIMONY OF ANY OF THE OFFICERS AND AGENTS THEREOF UNDER OATH AND SHALL MAKE A FULL AND DETAILED REPORT OF THE CONDITION OF THE BANK TO THE CORPORATION. THE BOARD OF DIRECTORS IN LIKE MANNER SHALL APPOINT CLAIM AGENTS WHO SHALL HAVE POWER TO INVESTIGATE AND EXAMINE ALL CLAIMS FOR INSURED DEPOSITS AND TRANSFERRED DEPOSITS. EACH CLAIM AGENT SHALL HAVE POWER TO ADMINISTER OATHS AND TO EXAMINE UNDER OATH AND TAKE AND PRESERVE TESTIMONY OF ANY PERSONS RELATING TO SUCH CLAIMS. ANY SUCH EXAMINER OR CLAIM AGENT IN RELATION TO ANY SUCH EXAMINATION, INVESTIGATION, OR TAKING OF TESTIMONY MAY APPLY TO ANY JUDGE OR CLERK OF ANY COURT OF THE UNITED STATES TO ISSUE SUBPENAS AND TO COMPEL THE APPEARANCE OF WITNESSES AND THE PRODUCTION AND TAKING OF ANY SUCH TESTIMONY AND TO PUNISH DISOBEDIENCE IN LIKE MANNER AS PROVIDED IN SECTIONS 184 TO 186 OF THE REVISED STATUTES (U. S. C., TITLE 5, SECS. 94 TO 96).

(3) EACH INSURED STATE NONMEMBER BANK (EXCEPT A DISTRICT BANK) SHALL MAKE TO THE CORPORATION REPORTS OF CONDITION IN SUCH FORM AND AT SUCH TIMES AS THE BOARD OF DIRECTORS MAY REQUIRE OF SUCH BANK. THE BOARD OF DIRECTORS MAY REQUIRE SUCH REPORTS TO BE PUBLISHED IN SUCH MANNER, NOT INCONSISTENT WITH ANY APPLICABLE LAW, AS IT MAY DIRECT.

EVERY SUCH BANK WHICH FAILS TO MAKE OR PUBLISH ANY SUCH REPORT WITHIN SUCH TIME, NOT LESS THAN FIVE DAYS, AS THE BOARD OF DIRECTORS MAY REQUIRE, MAY BE SUBJECT TO A PENALTY OF $100 FOR EACH DAY OF SUCH FAILURE, RECOVERABLE BY THE CORPORATION FOR ITS USE.

(4) THE CORPORATION SHALL HAVE ACCESS TO REPORTS OF EXAMINATIONS MADE BY AND REPORTS OF CONDITION MADE TO THE COMPTROLLER OF THE CURRENCY OR ANY FEDERAL RESERVE BANK, AND MAY ACCEPT ANY REPORT MADE BY OR TO ANY COMMISSION, BOARD, OR AUTHORITY HAVING SUPERVISION OF A STATE NONMEMBER BANK (EXCEPT A DISTRICT BANK), AND MAY FURNISH TO THE COMPTROLLER OF THE CURRENCY, OR ANY SUCH FEDERAL RESERVE BANK, COMMISSION, BOARD, OR AUTHORITY REPORTS OF EXAMINATIONS MADE ON BEHALF OF AND REPORTS OF CONDITION MADE TO THE CORPORATION.

~~(l) Effective on and after July 1, 1935 (thus affording ample time for examination and preparation), unless the President shall by proclamation fix an earlier date, the Corporation shall insure as hereinafter provided the deposits of all member banks, and on and after such date and until July 1, 1937, of all nonmember banks, which are class A stockholders of the Corporation. Notwithstanding any other provision of law, whenever any national bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the Comptroller of the Currency, as the case may be, on account of inability to meet the demands of its depositors, the Comptroller of the Currency shall appoint the Corporation receiver for such bank. As soon~~

as possible thereafter the Corporation shall organize a new national bank to assume the insured deposit liabilities of such closed bank, to receive new deposits and otherwise to perform temporarily the functions provided for it in this paragraph. For the purposes of this subsection, the term "insured deposit liability" shall mean with respect to the owner of any claim arising out of a deposit liability of such closed bank the following percentages of the net amount due to such owner by such closed bank on account of deposit liabilities: 100 per centum of such net amount not exceeding $10,000; and 75 per centum of the amount, if any, by which such net amount exceeds $10,000 but does not exceed $50,000; and 50 per centum of the amount, if any, by which such net amount exceeds $50,000: Provided, That in determining the amount due to such owner for the purpose of fixing such percentage, there shall be added together all net amounts due to such owner in the same capacity or the same right, or account of deposits, regardless of whether such deposits be maintained in his name or in the names of others for his benefit. For the purposes of this subsection, the term "insured deposit liabilities" shall mean the aggregate amount of all such insured deposit liabilities of such closed bank. The Corporation shall determine as expeditiously as possible the net amounts due to depositors of the closed bank and

shall make available to the new bank an amount equal to the insured deposit liabilities of such closed bank, whereupon such new bank shall assume the insured deposit liability of such closed bank to each of its depositors, and the Corporation shall be subrogated to all rights against the closed bank of the owners of such deposits and shall be entitled to receive the same dividends from the proceeds of the assets of such closed bank as would have been payable to each such depositor until such dividends shall equal the insured deposit liability to such depositor assumed by the new bank, whereupon all further dividends shall be payable to such depositor. Of the amount thus made available by the Corporation to the new bank, such portion shall be paid to it in cash as may be necessary to enable it to meet immediate cash demands and the remainder shall be credited to it on the books of the Corporation subject to withdrawal on demand and shall bear interest at the rate of 3 per centum per annum until withdrawn. The new bank may, with the approval of the Corporation, accept new deposits, which, together with all amounts made available to the new bank by the Corporation, shall be kept on hand in cash, invested in direct obligations of the United States, or deposited with the Corporation or with a Federal reserve

bank.--Such new bank shall maintain on deposit with the Federal reserve bank of its district the reserves required by law of member banks but shall not be required to subscribe for stock of the Federal reserve bank until its own capital stock has been subscribed and paid for in the manner hereinafter provided. The articles of association and organization certificate of such new bank may be executed by such representatives of the Corporation as it may designate; the new bank shall not be required to have any directors at the time of its organization, but shall be managed by an executive officer to be designated by the Corporation; and no capital stock need be paid in by the Corporation; but in other respects such bank shall be organized in accordance with the existing provisions of law relating to the organization of national banks; and, until the requisite amount of capital stock for such bank has been subscribed and paid for in the manner hereinafter provided, such bank shall transact no business except that authorized by this subsection and such business as may be incidental to its organization.--When in the judgment of the Corporation it is desirable to do so, the Corporation shall offer capital stock of the new bank for sale on such terms and conditions as the Corporation shall deem advis-

able, in an amount sufficient in the opinion of the Corporation to make possible the conduct of the business of the new bank on a sound basis, but in no event less than that required by section 5138 of the Revised Statutes, as amended (U.S.C., title 12, sec. 51), for the organization of a national bank in the place where such new bank is located, giving the stockholders of the closed bank the first opportunity to purchase such stock.--Upon proof that an adequate amount of capital stock of the new bank has been subscribed and paid for in cash by subscribers satisfactory to the Comptroller of the Currency, he shall issue to such bank a certificate of authority to commence business and thereafter it shall be managed by directors elected by its own shareholders and may exercise all of the powers granted by law to national banking associations.--If an adequate amount of capital for such new bank is not subscribed and paid in, the Corporation may offer to transfer its business to any other banking institution in the same place which will take over its assets, assume its liabilities, and pay to the Corporation for such business such amount as the Corporation may deem adequate.--Unless the capital stock of the new bank is sold or its assets acquired and its liabilities assumed by another banking institution, in the manner herein prescribed, within two years from the date of its organization, the Corpor-

ation-shall-place-the-new-bank-in-voluntary-liquidation-and-wind up-its-affairs.--The-Corporation-shall-open-on-its-books-a-deposit-insurance-account-and,-as-soon-as-possible-after-taking possession-of-any-closed-national-bank,-the-Corporation-shall make-an-estimate-of-the-amount-which-will-be-available-from-all sources-for-application-in-satisfaction-of-the-portion-of-the claims-of-depositors-to-which-it-has-been-subrogated-and-shall debit-to-such-deposit-insurance-account-the-excess,-if-any, of-the-amount-made-available-by-the-Corporation-to-the-new-bank for-depositors-over-and-above-the-amount-of-such-estimate.--It shall-be-the-duty-of-the-Corporation-to-realize-upon-the-assets of-such-closed-bank,-having-due-regard-to-the-condition-of credit-in-the-district-in-which-such-closed-bank-is-located, to-enforce-the-individual-liability-of-the-stockholders-and directors-thereof,-and-to-wind-up-the-affairs-of-such-closed bank-in-conformity-with-the-provisions-of-law-relating-to-the liquidation-of-closed-national-banks,-except-as-herein-otherwise provided,-retaining-for-its-own-account-such-portion-of-the-amount realized-from-such-liquidation-as-it-shall-be-entitled-to-receive on-account-of-its-subrogation-to-the-claims-of-depositors-and paying-to-depositors-and-other-creditors-the-amount-available-for distribution-to-them,-after-deducting-therefrom-their-share-of

the costs of the liquidation of the closed bank.--If the total amount realized by the Corporation on account of its subrogation to the claims of depositors be less than the amount of the estimate hereinabove provided for, the deposit insurance account shall be charged with the deficiency and, if the total amount so realized shall exceed the amount of such estimate, such account shall be credited with such excess.--With respect to such closed national banks, the Corporation shall have all the rights, powers, and privileges now possessed by or hereafter given receivers of insolvent national banks and shall be subject to the obligations and penalties not inconsistent with the provisions of this paragraph to which such receivers are now or may hereafter become subject.

Whenever any State member bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the appropriate State authority, as the case may be, on account of inability to meet the demands of its depositors the Corporation shall accept appointment as receiver thereof, if such appointment be tendered by the appropriate State authority and be authorized or permitted by State law.--Thereupon the Corporation shall organize a new national bank, in accordance with the provisions of this subsection, to assume the insured deposit liabilities of such closed State

member-bank, to receive new deposits and otherwise to perform temporarily the functions provided for in this subsection. Upon satisfactory recognition of the right of the Corporation to receive dividends on the same basis as in the case of a closed national bank under this subsection, such recognition being recorded by State law, by allowance of claims by the appropriate State authority, by assignment of claims by depositors, or by any other effective method, the Corporation shall make available to such new national bank, in the manner prescribed by this subsection, an amount equal to the insured deposit liabilities of such closed State member bank, and the Corporation and such new national bank shall perform all of the functions and duties and shall have all the rights and privileges with respect to such State member bank and the depositors thereof which are prescribed by this subsection with respect to closed national banks holding class A stock in the Corporation. Provided, That the rights of depositors and other creditors of such State member bank shall be determined in accordance with the applicable provisions of State law. And provided further, That with respect to such State member bank, the Corporation shall possess the powers and privileges provided by State law with respect to a receiver of such State member bank, except insofar as the same are in conflict with the provisions of this subsection.

Whenever any State member bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the appropriate State authority, as the case may be, on account of inability to meet the demands of its depositors, and the applicable State law does not permit the appointment of the Corporation as receiver of such bank, the Corporation shall organize a new national bank, in accordance with the provisions of this subsection, to assume the insured deposit liabilities of such closed State member bank, to receive new deposits, and otherwise to perform temporarily the functions provided for in this subsection.---Upon satisfactory recognition of the right of the Corporation to receive dividends on the same basis as in the case of a closed national bank under this subsection, such recognition being accorded by State law, by allowance of claims by the appropriate State authority, by assignment of claims by depositors, or by any other effective method, the Corporation shall make available to such new bank, in accordance with the provisions of this subsection, the amount of insured deposit liabilities as to which such recognition has been accorded, and such new bank shall assume such insured deposit liabilities and shall in other respects comply with the provisions of this subsection respecting new banks organized to assume insured deposit liabilities of closed national banks.--In so far as possible in view of the applicable provisions of State law, the Corporation shall proceed

with respect to the receiver of such closed bank and with respect to the new bank organized to assume its insured deposit liabilities in the manner prescribed by this subsection with respect to closed national banks and new banks organized to assume their insured deposit liabilities, except that the Corporation shall have none of the powers, duties, or responsibilities of a receiver with respect to the winding up of the affairs of such closed State member bank. The Corporation, in its discretion, however, may purchase and liquidate any or all of the assets of such bank.

Whenever the net debit balance of the deposit insurance account of the Corporation shall equal or exceed one fourth of 1 per centum of the total deposit liabilities of all class A stockholders as of the date of the last preceding call report, the Corporation shall levy upon such stockholders an assessment equal to one fourth of 1 per centum of their total deposit liabilities and shall credit the amount collected from such assessment to such deposit insurance account. No bank which is a holder of class A stock shall pay any dividends until all assessments levied upon it by the Corporation shall have been paid in full, and any director or officer of any such bank who participates in the declaration or payment of any such dividend may, upon conviction, be fined not more than $1,000, or imprisoned for not more than one year, or both.

~~The term "receiver" as used in this section shall mean a receiver, liquidating agent, or conservator of a national bank, and a receiver, liquidating agent, conservator, commission, person, or other agency charged by State law with the responsibility and the duty of winding up the affairs of an insolvent State member bank.~~

~~For the purposes of this section only, the term "national bank" shall include all national banking associations and all banks, banking associations, trust companies, saving banks, and other banking institutions located in the District of Columbia which are members of the Federal Reserve System, and the term "State member bank" shall include all State banks, banking associations, trust companies, savings banks, and other banking institutions organized under the laws of any State, which are members of the Federal Reserve System.~~

~~In any determination of the insured deposit liabilities of any closed bank or of the total deposit liabilities of any bank which is a holder of class A stock of the Corporation, or a member of the Fund provided for in subsection (y), for the purposes of this section, there shall be excluded the amounts of all deposits of such bank which are payable only at an office thereof located in a foreign country.~~

~~The Corporation may make such rules, regulations, and contracts as it may deem necessary in order to carry out the provisions of this section.~~

(1)(1) THE TEMPORARY FEDERAL DEPOSIT INSURANCE FUND AND THE FUND FOR MUTUALS ARE HEREBY CONSOLIDATED INTO THE PERMANENT INSURANCE FUND FOR DEPOSITS CREATED BY THIS SECTION AND THE ASSETS THEREIN

SHALL BE HELD BY THE CORPORATION FOR THE USES AND PURPOSES OF THE CORPORATION: PROVIDED, THAT THE OBLIGATIONS TO AND RIGHTS OF THE CORPORATION, DEPOSITORS, BANKS, AND OTHER PERSONS ARISING OUT OF ANY EVENT OR TRANSACTION PRIOR TO THE EFFECTIVE DATE SHALL REMAIN UNIMPAIRED. FROM THE EFFECTIVE DATE THE CORPORATION SHALL INSURE THE DEPOSITS OF ALL INSURED BANKS AS DEFINED AND PROVIDED IN THIS SECTION. THE MAXIMUM AMOUNT OF THE INSURED DEPOSIT OF ANY DEPOSITOR SHALL BE $5,000. THE CORPORATION, IN THE DISCRETION OF THE BOARD OF DIRECTORS, MAY OPEN ON ITS BOOKS SOLELY FOR THE BENEFIT OF MUTUAL SAVINGS BANKS AND DEPOSITORS THEREIN A SEPARATE FUND FOR MUTUALS. IF SUCH A FUND IS OPENED, ALL ASSESSMENTS OF EACH MUTUAL SAVINGS BANK SHALL BE MADE PART OF SUCH FUND AND THE OTHER PERMANENT INSURANCE FUNDS OF THE CORPORATION SHALL CEASE TO BE LIABLE FOR LOSSES SUSTAINED IN MUTUAL SAVINGS BANKS: PROVIDED, THAT THE CAPITAL ASSETS OF THE CORPORATION SHALL BE SO LIABLE AND ALL EXPENSES OF OPERATION OF THE CORPORATION SHALL BE ALLOCATED ON AN EQUITABLE BASIS.

(2) AN INSURED BANK SHALL, FOR THE PURPOSES OF THIS SECTION, BE DEEMED TO HAVE BEEN CLOSED ON ACCOUNT OF INABILITY TO MEET THE DEMANDS OF ITS DEPOSITORS IN ANY CASE WHERE IT HAS BEEN CLOSED FOR THE PURPOSE OF LIQUIDATION WITHOUT ADEQUATE PROVISION FOR PAYMENT OF ITS DEPOSITORS.

(3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, WHENEVER ANY INSURED NATIONAL BANK OR INSURED DISTRICT BANK SHALL HAVE BEEN CLOSED BY ACTION OF ITS BOARD OF DIRECTORS OR THE COMPTROLLER OF THE CURRENCY, AS THE CASE MAY BE, ON ACCOUNT OF INABILITY TO MEET THE DEMANDS OF ITS DEPOSITORS, THE COMPTROLLER OF THE CURRENCY

SHALL APPOINT THE CORPORATION RECEIVER FOR SUCH CLOSED BANK AND NO OTHER PERSON SHALL BE APPOINTED AS RECEIVER OF SUCH CLOSED BANK.

(4) IT SHALL BE THE DUTY OF THE CORPORATION AS SUCH RECEIVER TO REALIZE UPON THE ASSETS OF SUCH CLOSED BANK, HAVING DUE REGARD TO THE CONDITION OF CREDIT IN THE LOCALITY; TO ENFORCE THE INDIVIDUAL LIABILITY OF THE STOCKHOLDERS AND DIRECTORS THEREOF; AND TO WIND UP THE AFFAIRS OF SUCH CLOSED BANK IN CONFORMITY WITH THE PROVISIONS OF LAW RELATING TO THE LIQUIDATION OF CLOSED NATIONAL BANKS, EXCEPT AS HEREIN OTHERWISE PROVIDED, RETAINING FOR ITS OWN ACCOUNT SUCH PORTION OF THE AMOUNT REALIZED FROM SUCH LIQUIDATION AS IT SHALL BE ENTITLED TO RECEIVE ON ACCOUNT OF ITS SUBROGATION TO THE CLAIMS OF DEPOSITORS AND PAYING TO DEPOSITORS AND OTHER CREDITORS THE NET AMOUNT AVAILABLE FOR DISTRIBUTION TO THEM. WITH RESPECT TO SUCH CLOSED BANK, THE CORPORATION AS SUCH RECEIVER SHALL HAVE ALL THE RIGHTS, POWERS, AND PRIVILEGES NOW POSSESSED BY OR HEREAFTER GIVEN A RECEIVER OF AN INSOLVENT NATIONAL BANK.

(5) WHENEVER ANY INSURED STATE BANK, EXCEPT A DISTRICT BANK, SHALL HAVE BEEN CLOSED BY ACTION OF ITS BOARD OF DIRECTORS OR BY THE AUTHORITY HAVING SUPERVISION OF SUCH BANK, AS THE CASE MAY BE, ON ACCOUNT OF INABILITY TO MEET THE DEMANDS OF ITS DEPOSITORS, THE CORPORATION SHALL ACCEPT APPOINTMENT AS RECEIVER THEREOF, IF SUCH APPOINTMENT BE TENDERED BY THE AUTHORITY HAVING SUPERVISION OF SUCH BANK AND BE AUTHORIZED OR PERMITTED BY STATE LAW. WITH RESPECT TO SUCH INSURED STATE BANK, THE CORPORATION SHALL POSSESS THE POWERS AND PRIVILEGES GIVEN BY STATE LAW TO A RECEIVER OF SUCH STATE BANK.

(6) WHEN AN INSURED BANK SHALL HAVE BEEN CLOSED ON ACCOUNT OF INABILITY TO MEET THE DEMANDS OF ITS DEPOSITORS, PAYMENT OF THE INSURED DEPOSITS SHALL BE MADE BY THE CORPORATION AS SOON AS POSSIBLE, SUBJECT TO THE PROVISIONS OF PARAGRAPH (7) OF THIS SUBSECTION (1), EITHER (a) BY MAKING AVAILABLE TO EACH DEPOSITOR A TRANSFERRED DEPOSIT IN A NEW BANK IN THE SAME COMMUNITY OR IN ANOTHER INSURED BANK IN AN AMOUNT EQUAL TO THE INSURED DEPOSIT OF SUCH DEPOSITOR AND SUBJECT TO WITHDRAWAL ON DEMAND, OR (b) IN ACCORDANCE WITH ANY OTHER PROCEDURE ADOPTED BY THE BOARD OF DIRECTORS: PROVIDED, THAT THE CORPORATION, IN ITS DISCRETION, MAY REQUIRE PROOF OF CLAIMS TO BE FILED BEFORE PAYING THE INSURED DEPOSITS, AND THAT IN ANY CASE WHERE THE CORPORATION IS NOT SATISFIED AS TO THE VALIDITY OF A CLAIM FOR AN INSURED DEPOSIT, IT MAY REQUIRE THE FINAL DETERMINATION OF A COURT OF COMPETENT JURISDICTION BEFORE PAYING SUCH CLAIM.

(7) IN THE CASE OF A CLOSED NATIONAL BANK OR DISTRICT BANK THE CORPORATION, UPON PAYMENT OF ANY DEPOSITOR AS PROVIDED IN PARAGRAPH (6) OF THIS SUBSECTION (1), SHALL BECOME AND BE SUBROGATED TO ALL RIGHTS OF THE DEPOSITOR TO THE EXTENT OF SUCH PAYMENT. IN THE CASE OF ANY OTHER CLOSED INSURED BANK, THE CORPORATION SHALL NOT PAY ANY DEPOSITOR UNTIL THE RIGHT OF THE CORPORATION TO BE SUBROGATED TO THE RIGHTS OF SUCH DEPOSITOR ON THE SAME BASIS AS PROVIDED IN THE CASE OF A CLOSED NATIONAL BANK UNDER THIS SECTION SHALL HAVE BEEN RECOGNIZED, BY EXPRESS PROVISIONS OF STATE LAW, BY ALLOWANCE OF CLAIMS BY THE AUTHORITY HAVING SUPERVISION OF SUCH BANK, BY ASSIGNMENT OF CLAIMS BY DEPOSITORS, OR BY ANY OTHER EFFECTIVE METHOD. SUCH SUBROGATION IN THE CASE OF ANY CLOSED BANK SHALL INCLUDE THE RIGHT TO RECEIVE THE SAME DIVIDENDS FROM THE PROCEEDS OF THE ASSETS

OF SUCH CLOSED BANK AND RECOVERIES ON ACCOUNT OF STOCKHOLDERS' LIABILITY AS WOULD HAVE BEEN PAYABLE TO SUCH DEPOSITOR ON A CLAIM FOR THE INSURED DEPOSIT, SUCH DEPOSITOR RETAINING HIS CLAIM FOR ANY UNINSURED PORTION OF HIS DEPOSIT: PROVIDED, THAT THE RIGHTS OF DEPOSITORS AND OTHER CREDITORS OF ANY STATE BANK SHALL BE DETERMINED IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF STATE LAW.

(8) AS SOON AS POSSIBLE, THE CORPORATION, IF IT FINDS THAT IT IS ADVISABLE AND IN THE INTEREST OF THE DEPOSITORS OF THE CLOSED BANK OR THE PUBLIC, SHALL ORGANIZE A NEW BANK TO ASSUME THE INSURED DEPOSITS OF SUCH CLOSED BANK AND OTHERWISE TO PERFORM TEMPORARILY THE FUNCTIONS PROVIDED FOR IN THIS SECTION. THE NEW BANK SHALL HAVE ITS PLACE OF BUSINESS IN THE SAME COMMUNITY AS THE CLOSED BANK.

(9) THE ARTICLES OF ASSOCIATION AND THE ORGANIZATION CERTIFICATE OF THE NEW BANK SHALL BE EXECUTED BY REPRESENTATIVES DESIGNATED BY THE CORPORATION. NO CAPITAL STOCK NEED BE PAID IN BY THE CORPORATION. THE NEW BANK SHALL NOT HAVE A BOARD OF DIRECTORS, BUT SHALL BE MANAGED BY AN EXECUTIVE OFFICER APPOINTED BY THE BOARD OF DIRECTORS OF THE CORPORATION AND WHO SHALL BE SUBJECT TO ITS DIRECTIONS. IN OTHER RESPECTS SUCH BANK SHALL BE ORGANIZED IN ACCORDANCE WITH THE EXISTING PROVISIONS OF THE LAW RELATING TO THE ORGANIZATION OF NATIONAL BANKING ASSOCIATIONS. THE NEW BANK MAY, WITH THE APPROVAL OF THE CORPORATION, ACCEPT NEW DEPOSITS WHICH SHALL BE SUBJECT TO WITHDRAWAL ON DEMAND AND WHICH, EXCEPT WHERE THE NEW BANK IS THE ONLY BANK IN THE COMMUNITY, SHALL NOT

EXCEED $5,000 FROM ANY DEPOSITOR. THE NEW BANK, WITHOUT APPLICATION OR APPROVAL, SHALL BE AN INSURED BANK AND SHALL MAINTAIN ON DEPOSIT WITH THE FEDERAL RESERVE BANK OF ITS DISTRICT THE RESERVES REQUIRED BY LAW FOR MEMBER BANKS, BUT SHALL NOT BE REQUIRED TO SUBSCRIBE FOR STOCK OF THE FEDERAL RESERVE BANK. FUNDS OF THE NEW BANK SHALL BE KEPT ON HAND IN CASH, INVESTED IN SECURITIES OF THE GOVERNMENT OF THE UNITED STATES, OR IN SECURITIES GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE GOVERNMENT OF THE UNITED STATES, OR DEPOSITED WITH THE CORPORATION, OR WITH A FEDERAL RESERVE BANK, OR, TO THE EXTENT OF THE INSURANCE COVERAGE THEREON, WITH AN INSURED BANK. THE NEW BANK, UNLESS OTHERWISE AUTHORIZED BY THE COMPTROLLER OF THE CURRENCY, SHALL TRANSACT NO BUSINESS EXCEPT THAT AUTHORIZED BY THIS SECTION AND SUCH BUSINESS AS MAY BE INCIDENTAL TO ITS ORGANIZATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IT, ITS FRANCHISE, PROPERTY, AND INCOME SHALL BE EXEMPT FROM ALL TAXATION NOW OR HEREAFTER IMPOSED BY THE UNITED STATES, BY ANY TERRITORY, DEPENDENCY, OR POSSESSION THEREOF, OR BY ANY STATE, COUNTY, MUNICIPALITY, OR LOCAL TAXING AUTHORITY.

(10) ON THE ORGANIZATION OF A NEW BANK, THE CORPORATION SHALL PROMPTLY MAKE AVAILABLE TO THE NEW BANK AN AMOUNT EQUAL TO THE ESTIMATED INSURED DEPOSIT OF SUCH CLOSED BANK PLUS THE AMOUNT OF ITS ESTIMATED EXPENSES OF OPERATION AND SHALL DETERMINE AS SOON AS POSSIBLE THE AMOUNT DUE EACH DEPOSITOR FOR HIS INSURED DEPOSIT IN THE CLOSED BANK, AND THE TOTAL EXPENSES OF OPERATION OF THE NEW BANK.

UPON DETERMINATION THEREOF, THE AMOUNTS SO ESTIMATED AND MADE AVAILABLE SHALL BE ADJUSTED TO CONFORM TO THE AMOUNTS SO DETERMINED. EARNINGS OF THE NEW BANK SHALL BE PAID OVER OR CREDITED TO THE CORPORATION IN SUCH ADJUSTMENT. IF ANY NEW BANK, DURING THE PERIOD IT CONTINUES ITS STATUS AS SUCH, SUSTAINS ANY LOSSES WITH RESPECT TO WHICH IT IS NOT EFFECTIVELY PROTECTED EXCEPT BY REASON OF BEING AN INSURED BANK, THE CORPORATION SHALL FURNISH TO IT ADDITIONAL FUNDS IN THE AMOUNT OF SUCH LOSSES. THE NEW BANK SHALL ASSUME AS TRANSFERRED DEPOSITS THE PAYMENT OF THE INSURED DEPOSITS OF SUCH CLOSED BANK TO EACH OF ITS DEPOSITORS, OF THE AMOUNT SO MADE AVAILABLE, THE CORPORATION SHALL TRANSFER TO THE NEW BANK, IN CASH, SUCH AMOUNT AS IS NECESSARY TO ENABLE IT TO MEET EXPENSES AND IMMEDIATE CASH DEMANDS ON SUCH TRANSFERRED DEPOSITS AND THE REMAINDER SHALL BE SUBJECT TO WITHDRAWAL BY THE NEW BANK ON DEMAND.

(11) WHEN IN THE JUDGMENT OF THE BOARD OF DIRECTORS IT IS DESIRABLE TO DO SO, THE CORPORATION SHALL CAUSE CAPITAL STOCK OF THE NEW BANK TO BE OFFERED FOR SALE ON SUCH TERMS AND CONDITIONS AS THE BOARD OF DIRECTORS SHALL DEEM ADVISABLE, IN AN AMOUNT SUFFICIENT, IN THE OPINION OF THE BOARD OF DIRECTORS, TO MAKE POSSIBLE THE CONDUCT OF THE BUSINESS OF THE NEW BANK ON A SOUND BASIS, BUT IN NO EVENT LESS THAN THAT REQUIRED BY SECTION 5138 OF THE REVISED STATUTES, AS AMENDED (U. S. C., SUPP. VII, TITLE 12, SEC. 51), FOR THE ORGANIZATION OF A NATIONAL BANK IN THE PLACE WHERE SUCH NEW BANK IS

LOCATED, GIVING THE STOCKHOLDERS OF THE CLOSED BANK THE FIRST OPPORTUNITY TO PURCHASE ANY SHARES OF COMMON STOCK SO OFFERED. UPON PROOF THAT AN ADEQUATE AMOUNT OF CAPITAL STOCK IN THE NEW BANK HAS BEEN SUBSCRIBED AND PAID FOR IN CASH, THE COMPTROLLER OF THE CURRENCY SHALL REQUIRE THE ARTICLES OF ASSOCIATION AND THE ORGANIZATION CERTIFICATE TO BE AMENDED TO CONFORM TO THE REQUIREMENTS FOR THE ORGANIZATION OF A NATIONAL BANK, AND THEREAFTER, WHEN THE REQUIREMENTS OF LAW WITH RESPECT TO THE ORGANIZATION OF A NATIONAL BANK HAVE BEEN COMPLIED WITH, HE SHALL ISSUE TO THE BANK A CERTIFICATE OF AUTHORITY TO COMMENCE BUSINESS, WHICH SHALL THEREUPON CEASE TO HAVE THE STATUS OF A NEW BANK AND SHALL BE MANAGED BY DIRECTORS ELECTED BY ITS OWN SHAREHOLDERS AND MAY EXERCISE ALL THE POWERS GRANTED BY LAW AND SHALL BE SUBJECT TO ALL OF THE PROVISIONS OF LAW RELATING TO NATIONAL BANKS. SUCH BANK SHALL THEREAFTER BE AN INSURED NATIONAL BANK, WITHOUT CERTIFICATION TO OR APPROVAL BY THE CORPORATION.

(12) IF THE CAPITAL STOCK OF THE NEW BANK SHALL NOT BE OFFERED FOR SALE, OR IF AN ADEQUATE AMOUNT OF CAPITAL FOR SUCH NEW BANK IS NOT SUBSCRIBED AND PAID IN, THE BOARD OF DIRECTORS MAY OFFER TO TRANSFER ITS BUSINESS TO ANY INSURED BANK IN THE SAME COMMUNITY WHICH WILL TAKE OVER ITS ASSETS, ASSUME ITS LIABILITIES, AND PAY TO THE CORPORATION FOR SUCH BUSINESS SUCH AMOUNT AS THE BOARD OF DIRECTORS MAY DEEM ADEQUATE: OR THE BOARD OF DIRECTORS IN ITS DISCRETION MAY CHANGE THE LOCATION OF THE NEW BANK TO THE OFFICE

OF THE CORPORATION OR TO SOME OTHER PLACE OR MAY AT ANY TIME WIND UP ITS AFFAIRS AS HEREIN PROVIDED. UNLESS THE CAPITAL STOCK OF THE NEW BANK IS SOLD OR ITS ASSETS ACQUIRED AND ITS LIABILITIES ASSUMED BY AN INSURED BANK, AS PROVIDED ABOVE, WITHIN TWO YEARS FROM THE DATE OF ITS ORGANIZATION, THE CORPORATION SHALL WIND UP ITS AFFAIRS, AFTER GIVING SUCH NOTICE, IF ANY, AS THE COMPTROLLER OF THE CURRENCY MAY REQUIRE, AND SHALL CERTIFY TO THE COMPTROLLER OF THE CURRENCY THE TERMINATION OF THE NEW BANK AND THENCEFORTH THE CORPORATION SHALL BE LIABLE FOR ITS OBLIGATIONS AND BE THE OWNER OF ITS ASSETS. THE PROVISIONS OF SECTIONS 5220 and 5221 OF THE REVISED STATUTES (U. S. C., TITLE 12, SECS. 181 AND 182) SHALL NOT APPLY TO SUCH NEW BANKS.

(m)(1) THE CORPORATION AS RECEIVER OF A CLOSED NATIONAL BANK OR DISTRICT BANK SHALL NOT BE REQUIRED TO FURNISH BOND AND SHALL HAVE THE RIGHT TO APPOINT AN AGENT OR AGENTS TO ASSIST IT IN ITS DUTIES AS SUCH RECEIVER, AND ALL FEES, COMPENSATION, AND EXPENSES OF LIQUIDATION AND ADMINISTRATION THEREOF SHALL BE FIXED BY THE CORPORATION, SUBJECT TO THE APPROVAL OF THE COMPTROLLER OF THE CURRENCY, AND MAY BE PAID BY IT OUT OF FUNDS COMING INTO ITS POSSESSION AS SUCH RECEIVER. THE COMPTROLLER OF THE CURRENCY IS AUTHORIZED AND EMPOWERED TO WAIVE AND RELIEVE THE CORPORATION FROM COMPLYING WITH ANY REGULATIONS OF THE COMPTROLLER OF THE CURRENCY WITH RESPECT TO RECEIVERSHIPS WHERE IN HIS DISCRETION SUCH ACTION IS DEEMED ADVISABLE TO SIMPLIFY ADMINISTRATION.

(2) PAYMENT OF AN INSURED DEPOSIT TO ANY PERSON BY THE CORPORATION SHALL DISCHARGE THE CORPORATION, AND PAYMENT OF A TRANSFERRED DEPOSIT TO ANY PERSON BY THE NEW BANK OR THE OTHER INSURED BANK SHALL DISCHARGE THE CORPORATION AND SUCH NEW BANK OR OTHER INSURED BANK, TO THE SAME EXTENT THAT PAYMENT TO SUCH PERSON BY THE CLOSED BANK WOULD HAVE DISCHARGED IT FROM LIABILITY FOR THE INSURED DEPOSIT.

(3) EXCEPT AS OTHERWISE PRESCRIBED BY THE BOARD OF DIRECTORS, NEITHER THE CORPORATION, SUCH NEW BANK, NOR SUCH OTHER INSURED BANK, SHALL BE REQUIRED TO RECOGNIZE AS THE OWNER OF ANY PORTION OF A DEPOSIT APPEARING ON THE RECORDS OF THE CLOSED BANK UNDER A NAME OTHER THAN THAT OF THE CLAIMANT, ANY PERSON WHOSE NAME OR INTEREST AS SUCH OWNER IS NOT DISCLOSED ON THE RECORDS OF SUCH CLOSED BANK, OR ON ITS OUTSTANDING CERTIFICATES OR PASSBOOKS, AS PART OWNER OF SAID ACCOUNT, WHERE SUCH RECOGNITION COULD INCREASE THE AGGREGATE AMOUNT OF THE INSURED DEPOSITS IN SUCH CLOSED BANK.

(4) THE CORPORATION MAY WITHHOLD PAYMENT OF SUCH PORTION OF THE INSURED DEPOSIT OF ANY DEPOSITOR IN A CLOSED BANK AS MAY BE REQUIRED TO PROVIDE FOR THE PAYMENT OF ANY LIABILITY OF SUCH DEPOSITOR AS A STOCKHOLDER OF THE BANK, OR OF ANY LIABILITY OF SUCH DEPOSITOR TO THE BANK OR ITS RECEIVER, NOT OFFSET AGAINST A CLAIM DUE FROM THE BANK, PENDING THE DETERMINATION AND PAYMENT OF SUCH LIABILITY BY SUCH DEPOSITOR OR ANY OTHER PERSON LIABLE THEREFOR.

(5) IF, AFTER THE CORPORATION SHALL HAVE GIVEN AT LEAST THREE MONTHS' NOTICE TO THE DEPOSITOR BY MAILING A COPY THEREOF TO HIS LAST KNOWN ADDRESS APPEARING ON THE RECORDS OF THE CLOSED BANK, ANY DEPOSITOR IN A CLOSED BANK SHALL FAIL TO CLAIM HIS INSURED DEPOSIT FROM THE CORPORATION WITHIN EIGHTEEN MONTHS AFTER THE APPOINTMENT OF THE RECEIVER FOR THE CLOSED BANK, OR SHALL FAIL TO CLAIM OR ARRANGE TO CONTINUE THE TRANSFERRED DEPOSIT WITH THE NEW BANK OR OTHER BANK ASSUMING LIABILITY THEREFOR WITHIN SUCH EIGHTEEN MONTHS' PERIOD, ALL RIGHTS OF THE DEPOSITOR AGAINST THE CORPORATION IN RESPECT TO THE INSURED DEPOSIT OR AGAINST THE NEW BANK AND SUCH OTHER BANK IN RESPECT TO THE TRANSFERRED DEPOSIT SHALL BE BARRED, AND ALL RIGHTS OF THE DEPOSITOR AGAINST THE CLOSED BANK, ITS SHAREHOLDERS OR THE RECEIVERSHIP ESTATE TO WHICH THE CORPORATION MAY HAVE BECOME SUBROGATED SHALL THEREUPON REVERT TO THE DEPOSITOR. THE AMOUNT OF ANY TRANSFERRED DEPOSITS NOT CLAIMED WITHIN SUCH EIGHTEEN MONTHS' PERIOD, SHALL BE REFUNDED TO THE CORPORATION.

(n)(1) Money of the Corporation not otherwise employed shall be invested in securities of the Government of the United States, OR IN SECURITIES GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE GOVERNMENT OF THE UNITED STATES, except that for temporary periods, in the discretion of the board of directors, funds of the Corporation may be deposited in any Federal Reserve bank or with the Treasurer of the United States. When designated for that purpose by the Secretary of the Treasury, the Corporation shall

be a depositary of public moneys, except receipts from customs, under such regulations as may be prescribed by the said Secretary, and may also be employed as a financial agent of the Government. It shall perform all such reasonable duties as depositary of public moneys and financial agent of the Government as may be required of it.

~~(m)~~ (2)Nothing ~~herein~~ IN THIS SECTION contained shall be construed to prevent the Corporation from making loans to national banks closed by action of the Comptroller of the Currency, or by vote of their directors, or to State member banks closed by action of the appropriate State authorities, or by vote of their directors, or from entering into negotiations to secure the reopening of such banks.

~~(n)~~ (3) Receivers or liquidators of ~~member banks which are now or may hereafter become insolvent or suspended~~ INSURED BANKS CLOSED ON ACCOUNT OF INABILITY TO MEET THE DEMANDS OF DEPOSITORS shall be entitled to offer assets of such banks for sale to the Corporation or as security for loans from the Corporation, upon receiving permission from the appropriate State authority in accordance with express provisions of State law in the case of ~~State member~~ INSURED STATE banks, or from the Comptroller of the Currency in the case of national banks OR DISTRICT BANKS. The proceeds of every such sale or loan shall be utilized for the same purposes and in the same manner as other funds realized from the liquidation of the assets of such banks. The Comptroller of the Currency may, in his discretion, pay dividends

or proved claims at any time after the expiration of the period of advertisement made pursuant to section 5235 of the Revised Statutes (U.S.C., title 12, sec. 193), and no liability shall attach to the Comptroller of the Currency or to the receiver of any national bank by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment. THE CORPORATION, IN ITS DISCRETION, MAY UPON APPLICATION MAKE LOANS ON THE SECURITY OF OR MAY PURCHASE AND LIQUIDATE OR SELL ANY PART OF THE ASSETS OF AN INSURED BANK WHICH IS NOW OR MAY HEREAFTER BE CLOSED ON ACCOUNT OF INABILITY TO MEET THE DEMANDS OF ITS DEPOSITORS. IN ANY CASE WHERE THE CORPORATION IS ACTING AS RECEIVER OF SUCH INSURED BANK SUCH LOAN OR PURCHASE SHALL NOT BE MADE WITHOUT APPROVAL OF A COURT OF COMPETENT JURISDICTION.

(4) UNTIL JULY 1, 1936, WHENEVER IN THE JUDGMENT OF THE BOARD OF DIRECTORS SUCH ACTION WILL REDUCE THE RISK OR AVERT A THREATENED LOSS TO THE CORPORATION AND WILL FACILITATE A MERGER OR CONSOLIDATION, OR FACILITATE THE SALE OF THE ASSETS OF AN OPEN OR CLOSED INSURED BANK TO AND ASSUMPTION OF ITS LIABILITIES BY ANOTHER INSURED BANK, THE CORPORATION MAY, UPON SUCH TERMS AND CONDITIONS AS IT MAY DETERMINE, MAKE LOANS SECURED IN WHOLE OR IN PART BY ASSETS OF SUCH OPEN OR CLOSED INSURED BANK, WHICH LOANS MAY BE IN SUBORDINATION TO THE RIGHTS OF DEPOSITORS AND OTHER CREDITORS, OR IT MAY PURCHASE SUCH ASSETS, OR MAY GUARANTEE ANY OTHER INSURED BANK AGAINST LOSS BY REASON

OF ASSUMING THE LIABILITIES AND PURCHASING THE ASSETS OF SUCH OPEN OR CLOSED INSURED BANK. ANY INSURED NATIONAL BANK OR DISTRICT BANK OR, WITH THE APPROVAL OF THE COMPTROLLER OF THE CURRENCY, ANY RECEIVER THEREOF IS AUTHORIZED TO CONTRACT FOR SUCH SALES OR LOANS AND TO PLEDGE ANY ASSETS OF THE BANK TO SECURE SUCH LOANS.

~~(o)--The-Corporation-is-authorized-and-empowered-to-issue and-to-have-outstanding-at-any-one-time-in-an-amount-aggregating not-more-than-three-times-the-amount-of-its-capital,-its-notes, debentures,-bonds,-or-other-such-obligations,-to-be-redeemable at-the-option-of-the-Corporation-before-maturity-in-such-manner as-may-be-stipulated-in-such-obligations,-and-to-bear-such-rate or-rates-of-interest,-and-to-mature-at-such-time-or-times-as-may be-determined-by-the-Corporation:-Provided,-That-the-Corporation may-sell-on-a-discount-basis-short-term-obligations-payable-at maturity-without-interest.--The-notes,-debentures,-bonds,-and other-such-obligations-of-the-Corporation-may-be-secured-by assets-of-the-Corporation-in-such-manner-as-shall-be-prescribed by-its-board-of-directors.--Such-obligations-may-be-offered-for sale-at-such-price-or-prices-as-the-Corporation-may-determine.~~

(o)(1) THE CORPORATION IS AUTHORIZED AND EMPOWERED TO ISSUE AND TO HAVE OUTSTANDING ITS NOTES, DEBENTURES, BONDS, OR OTHER SUCH OBLIGATIONS, IN A PAR AMOUNT AGGREGATING NOT MORE THAN THREE TIMES THE AMOUNT RECEIVED BY THE CORPORATION IN PAYMENT OF ITS CAPITAL STOCK AND OF THE FIRST ANNUAL ASSESSMENTS. NOTES, DEBENTURES, BONDS, OR OTHER SUCH OBLIGATIONS ISSUED UNDER THIS SUBSECTION SHALL BE REDEEMABLE AT THE OPTION OF THE CORPORATION

BEFORE MATURITY IN SUCH MANNER AS MAY BE STIPULATED IN SUCH OBLIGATIONS, AND SHALL BEAR SUCH RATE OR RATES OF INTEREST, AND SHALL MATURE AT SUCH TIME OR TIMES AS MAY BE DETERMINED BY THE CORPORATION: PROVIDED, THAT THE CORPORATION MAY SELL ON A DISCOUNT BASIS SHORT-TERM OBLIGATIONS PAYABLE AT MATURITY WITHOUT INTEREST. THE NOTES, DEBENTURES, BONDS, AND OTHER SUCH OBLIGATIONS OF THE CORPORATION MAY BE SECURED BY ASSETS OF THE CORPORATION IN SUCH MANNER AS SHALL BE PRESCRIBED BY ITS BOARD OF DIRECTORS. SUCH OBLIGATIONS MAY BE OFFERED FOR SALE AT SUCH PRICE OR PRICES AS THE CORPORATION MAY DETERMINE.

(2) SUCH OF THE OBLIGATIONS AUTHORIZED TO BE ISSUED UNDER THIS SUBSECTION, AS THE CORPORATION, WITH THE APPROVAL OF THE SECRETARY OF THE TREASURY, MAY DETERMINE, SHALL BE FULLY AND UNCONDITIONALLY GUARANTEED, BOTH AS TO INTEREST AND PRINCIPAL, BY THE UNITED STATES AND SUCH GUARANTY SHALL BE EXPRESSED ON THE FACE THEREOF. IN THE EVENT THAT THE CORPORATION SHALL BE UNABLE TO PAY UPON DEMAND, WHEN DUE, PRINCIPAL OF OR INTEREST ON NOTES, DEBENTURES, BONDS, OR OTHER SUCH OBLIGATIONS ISSUED BY IT AND GUARANTEED BY THE UNITED STATES UNDER THIS PARAGRAPH, THE SECRETARY OF THE TREASURY SHALL PAY THE AMOUNT THEREOF, WHICH IS HEREBY AUTHORIZED TO BE APPROPRIATED OUT OF ANY MONEY IN THE TREASURY NOT OTHERWISE APPROPRIATED, AND THEREUPON, TO THE EXTENT OF THE AMOUNTS SO PAID, THE SECRETARY OF THE TREASURY SHALL SUCCEED TO ALL THE RIGHTS OF THE HOLDERS OF SUCH NOTES, DEBENTURES, OR OTHER OBLIGATIONS.

(3) THE SECRETARY OF THE TREASURY, IN HIS DISCRETION, IS AUTHORIZED TO PURCHASE ANY OBLIGATIONS OF THE CORPORATION WHICH ARE GUARANTEED BY THE UNITED STATES UNDER THIS SUBSECTION, AND FOR SUCH PURPOSE THE SECRETARY OF THE TREASURY IS AUTHORIZED TO USE AS A PUBLIC-DEBT TRANSACTION THE PROCEEDS FROM THE SALE OF ANY SECURITIES HEREAFTER ISSUED UNDER THE SECOND LIBERTY BOND ACT, AS AMENDED, AND THE PURPOSES FOR WHICH SECURITIES MAY BE ISSUED UNDER THE SECOND LIBERTY BOND ACT, AS AMENDED, ARE EXTENDED TO INCLUDE ANY PURCHASES OF THE CORPORATION'S OBLIGATIONS HEREUNDER. THE SECRETARY OF THE TREASURY MAY, AT ANY TIME, SELL ANY OF THE OBLIGATIONS OF THE CORPORATION ACQUIRED BY HIM UNDER THIS SUBSECTION. ALL REDEMPTIONS, PURCHASES, AND SALES BY THE SECRETARY OF THE TREASURY OF THE OBLIGATIONS OF THE CORPORATION SHALL BE TREATED AS PUBLIC-DEBT TRANSACTIONS OF THE UNITED STATES.

(4) THE SECRETARY OF THE TREASURY, AT THE REQUEST OF THE CORPORATION, IS AUTHORIZED TO MARKET FOR THE CORPORATION SUCH OF ITS NOTES, DEBENTURES, BONDS, AND OTHER SUCH OBLIGATIONS AS ARE GUARANTEED BY THE UNITED STATES UNDER THIS SUBSECTION, USING THEREFOR ALL THE FACILITIES OF THE TREASURY DEPARTMENT NOW AUTHORIZED BY LAW FOR THE MARKETING OF THE OBLIGATIONS OF THE UNITED STATES. THE PROCEEDS OF THE OBLIGATIONS OF THE CORPORATION SO MARKETED SHALL BE DEPOSITED IN THE SAME MANNER AS PROCEEDS DERIVED FROM THE SALE OF THE OBLIGATIONS OF THE UNITED STATES, AND THE AMOUNT THEREOF SHALL BE CREDITED TO THE CORPORATION ON THE BOOKS OF THE TREASURY.

(p) All notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its

capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal or local taxation to the same extent according to its value as other real property is taxed.

(q) In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this Act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held in the Treasury subject to delivery, upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other such obligations.

(r) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

(s) Whoever, for the purpose of obtaining any loan from the Corporation, or any extension or renewal thereof, or the acceptance, release, or substitution of security therefor, or for the purpose of inducing the Corporation to purchase any assets, OR FOR THE PURPOSE OF OBTAINING THE PAYMENT OF ANY INSURED DEPOSIT OR TRANSFERRED DEPOSIT OR THE ALLOWANCE, APPROVAL, OR PAYMENT OF ANY CLAIM, or for the purpose of

influencing in any way the Act of the Corporation under this section, makes any statement, knowing it to be false, or willfully overvalues any security, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.

(t) Whoever (1) falsely makes, forges, or counterfeits any obligation or coupon, in imitation of or purporting to be an obligation or coupon issued by the Corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation or coupon purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation or coupon issued or purporting to have been issued by the Corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

(u) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any monies, funds, securities, or other things of value, whether belonging to it or pledged, or otherwise entrusted to it, or (2) with intent to defraud theCorporation or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner or the Corporation, makes any false entry in any book,

report, or statement of or to the Corporation, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

~~(w)~~ (v) (1) No individual, association, partnership, or corporation shall use the words "Federal Deposit Insurance Corporation", or a combination of any three of these four words, as the name or a part thereof under which he or it shall do business. No individual, association, partnership, or corporation shall advertise or otherwise represent falsely by any device whatsoever that his or its deposit liabilities are insured or in anywise guaranteed by the Federal Deposit Insurance Corporation, or by the Government of the United States, or by any instrumentality thereof; and no ~~class A stockholder of the Federal Deposit Insurance Corporation~~ INSURED BANK shall advertise or otherwise represent falsely by any device whatsoever the extent to which or the manner in which its deposit liabilities are insured by the Federal Deposit Insurance Corporation. Every individual, partnership, association, or corporation violating this subsection shall be punished by a fine of not exceeding $1,000, or by imprisonment not exceeding one year or both.

~~Every insured bank shall display at each place of business maintained by it a sign or signs to the effect that its deposits are insured by the Federal Deposit Insurance Corporation. The Corporation shall prescribe by regulation the form of such sign and the manner of its display.~~

~~Such-regulation-may-impose-a-maximum-penalty-of-$100-for-each-day an-insured-bank-continues-to-viola-to-any-lawful-provisions-of-said regulation.-~~

(2) EVERY INSURED BANK SHALL DISPLAY AT EACH PLACE OF BUSINESS MAINTAINED BY IT A SIGN OR SIGNS, AND SHALL INCLUDE IN ADVERTISEMENTS RELATING TO DEPOSITS A STATEMENT TO THE EFFECT THAT ITS DEPOSITS ARE INSURED BY THE CORPORATION. THE BOARD OF DIRECTORS SHALL PRESCRIBE BY REGULATION THE FORMS OF SUCH SIGNS AND THE MANNER OF DISPLAY AND THE FORMS OF SUCH STATEMENTS AND THE MANNER OF USE. FOR EACH DAY AN INSURED BANK CONTINUES TO VIOLATE ANY PROVISION OF THIS PARAGRAPH OR ANY LAWFUL PROVISION OF SAID REGULATIONS, IT MAY BE SUBJECT TO A PENALTY OF $100, RECOVERABLE BY THE CORPORATION FOR ITS USE.

(3) NO INSURED BANK SHALL PAY ANY DIVIDENDS ON ITS CAPITAL STOCK OR INTEREST ON ITS CAPITAL NOTES OR DEBENTURES (IF SUCH INTEREST IS REQUIRED TO BE PAID ONLY OUT OF NET PROFITS) WHILE IT REMAINS IN DEFAULT IN THE PAYMENT OF ANY ASSESSMENT DUE TO THE CORPORATION: PROVIDED, THAT IF SUCH DEFAULT IS DUE TO A DISPUTE BETWEEN THE INSURED BANK AND THE CORPORATION OVER SUCH ASSESSMENT, THIS PARAGRAPH SHALL NOT APPLY, IF SUCH BANK SHALL DEPOSIT SECURITY SATISFACTORY TO THE CORPORATION FOR PAYMENT UPON FINAL DETERMINATION OF THE ISSUE.

(4) UNLESS, IN ADDITION TO COMPLIANCE WITH OTHER PROVISIONS OF LAW, IT SHALL HAVE THE PRIOR WRITTEN CONSENT OF THE CORPORATION, NO INSURED BANK SHALL ENTER INTO ANY CONSOLIDATION OR MERGER WITH ANY

NONINSURED BANK, OR ASSUME LIABILITY TO PAY ANY DEPOSITS MADE IN ANY NONINSURED BANK, OR TRANSFER ASSETS TO ANY NONINSURED BANK IN CONSIDERATION OF THE ASSUMPTION OF LIABILITY FOR ANY PORTION OF THE DEPOSITS MADE IN SUCH INSURED BANK, AND NO INSURED STATE NONMEMBER BANK (EXCEPT A DISTRICT BANK) WITHOUT SUCH CONSENT SHALL REDUCE THE AMOUNT OR RETIRE ANY PART OF ITS COMMON OR PREFERRED CAPITAL STOCK, OR RETIRE ANY PART OF ITS CAPITAL NOTES OR DEBENTURES.

(5) THE CORPORATION MAY REQUIRE ANY INSURED BANK TO PROVIDE PROTECTION AND INDEMNITY AGAINST BURGLARY, DEFALCATION, AND OTHER SIMILAR INSURABLE LOSSES. WHENEVER ANY INSURED BANK REFUSES TO COMPLY WITH ANY SUCH REQUIREMENT, THE CORPORATION MAY CONTRACT FOR SUCH PROTECTION AND INDEMNITY AND ADD THE COST THEREOF TO THE ASSESSMENT OTHERWISE PAYABLE BY SUCH BANK.

(6) WHENEVER AN INSURED BANK, EXCEPT A NATIONAL BANK OR DISTRICT BANK, FOR A PERIOD OF ONE HUNDRED AND TWENTY DAYS AFTER WRITTEN NOTICE OF THE RECOMMENDATIONS OF THE CORPORATION, BASED ON A REPORT OF EXAMINATION OF SUCH BANK BY AN EXAMINER OF THE CORPORATION, SHALL FAIL TO COMPLY WITH SUCH RECOMMENDATIONS, THE CORPORATION SHALL HAVE THE POWER, AND IS HEREBY AUTHORIZED, TO PUBLISH ANY PART OF SUCH REPORT OF EXAMINATION IN SUCH MANNER AS IT MAY DETERMINE: PROVIDED, THAT SUCH NOTICE OF INTENTION TO MAKE SUCH PUBLICATION SHALL BE GIVEN AT THE TIME SUCH RECOMMENDATIONS ARE MADE, OR AT ANY TIME THEREAFTER AND AT LEAST NINETY DAYS BEFORE SUCH PUBLICATION.

(7) THE BOARD OF DIRECTORS SHALL BY REGULATION PROHIBIT THE PAYMENT OF INTEREST ON DEMAND DEPOSITS IN INSURED NONMEMBER BANKS AND FOR SUCH PURPOSE MAY DEFINE THE TERMS "DEMAND DEPOSITS", PROVIDED SUCH EXCEPTIONS FROM SAID PROHIBITION SHALL BE MADE AS ARE NOW OR MAY HEREAFTER BE PRESCRIBED WITH RESPECT TO DEPOSITS PAYABLE ON DEMAND IN MEMBER BANKS BY SECTION 19 OF THIS ACT, AS AMENDED, OR BY REGULATION OF THE FEDERAL RESERVE BOARD. FROM TIME TO TIME THE BOARD OF DIRECTORS SHALL LIMIT BY REGULATION THE RATES OF INTEREST OR DIVIDENDS PAYABLE BY INSURED NONMEMBER BANKS ON DEPOSITS OTHER THAN DEMAND DEPOSITS, PROVIDED SUCH REGULATIONS SHALL BE CONSISTENT WITH THE CONTRACTUAL OBLIGATIONS OF SUCH BANKS TO THEIR DEPOSITORS. FOR THE PURPOSE OF FIXING RATES THE BOARD OF DIRECTORS MAY CLASSIFY DEPOSITS ACCORDING TO MATURITIES, CONDITIONS RESPECTING RECEIPT, WITHDRAWAL, OR REPAYMENT, AND MAY CLASSIFY BANKS ACCORDING TO LOCATIONS OR KINDS OF BANKING BUSINESS CHIEFLY DONE AS IT MAY DEEM NECESSARY IN THE PUBLIC INTEREST. IT MAY PRESCRIBE DIFFERENT RATES FOR DIFFERENT CLASSES OF DEPOSITS OR DIFFERENT CLASSES OF BANKS, PROVIDED SUCH DIFFERENT RATES ARE REASONABLE WHEN THE BASES FOR THE CLASSIFICATIONS ARE CONSIDERED. THE BOARD OF DIRECTORS BY REGULATIONS SHALL DEFINE WHAT CONSTITUTES SAVINGS DEPOSITS IN AN INSURED NONMEMBER BANK. SUCH REGULATIONS SHALL PROHIBIT INSURED NONMEMBER BANKS FROM PAYING DEPOSITS PRIOR TO MATURITY AND FROM WAIVING ANY NOTICE REQUIREMENT WITH RESPECT TO WITHDRAWAL OF DE-

POSITS: PROVIDED, THAT EXCEPTIONS MAY BE PRESCRIBED WHERE BY REASON OF SPECIAL CIRCUMSTANCES THE PROHIBITIONS RESPECTING WITHDRAWAL WOULD CAUSE UNNECESSARY HARDSHIP TO DEPOSITORS AND PROVIDED THE PROHIBITIONS RESPECTING WITHDRAWAL SHALL NOT APPLY TO SAVINGS DEPOSITS. FOR EACH VIOLATION OF ANY PROVISION OF THIS PARAGRAPH OR ANY LAWFUL PROVISION OF THE CORPORATION'S REGULATIONS RELATING TO PAYING INTEREST OR DIVIDENDS ON DEPOSITS OR TO WITHDRAWAL OF DEPOSITS THE OFFENDING BANK SHALL BE SUBJECT TO A PENALTY OF $100, RECOVERABLE BY THE CORPORATION FOR ITS USE.

(w) The provisions of sections112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, ch. 5, secs. 202 to 207, inclusive), in so far as applicable, are extended to apply to contracts or agreements with the Corporation under this section, which for the purposes hereof shall be held to include loans, advances, extensions, and renewals thereof, and acceptances, releases, and substitutions of security therefor, purchases or sales of assets, and all contracts and agreements pertaining to the same.

(x) The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

~~(y) The Corporation shall open on its books a temporary Federal deposit insurance fund (hereinafter referred to as the "fund"), which~~

shall become operative on January 1, 1934, unless the President shall by proclamation fix an earlier date, and it shall be the duty of the Corporation to insure deposits as hereinafter provided until July 1, 1935.

Each member bank licensed before January 1, 1934, by the Secretary of the Treasury pursuant to the authority vested in him by the Executive order of the President issued March 10, 1933, shall, on or before January 1, 1934, become a member of the fund, each member bank so licensed after such date, and each State bank trust company or mutual savings bank (referred to in this subsection as "State bank", which term shall also include all banking institutions located in the District of Columbia and the Territories of Hawaii and Alaska) which becomes a member of the Federal Reserve System on or after such date, shall, upon being so licensed or so admitted to membership, become a member of the fund, and any State bank which is not a member of the Federal Reserve System, with the approval of the authority having supervision of such State bank and certification to the Corporation by such authority that such State bank is in solvent condition, shall, after examination by, and with the approval of, the Corporation, be entitled to become a member of the fund and to the privileges of this subsection upon agreeing to comply with the requirements thereof and upon paying to the Corporation an amount equal to the amount that would be required of it un-

der this subsection if it were a member bank. The Corporation is authorized to prescribe rules and regulations for the further examination of such State bank, and to fix the compensation of examiners employed to make examinations of State banks.

Each member of the fund shall file with the Corporation on or before the date of its admission a certified statement under oath showing, as of the fifteenth day of the month preceding the month in which it was so admitted, the number of its depositors and the total amount of its deposits which are eligible for insurance under this subsection, and shall pay to the Corporation an amount equal to one half of 1 per centum of the total amount of the deposits so certified. One half of such payment shall be paid in full at the time of the admission of such member to the fund, and the remainder of such payment shall be subject to call from time to time by the board of directors of the Corporation. Within a reasonable time fixed by the Corporation each such member shall file a similar statement showing, as of October 1, 1934, the number of its depositors and the total amount of its deposits which are eligible for such insurance and shall pay to the Corporation in the same manner an amount equal to one half of 1 per centum of the increase, if any, in the total amount of such deposits since the date covered by the statement filed upon its admission to membership in the fund.

If at any time prior to July 1, 1935, the Corporation requires additional funds with which to meet its obligations under this sub-

section, each member of the fund shall be subject to one additional assessment only in an amount not exceeding the total amount theretofore paid to the Corporation by such member.

On and after July 1, 1934, the amount eligible for insurance under this subsection for the purposes of the October 1, 1934 certified statement, any entrance assessment, and, if levied, the additional assessment, shall be the amounts not in excess of $5,000 of the deposits of each depositor.

Each mutual savings bank, unless it becomes subject to the provisions of the preceding paragraph in the manner hereinafter provided, shall be excepted from the operation of the preceding paragraph and for each such bank which is so excepted the amount eligible for insurance under this subsection for the purposes of the October 1, 1934, certified statement, any entrance assessment, and, if levied, the additional assessment, shall be the amounts not in excess of $2,500 for the deposits of each depositor. In the event any mutual savings banks shall be closed on account of inability to meet its deposit liabilities the Corporation shall pay not more than $2,500 on account of the net approved claim of any owner of deposits in such bank: Provided, however, That should any mutual savings bank make manifest to the Corporation its election to be subject to the provisions of the preceding paragraph the Corpora may, in the discretion of the board of directors, permit such bank to become so subject and the insurance of its deposits to continue on the same basis and to the same extent as that of fund members other than mutual savings banks.

The Corporation, in the discretion of the board of directors, may

open on its books solely for the benefit of mutual savings banks an additional temporary Federal deposit insurance fund (hereinafter referred to as the "fund for mutuals") which, if opened, shall become operative on or after July 1, 1934, but prior to August 1, 1934, and shall continue to July 1, 1935. If the fund for mutuals is opened on the books of the Corporation, each mutual savings bank which is or becomes entitled to the benefits of insurance during the period of its operation shall be a member thereof and shall not be a fund member. All assessments on each mutual savings bank, including payments heretofore made to the Corporation less an equitable deduction for liabilities and expenses of the fund incurred prior to the opening of the fund for mutuals, if opened, shall be transferred or paid, as the case may be, to the fund for mutuals. All provisions of this section applicable to the Fund and not inconsistent with this paragraph shall be applicable to the fund for mutuals if opened, except that as to any period the two are in operation the fund shall not be subject to the liabilities of the fund for mutuals and the fund for mutuals shall not be subject to the liabilities of the fund. Each mutual savings bank admitted to the fund shall bear its equitable share of the liabilities of the fund for the period it is a member thereof, including expenses of operation and allowing for anticipated recoveries.

If any member of the fund shall be closed on or before June 30, 1935, on account of inability to meet its deposit liabilities, the Corporation shall proceed in accordance with the provisions of subsection (1) of this section to pay the insured deposit liabilities of each member except that the Corporation shall pay not more than $2,500 on

account of the not approved claim of the owner of any deposit, if the member closed on or before June 30, 1934, and not more than $5,000 if closed on or after July 1, 1934. The provisions of such subsection (1) relating to State member banks shall be extended for the purposes of this subsection to members of the fund which are not members of the Federal Reserve System, and the provisions of such subsection (1) relating to the appointment of the Corporation as receiver shall be applicable to all members of the fund. The provisions of this subsection shall apply only to deposits of members of the fund which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business.

Before July 1, 1935, the Corporation shall make an estimate of the balance, if any, which will remain in the fund after providing for all liabilities of the fund, including expenses of operation thereof under this subsection and allowing for anticipated recoveries. The Corporation shall refund such estimated balance, on such basis as the Corporation shall find to be equitable, to the members of the fund other than those which have been closed prior to July 1, 1935. The Corporation shall prescribe by regulations the manner of exercise of the right of nonmember banks to withdraw from membership in the fund on July 1, 1934, except that no bank shall be permitted to withdraw unless ten days prior thereto it has given written notice to the Corporation of its election so to do. Banks which withdrew from the fund on July 1, 1934, shall be entitled to a refund of their proportion to share of any estimated balance in the fund on the same basis as if the fund had terminated on July 1, 1934.

~~Each State bank which is a member of the fund, in order to obtain the benefits of this section after July 1, 1935, shall, on or before such date, subscribe and pay for the same amount of Class A stock of the Corporation as it would be required to subscribe and pay for upon becoming a member bank, or if such State bank is not permitted by the laws under which it was organized to purchase such stock, it shall deposit with the Corporation an amount equal to the amount it would have been required to pay in on account of a subscription to such stock, and thereafter such State bank shall be entitled to such benefits until July 1, 1937.~~

~~Until July 1, 1937, any State bank may obtain the benefits of this section on and after the date the Fund is terminated upon the conditions with regard to examination, certification, and approval governing the admission of State banks to the Fund and upon purchasing such Class A stock or making such a deposit as is prescribed in the preceding paragraph for former fund members.~~

(y)(1) FOR THE PURPOSES OF THIS SECTION, AND NOTWITHSTANDING ANY OTHER PROVISION THEREOF, ANY UNINCORPORATED BANK WHICH CONTINUES TO BE AN INSURED BANK WITHOUT APPLICATION OR APPROVAL UNDER THE PROVISIONS OF PARAGRAPH (1) of SUBSECTION (f) OF THIS SECTION SHALL BE INCLUDED IN THE TERM "STATE BANK" AND "STATE NONMEMBER BANK".

(2) It is not the purpose of this section to discriminate, in any manner, against State nonmember, and in favor of, national or member banks; but the purpose is to provide all banks with the same opportunity

to obtain and enjoy the benefits of this section. No bank shall be discriminated against because its capital stock is less than the amount required for eligibility for admission into the Federal Reserve System.

TITLE II. FEDERAL RESERVE AMENDMENTS

(The changes made by this title are in various sections of the Federal Reserve Act.)

Section 201(a) of the bill amends section 4 of the Federal Reserve Act.

Sec. 4. - - - - - -

Class C directors shall be appointed by the Federal Reserve Board. They shall have been for at least two years residents of the ~~district~~ DISTRICTS for which they are appointed, ~~one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as "Federal reserve agent." He shall be a person of tested banking experience, and in addition to his duties as chairman of the board of directors of the Federal reserve bank he shall be required to maintain, under regulations to be established by the Federal Reserve Board, a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal Reserve Board and shall act as its official representative for the performance of the functions conferred upon it by this act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated.~~ EXCEPT THAT THIS REQUIREMENT SHALL NOT APPLY TO THE GOVERNOR AND VICE GOVERNOR OF THE BANK. EACH CLASS C DIRECTOR SHALL HOLD OFFICE FOR A TERM OF THREE YEARS EXCEPT THAT THE GOVERNOR'S TERM AS A CLASS C DIRECTOR SHALL EXPIRE WHEN HE CEASES TO BE GOVERNOR OF THE BANK AND, IF THE VICE GOVERNOR BE DESIGNATED AS A CLASS C DIRECTOR, HIS TERM AS

A CLASS C DIRECTOR SHALL EXPIRE WHEN HE CEASES TO BE VICE GOVERNOR. One of the directors of class C shall be appointed by the Federal Reserve Board as deputy chairman to exercise the powers of the chairman of the board when necessary. In THE case of the absence of the chairman and deputy chairman, the third class C director shall preside at meetings of the Board.

~~Subject-to-the-approval-of-the-Federal-Reserve-Board-the-Federal reserve-agent-shall-appoint-one-or-more-assistants.--Such-assistants, who-shall-be-persons-of-tested-banking-experience,-shall-assist-the Federal-reserve-agent-in-the-performance-of-his-duties-and-shall-also have-power-to-act-in-his-name-and-stead-during-his-absence-or-disability.--The-Federal-Reserve-Board-shall-require-such-bonds-of-the assistant-Federal-reserve-agents-as-it-may-deem-necessary-for-the-protection-of-the-United-States.--Assistants-to-the-Federal-reserve-agent shall-receive-an-annual-compensation,-to-be-fixed-and-paid-in-the-same manner-as-that-of-the-Federal-reserve-agent.~~

EFFECTIVE NINETY DAYS AFTER THE ENACTMENT OF THE BANKING ACT OF 1935, THE OFFICES OF GOVERNOR AND CHAIRMAN OF THE BOARD OF DIRECTORS OF EACH FEDERAL RESERVE BANK SHALL BE COMBINED. THE GOVERNOR SHALL BE THE CHIEF EXECUTIVE OFFICER OF THE BANK AND SHALL BE APPOINTED ANNUALLY BY THE BOARD OF DIRECTORS. 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. HE SHALL BE EX OFFICIO CHAIRMAN OF THE BOARD OF DIRECTORS AND CHAIRMAN OF THE EXECUTIVE COMMITTEE; AND ALL OTHER OFFICERS AND EMPLOYEES OF THE BANK SHALL BE DIRECTLY RESPONSIBLE TO HIM. FOR EACH FEDERAL RESERVE BANK THERE SHALL BE APPOINTED ANNUALLY IN THE SAME MANNER AS THE GOVERNOR A VICE GOVERNOR, WHO SHALL, IN THE ABSENCE OR DISABILITY OF THE GOVERNOR OR DURING A VACANCY IN THE OFFICE OF GOVERNOR, SERVE AS THE CHIEF EXECUTIVE OFFICER OF THE BANK AND ACT AS CHAIRMAN OF THE EXECUTIVE COMMITTEE OF THE BANK. HIS APPOINTMENT AND REAPPOINTMENT SHALL BE SUBJECT TO APPROVAL BY THE FEDERAL RESERVE BOARD IN THE SAME MANNER AS THAT OF THE GOVERNOR. HE MAY BE APPOINTED BY THE FEDERAL RESERVE BOARD AS A CLASS C DIRECTOR OF THE BANK AND IN SUCH CASE MAY BE APPOINTED AS DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS. WHENEVER A VACANCY SHALL OCCUR IN THE OFFICE OF THE GOVERNOR OR VICE GOVERNOR OF A FEDERAL RESERVE BANK, IT SHALL BE FILLED IN THE MANNER PROVIDED FOR ORIGINAL APPOINTMENTS; AND THE PERSON SO APPOINTED SHALL HOLD OFFICE UNTIL THE EXPIRATION OF THE TERM OF HIS PREDECESSOR.

EFFECTIVE NINETY DAYS AFTER THE ENACTMENT OF THE BANKING ACT OF 1935, ANY FEDERAL RESERVE AGENT WHO SHALL NOT HAVE BEEN APPOINTED

GOVERNOR OF THE BANK SHALL CEASE TO BE A CLASS C DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS. 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 SHALL DESIGNATE.

NO MEMBER OF THE BOARD OF DIRECTORS OF A FEDERAL RESERVE BANK, OTHER THAN THE GOVERNOR AND VICE GOVERNOR, SHALL SERVE AS A DIRECTOR FOR MORE THAN TWO CONSECUTIVE TERMS OF THREE YEARS EACH, BUT NOTHING IN THIS PARAGRAPH SHALL PREVENT THE PRESENT INCUMBENTS FROM SERVING OUT THE REMAINDERS OF THEIR PRESENT TERMS.

* * * * *

Section 201(b) of the bill amends the last paragraph of section 4 of the Federal Reserve Act.

Sec. 4. * * *

* * * Thereafter ~~every~~ EACH director of ~~a-Federal-Reserve-bank~~ CLASS A AND EACH DIRECTOR OF CLASS B chosen as hereinbefore provided shall hold office for a term of three years. * * *

Section 201(c) of the bill amends the paragraph of such section 4 which commences with the words "such board of directors shall be selected".

Sec. 4. * * * *

Such board ~~of~~ directors shall be selected as hereinafter specified and shall consist of nine members, ~~holding-office-for-three-years,~~ ~~and~~ divided into three classes, designated as classes "A", "B", and "C".

Section 202 of the bill amends section 9 of the Federal Reserve Act by inserting a new paragraph after the tenth paragraph thereof.

Sec. 9. * * * * *

No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the National Bank Act, as amended: Provided, That this paragraph shall not apply to State banks and trust companies organized prior to the date of this paragraph as amended takes effect and situated in a place the population of which does not exceed three thousand inhabitants and having a capital of not less than $25,000, nor to any State bank or trust company which is so situated and which, while it is entitled to the benefits of insurance under section 12B of this Act, increases its capital to not less than $25,000.

UPON APPLICATION TO THE FEDERAL RESERVE BOARD 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.

* * * * * * *

Section 203 (1) of the bill amends the first paragraph of section 10 of the Federal Reserve Act.

Sec. 10. *** In selecting the six appointive members of the Federal Reserve Board, THE PRESIDENT SHALL CHOOSE PERSONS WELL QUALIFIED BY EDUCATION OR EXPERIENCE OR BOTH TO PARTICIPATE IN THE FORMULATION OF NATIONAL ECONOMIC AND MONETARY POLICIES. Not more than one of whom THE APPOINTIVE MEMBERS shall be selected from any one Federal reserve district, EXCEPT THAT THIS LIMITATION SHALL NOT APPLY TO THE SELECTION OF THE GOVERNOR. ~~the President shall have due regard to a fair representation of the financial, agricultural, industrial and commercial interests, and geographical divisions of the country.~~

* * * * * * * *

Section 203(2) of the bill amends the second paragraph of section 10 of the Federal Reserve Act.

Sec. 10. * * * * *

* * * Upon the expiration of the term of any appointive member of the Federal Reserve Board in office when this paragraph as amended takes effect, the President shall fix the term of the successor to such member at not to exceed twelve years, as designated by the President at the time of nomination, but in such manner as to provide for

the expiration of the term of not more than one appointive member in any two-year period, and thereafter each appointive member shall hold office for a term of twelve years from the expiration of the term of his predecessor. Of the six ~~persons thus appointed~~, APPOINTIVE MEMBERS OF THE BOARD one shall be designated by the President as Governor and one as Vice Governor of the Federal Reserve Board., TO SERVE AS SUCH UNTIL THE FURTHER ORDER OF THE PRESIDENT, AND THE PROVISIONS OF THE NEXT PRECEDING SENTENCE OF THIS PARAGRAPH SHALL NOT APPLY TO THE MEMBER DESIGNATED AS GOVERNOR. IF THE GOVERNOR'S DESIGNATION AS SUCH BE TERMINATED, HE MAY CONTINUE TO SERVE AS A MEMBER OF THE BOARD FOR THE REMAINDER OF HIS TERM AS SUCH; BUT, IF HE RESIGN WITHIN NINETY DAYS FROM THE DATE OF THE TERMINATION OF HIS DESIGNATION AS GOVERNOR, HE SHALL NOT BE SUBJECT THEREAFTER TO ANY RESTRICTION OF THIS SECTION WITH RESPECT TO HOLDING ANY OFFICE, POSITION, OR EMPLOYMENT IN ANY MEMBER BANK. The governor of the Federal Reserve Board, subject to its supervision, shall be its active executive officer. * * *

* * * * *

Section 203(3) of the bill adds a new sentence at the end of the second paragraph of section 10 of the Federal Reserve Act.

Sec. 10. * * * * *

* * * 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.

Section 204(a) of the bill amends section 11(i) of the Federal Reserve Act.

Sec. 11. The Federal Reserve Board shall be authorized and empowered:

* * * * *

(i) To require bonds of Federal reserve agents, to make regulations for the safeguarding of all collateral, bonds, Federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions, or services specified in this Act, and make all rules and regulations necessary to enable said board effectively to perform the same. THE BOARD MAY ASSIGN TO DESIGNATED MEMBERS OF THE BOARD OR OFFICERS OR REPRESENTATIVES OF THE BOARD, UNDER RULES AND REGULATIONS PRESCRIBED BY THE BOARD, THE PERFORMANCE OF ANY OF ITS DUTIES, FUNCTIONS, OR SERVICES; BUT ANY SUCH ASSIGNMENT SHALL NOT INCLUDE THE DETERMINATION OF ANY NATIONAL OR SYSTEM POLICY OR ANY POWER TO MAKE RULES AND REGULATIONS OR ANY POWER WHICH UNDER THE TERMS OF THIS ACT IS REQUIRED TO BE EXERCISED BY A SPECIFIED NUMBER OF MEMBERS OF THE BOARD.

Section 204(b) of the bill adds a new subsection at the end of section 11 of the Federal Reserve Act.

Sec. 11. * * * * *

(o) 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.

Section 205 of the bill, effective 90 days after its enactment, amends section 12A of the Federal Reserve Act.

~~Sec. 12A. (a) There is hereby created a Federal Open Market Committee (hereinafter referred to as the "committee"), which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select one member of said committee. The meetings of said committee shall be held at Washington, District of Columbia, at least four times each year, upon the call of the governor of the Federal Reserve Board or at the request of any three members of the committee, and, in the discretion of the Board, may be attended by the members of the Board.~~

~~(b) No Federal reserve bank shall engage in open market operations under section 14 of this Act except in accordance with regulations adopted by the Federal Reserve Board. The Board shall consider, adopt, and transmit to the committee and to the several Federal reserve banks regulations relating to the open market transactions of such banks and the relations of the Federal Reserve System with foreign central or other foreign banks.~~

~~(c) The time, character, and volume of all purchases and sales of paper described in section 14 of this Act as eligible for open market operations shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country.~~

~~(d) If any Federal reserve bank shall decide not to participate in open market operations recommended and approved as provided in paragraph (b) hereof, it shall file with the chairman of the committee within thirty days a notice of its decision, and transmit a copy thereof to the Federal Reserve Board.~~

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 TERM 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 COMMITTEE SHALL ALSO AID IN THE EXECUTION OF OPEN-MARKET POLICIES ADOPTED FROM TIME TO TIME BY THE FEDERAL RESERVE BOARD AND SHALL PER-

FORM 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.

Section 206 of the bill adds a new paragraph at the end of section 13 of the Federal Reserve Act.

Sec. 13. * * * * *

NOTWITHSTANDING ANY OTHER PROVISION OF LAW, UPON THE ENDORSEMENT OF ANY MEMBER BANK, WHICH SHALL BE DEEMED A WAIVER OF DEMAND, NOTICE AND PROTEST AS TO ITS OWN ENDORSEMENT EXCLUSIVELY, AND SUBJECT TO SUCH REGULATIONS AS TO MATURITIES AND OTHER MATTERS AS THE FEDERAL RESERVE BOARD MAY PRESCRIBE, ANY FEDERAL RESERVE BANK MAY DISCOUNT ANY COMMERCIAL, AGRICULTURAL OR INDUSTRIAL PAPER AND MAY MAKE ADVANCES TO ANY SUCH MEMBER BANK ON ITS PROMISSORY NOTES SECURED BY ANY SOUND ASSETS OF SUCH MEMBER BANK.

Section 207 of the bill amends section 14(b) of the Federal Reserve Act.

Sec. 14 * * * * *

Every Federal Reserve Bank shall have power:

* * * * *

(b) To buy and sell, at home or abroad, bonds and notes of the United States, bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding six months, bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding six months, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any

State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board; PROVIDED, THAT ANY BONDS, NOTES, OR OTHER OBLIGATIONS WHICH ARE DIRECT OBLIGATIONS OF THE UNITED STATES OR WHICH ARE FULLY GUARANTEED BY THE UNITED STATES AS TO PRINCIPAL AND INTEREST MAY BE BOUGHT AND SOLD WITHOUT REGARD TO MATURITIES.

Section 208(1) of the bill amends section 16 of the Federal Reserve Act.

Sec. 16. ~~Federal-Reserve-notes,-to-be-issued-at-the-discretion-of-the-Federal-Reserve-Board-for-the-purpose-of-making-advances-to-Federal-Reserve-banks-through-the-Federal-Reserve-agents-as-hereinafter-set-forth-and-for-no-other-purpose,-are-hereby-authorized.--The-said-notes-shall-be-obligations-of-the-United-States-and-shall-be-receivable-by-all-national-and-member-banks-and-Federal-reserve-banks-and-for-all-taxes,-customs,-and-other-public-dues.--They-shall-be-redeemed-in-lawful-money-on-demand-at-the-Treasury-Department-of-the-United-States,-in-the-city-of-Washington,-District-of-Columbia,-or-at-any-Federal-Reserve-bank.~~

EACH FEDERAL RESERVE BANK MAY ISSUE FEDERAL RESERVE NOTES, WHICH SHALL BE OBLIGATIONS OF THE UNITED STATES, SECURED BY A FIRST AND PARAMOUNT LIEN ON ALL OF THE ASSETS OF SUCH BANK. FEDERAL RESERVE

NOTES SHALL BE ISSUED AND RETIRED BY FEDERAL RESERVE BANKS UNDER SUCH RULES AND REGULATIONS AS THE FEDERAL RESERVE BOARD MAY PRESCRIBE AND SHALL BE LEGAL TENDER FOR ALL PURPOSES.

Any Federal Reserve bank may make application to the local Federal Reserve agent for such amount of the Federal Reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal Reserve agent of collateral in amount equal to the sum of the Federal Reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section 13 of this Act, or bills of exchange indorsed by a member bank of any Federal Reserve district and purchased under the provisions of section 14 of this Act, or bankers' acceptances purchased under the provisions of said section 14, or gold certificates. Provided, however, That until March 3, 1935, or until the expiration of such additional period not exceeding two years as the President may prescribe, the Federal Reserve Board may, should it deem it in the public interest, upon the affirmative vote of not less than a majority of its members, authorize the Federal Reserve banks to offer, and the Federal agents to accept, as such collateral security, direct obligations of the United States. On such date or upon the expiration of such period so prescribed by the President, or sooner should the Federal Reserve Board so decide, such authorization shall terminate and such obligations of the United States be retired as security for Federal Reserve notes. In no event shall such col-

~~lateral-security-be-less-than-the-amount-of-Federal-Reserve-notes applied-for.--The-Federal-Reserve-agent-shall-each-day-notify-the Federal-Reserve-Board-of-all-issues-and-withdrawals-of-Federal-Reserve-notes-to-and-by-the-Federal-Reserve-bank-to-which-he-is-accredited.--The-said-Federal-Reserve-Board-may-at-any-time-call-upon a-Federal-Reserve-bank-for-additional-security-to-protect-the-Federal-Reserve-notes-issued-to-it.~~

Every Federal Reserve bank shall maintain reserves in ~~gold certificates-or~~ lawful money (OTHER THAN FEDERAL RESERVE NOTES OR FEDERAL RESERVE BANK NOTES) of not less than 35 per centum against its deposits and reserves in gold certificates of not less than 40 per centum against its Federal Reserve notes in actual circulation. ~~Provided,-however,-That-when-the-Federal-Reserve-agent-holds-gold certificates-as-collateral-for-Federal-Reserve-notes-issued-to-the bank-such-gold-certificates-shall-be-counted-as-part-of-the-reserve which-such-bank-is-required-to-maintain-against-its-Federal-Reserve notes-in-actual-circulation.--Notes-so-paid-out-shall-bear-upon-their faces-a-distinctive-letter-and-serial-number-which-shall-be-assigned by-the-Federal-Reserve-Board-to-each-Federal-Reserve-bank.~~ EACH FEDERAL RESERVE NOTE SHALL BEAR UPON ITS FACE A DISTINCTIVE LETTER, WHICH SHALL BE ASSIGNED BY THE FEDERAL RESERVE BOARD TO EACH FEDERAL RESERVE BANK, AND ALSO A SERIAL NUMBER. ~~Whenever-Federal-Reserve-notes-issued-through-one-Federal-Reserve-bank-shall-be-received-by another-Federal-reserve-bank,-they-shall-be-promptly-returned-for~~

credit or redemption to the Federal Reserve bank through which they were originally issued or, upon direction of such Federal Reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal Reserve Bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal Reserve banks through which they were originally issued, and thereupon such Federal Reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal Reserve notes have been redeemed by the Treasurer in gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold certificates, and such Federal Reserve bank shall, so long as any of its Federal Reserve notes remain outstanding, maintain with the Treasurer in gold certificates an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal Reserve notes received by the Treasurer otherwise than for redemption may be exchanged for gold certificates out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. *Federal Reserve

*Similar provision added at end of section.

notes unfit for circulation shall be returned by the Federal Reserve agents to the Comptroller of the Currency for cancellation and destruction.

The Federal Reserve Board shall require each Federal Reserve bank to maintain on deposit in the Treasury of the United States a sum in gold certificates sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal Reserve notes issued to such bank, but in no event less than five per centum of the total amount of notes issued less the amount of gold certificates held by the Federal Reserve agent as collateral security, but such deposit of gold certificates shall be counted and included as part of the forty per centum reserve hereinbefore required. The Board shall have the right, acting through the Federal Reserve agent, to grant in whole or in part, or to reject entirely the application of any Federal Reserve bank for Federal Reserve notes, but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal Reserve agent, supply Federal Reserve notes to the banks so applying, and such bank shall be charged with the amount of notes issued to it and shall pay such rate of interest as may be established by the Federal Reserve Board on only that amount of such notes which equals the total amount of its outstanding Federal Reserve notes less the amount of gold certificates held by the Federal Reserve agent as collateral security. Federal Reserve notes issued to any such bank shall, upon delivery, together

with-such-notes-of-such-Federal-Reserve-bank-as-may-be-issued-under section-eighteen-of-this-Act-upon-security-of-United-States-two-per centum-Government-bonds,-become-a-first-and-paramount-lien-on-all-the assets-of-such-bank.

Any-Federal-Reserve-bank-may-at-any-time-reduce-its-liability for-outstanding-Federal-Reserve-notes-by-depositing-with-the-Federal Reserve-agent-its-Federal-Reserve-notes,-gold-certificates,-or-lawful money-of-the-United-States.--Federal-Reserve-notes-so-deposited-shall not-be-reissued,-except-upon-compliance-with-the-conditions--of-an original-issue.

The-Federal-Reserve-agent-shall-hold-such-gold-certificates, or-lawful-money-available-exclusively-for-exchange-for-the-outstanding Federal-Reserve-notes-when-offered-by-the-Reserve-bank-of-which-he-is-a director.--Upon-the-request-of-the-Secretary-of-the-Treasury-the-Federal Reserve-Board-shall-require-the-Federal-Reserve-agent-to-transmit-to-the Treasurer-of-the-United-States-so-much-of-the-gold-certificates-held-by him-as-collateral-security-for-Federal-Reserve-notes-as-may-be-required for-the-exclusive-purpose-of-the-redemption-of-such-Federal-Reserve notes,-but-such-gold-certificates-when-deposited-with-the-Treasurer shall-be-counted-and-considered-as-if-collateral-security-on-deposit with-the-Federal-Reserve-agent.

Any-Federal-reserve-bank-may-at-its-discretion-withdraw-collateral deposited-with-the-local-Federal-reserve-agent-for-the-protection-of its-Federal-reserve-notes-issued-to-it-and-shall-at-the-same-time-substitute-therefor-other-collateral-of-equal-amount-with-the-approval-of the-Federal-reserve-agent-under-regulations-to-be-prescribed-by-the Federal-Reserve-Board.--Any-Federal-reserve-bank-may-retire-any-of-its

~~Federal-reserve-notes-by-depositing-them-with-the-Federal-reserve-agent--or-with-the-Treasurer-of-the-United-States,-and-such-Federal-reserve bank-shall-thereupon-be-entitled-to-receive-back-the-collateral-deposited with-the-Federal-reserve-agent-for-the-security-of-such-notes.--Federal reserve-banks-shall-not-be-required-to-maintain-the-reserve-or-the-redemption-fund-heretofore-provided-for-against-Federal-reserve-notes-which have-been-retired.--Federal-reserve-notes-so-deposited-shall-not-be-reissued-except-upon-compliance-with-the-conditions-of-an-original-issue.~~

~~All-Federal-reserve-notes-and-all-gold-certificates-and-lawful money-issued-to-or-deposited-with-any-Federal-reserve-agent-under-the provisions-of-the-Federal-Reserve-Act-shall-hereafter-be-held-for-such agent,-under-such-rules-and-regulations-as-the-Federal-Reserve-Board-may prescribe,-in-the-joint-custody-of-himself-and-the-Federal-reserve-bank to-which-he-is-accredited.--Such-agent-and-such-Federal-reserve-bank shall-be-jointly-liable-for-the-safe-keeping-of-such-Federal-reserve-notes, gold-certificates,-and-lawful-money.--Nothing-herein-contained,-however, shall-be-construed-to-prohibit-a-Federal-reserve-agent-from-depositing--- gold-certificates-with-the-Federal-Reserve-Board,-to-be-held-by-such---- Board-subject-to-his-order,-or-with-the-Treasurer-of-the-United-States for-the-purposes-authorized-by-law.~~

WHEN RECEIVED BY THE TREASURER OF THE UNITED STATES FROM A SOURCE OTHER THAN A FEDERAL RESERVE BANK, FEDERAL RESERVE NOTES UNFIT FOR FURTHER USE SHALL BE CANCELED AND RETIRED AND, UPON RECEIPT OF ADVICE OF SUCH CANCELATION AND RETIREMENT, THE ISSUING FEDERAL RESERVE BANK SHALL REIMBURSE THE TREASURER OF THE UNITED STATES FOR THE NOTES SO CANCELED AND RETIRED. WHEN RECEIVED BY A FEDERAL RESERVE BANK, FED-

ERAL RESERVE NOTES UNFIT FOR FURTHER USE SHALL BE CANCELED AND FORWARDED TO THE TREASURER OF THE UNITED STATES FOR RETIREMENT; AND, IF ISSUED BY ANOTHER FEDERAL RESERVE BANK, SUCH ISSUING BANK SHALL REIMBURSE THE FEDERAL RESERVE BANK WHICH CANCELED SUCH NOTES AND FORWARDED THEM TO THE TREASURER OF THE UNITED STATES.

In order to furnish suitable notes for circulation as Federal Reserve notes, the Comptroller of the Currency ~~shall~~, under the direction of the Secretary of the Treasury, SHALL cause plates and dies to be engraved in the best manner to guard against ~~counterfeits~~ COUNTERFEITING and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $5, $10, $20, $50, $100, $500, $1000, $5,000 AND $10,000 as may be required to supply the Federal Reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury ~~under the provisions of this Act~~ and shall bear the distinctive ~~numbers~~ LETTERS of the several Federal Reserve banks through which they are issued. *When such notes have been prepared, they shall be ~~deposited~~ HELD in the Treasury~~, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank~~ subject to the order of the Comptroller of the Currency for ~~their~~ delivery~~, as provided by this Act.~~ TO THE FEDERAL RESERVE BANKS. **FEDERAL RESERVE NOTES UNFIT FOR CIRCULATION SHALL BE RETURNED TO THE COMPTROLLER OF THE CURRENCY FOR CANCELATION AND DESTRUCTION.

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*Begins new paragraph in existing law.
**Similar provision stricken from end of third paragraph of old Act.

Section 208(2) of the bill amends the sixteenth paragraph of section 16 of the Federal Reserve Act.

Sec. 16. * * * * *

The Secretary of the Treasury is hereby authorized and directed to receive deposits of gold or of gold certificates with the Treasurer ~~or any Assistant Treasurer~~ of the United States when tendered by any Federal Reserve bank ~~or Federal Reserve agent~~ for credit to its ~~or his~~ account with the Federal Reserve Board. The Secretary shall prescribe by regulation the form of receipt to be issued by the Treasurer ~~or Assistant Treasurer~~ to the Federal Reserve bank ~~or Federal Reserve agent~~ making the deposit, and a duplicate of such receipt shall be delivered to the Federal Reserve Board ~~by the Treasurer at Washington upon proper advices from any Assistant Treasurer that such deposit has been made~~. Deposits so made shall be held subject to the orders of the Federal Reserve Board and shall be payable in gold certificates on the order of the Federal Reserve Board to any Federal Reserve bank ~~or Federal Reserve agent at the Treasury or at the Subtreasury of the United States nearest the place of business of such Federal Reserve bank or such Federal Reserve agent~~. The order used by the Federal Reserve Board in making such payments shall be signed by the governor or vice governor, or such other officers or members as the Board may by regulation prescribe. The form of such order shall be approved by the Secretary of the Treasury.

Section 209 of the bill amends the sixth paragraph of section 19 of the Federal Reserve Act.

Sec. 19. * * * * *

Notwithstanding the ~~foregoing~~ OTHER provisions of this section, the Federal Reserve Board, ~~upon the affirmative vote of not less than five of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits~~ IN ORDER TO PREVENT INJURIOUS CREDIT EXPANSION OR CONTRACTION, MAY BY REGULATION CHANGE THE REQUIREMENTS AS TO RESERVES TO BE MAINTAINED AGAINST DEMAND OR TIME DEPOSITS OR BOTH 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.

* * * * *

Section 210 of the bill amends the first paragraph of section 24 of the Federal Reserve Act.

Sec. 24. SUBJECT TO SUCH REGULATIONS AS THE FEDERAL RESERVE BOARD MAY PRESCRIBE, any national banking association may make REAL ESTATE loans secured by first ~~lien~~ LIENS upon improved real estate, including improved farm land AND IMPROVED BUSINESS AND RESIDENTIAL PROPERTIES. ~~, situated within its Federal reserve district or within a radius of one hundred miles of the place in which such bank is located, irre-~~

~~spective of district lines.--A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument upon real estate when the entire amount of such obligation or obligations is made or is sold to such association.~~ The amount of any such loan HEREAFTER MADE shall not exceed ~~50~~ 60 per centum of the ~~actual~~ APPRAISED value of the real estate; ~~offered for security, but no such loan upon such security shall be made for a longer term than five years.--Provided, That in the case of loans secured by real estate which are insured under the provisions of title II of the National Housing Act, such restrictions as to the amount of the loan in relation to the actual value of the real estate and as to the five-year limit on the terms of such loans shall not apply.~~ BUT THIS LIMITATION SHALL NOT PREVENT THE RENEWAL OR EXTENSION 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. NO ~~any such~~ bank ~~may~~ SHALL make such loans in an aggregate sum ~~including in such aggregate any such loans on which it is liable as indorser or guarantor or otherwise equal to 25 per centum of~~ IN EXCESS OF the amount of the capital stock of such association ~~actually~~ paid in and unimpaired ~~and 25 per centum of~~ PLUS its unimpaired surplus fund, or ~~to one-half of its~~ IN EXCESS OF 60 PER CENTUM OF THE AMOUNT OF ITS TIME AND savings deposits, ~~at the election of the association,~~ WHICHEVER IS THE GREATER ~~subject to the general limitations contained in section 5200 of the Revised Statutes of the United States.--Such banks may continue~~

~~hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such banks may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized by law to be paid upon such deposits by State banks or trust companies organized under the laws of the State wherein such national banking association is located.~~ THE FEDERAL RESERVE 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 LIMITING 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 TIME AND OTHERWISE REQUIRING THE BANKS TO CONFORM TO SOUND PRACTICES IN MAKING REAL ESTATE LOANS.

TITLE III. TECHNICAL AMENDMENTS TO THE BANKING LAWS

Section 301 of the bill amends section 2(c) of the Banking Act of 1933.

Sec. 2. As used in this Act and in any provision of law amended by this Act--

* * * * *

(c) The term "holding company affiliate" shall include any corporation, business trust, association, or other similar organization--

(1) Which owns or controls, directly or indirectly, either a majority of the shares of capital stock of a member bank or more than 50 per centum of the number of shares voted for the election of directors of any one bank at the preceding election, or controls in any manner the election of a majority of the directors of any one bank; or

(2) For the benefit of whose shareholders or members all or substantially all the capital stock of a member bank is held by trustees.

NOTWITHSTANDING THE FOREGOING, THE TERM "HOLDING COMPANY AFFILIATE" SHALL NOT INCLUDE (EXCEPT FOR THE PURPOSES OF SECTION 23A OF THE FEDERAL RESERVE ACT, AS AMENDED) ANY CORPORATION ALL OF THE STOCK OF WHICH IS OWNED BY THE UNITED STATES OF AMERICA OR ANY ORGANIZATION WHICH, IN THE JUDGMENT OF THE FEDERAL RESERVE BOARD, IS NOT ENGAGED, DIRECTLY OR INDIRECTLY, AS A BUSINESS IN HOLDING THE STOCK OF, OR MANAGING OR CONTROLLING, BANKS, BANKING ASSOCIATIONS, SAVINGS BANKS, OR TRUST COMPANIES.

Section 302 of the bill amends the first paragraph of section 20 of the Banking Act of 1933.

Sec. 20. After one year from the date of the enactment of this Act, no member bank shall be affiliated in any manner described in section 2(b) hereof with any corporation, association, business trust, or other similar organization engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities: PROVIDED, THAT NOTHING IN THIS PARAGRAPH SHALL APPLY TO ANY SUCH ORGANIZATION WHICH SHALL HAVE BEEN PLACED IN FORMAL LIQUIDATION AND WHICH SHALL TRANSACT NO BUSINESS EXCEPT SUCH AS MAY BE INCIDENTAL TO THE LIQUIDATION OF ITS AFFAIRS.

Section 303(a) of the bill amends section 21(a)(1) of the Banking Act of 1933.

Sec. 21. (a) After the expiration of one year after the date of enactment of this Act it shall be unlawful--

(1) For any person, firm, corporation, association, business trust, or other similar organization, engaged in the business of issuing, underwriting, selling, or distributing, at wholesale or retail, or through syndicate participation, stocks, bonds, debentures, notes, or other securities, to engage at the same time to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or

other evidence of debt, or upon request of the depositor: PROVIDED, THAT THE PROVISIONS OF THIS PARAGRAPH SHALL NOT PROHIBIT NATIONAL BANKS OR STATE BANKS OR TRUST COMPANIES (WHETHER OR NOT MEMBERS OF THE FEDERAL RESERVE SYSTEM) OR OTHER FINANCIAL INSTITUTIONS OR PRIVATE BANKERS FROM DEALING IN, UNDERWRITING, PURCHASING AND SELLING INVESTMENT SECURITIES TO THE EXTENT PERMITTED TO NATIONAL BANKING ASSOCIATIONS BY THE PROVISIONS OF SECTION 5136 OF THE REVISED STATUTES, AS AMENDED (U.S.C., TITLE 12, SEC. 24; SUPP. VII, TITLE 12, SEC. 24): PROVIDED FURTHER, THAT NOTHING IN THIS PARAGRAPH SHALL BE CONSTRUED AS AFFECTING IN ANY WAY SUCH RIGHT AS ANY BANK, BANKING ASSOCIATION, SAVINGS BANK, TRUST COMPANY, OR OTHER BANKING INSTITUTION, MAY OTHERWISE POSSESS TO SELL, WITHOUT RECOURSE OR AGREEMENT TO REPURCHASE, OBLIGATIONS EVIDENCING LOANS ON REAL ESTATE; or

Section 303(b) of the bill repeals section 21(a)(2) of the Banking Act of 1933.

Sec. 21(a) After the expiration of one year after the date of enactment of this Act it shall be unlawful--

* * * * *

~~(2) For any person, firm, corporation, association, business trust, or other similar organization, other than a financial institution or private banker subject to examination and regulation under State or Federal law, to engage to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of~~

~~debt, or upon request of the depositer, unless such person, firm, corporation, association, business trust, or other similar organization shall submit to periodic examination by the Comptroller of the Currency or by the Federal reserve bank of the district and shall make and publish periodic reports of its condition, exhibiting in detail its resources and liabilities, such examination and reports to be made and published at the same times and in the same manner and with like effect and penalties as are now provided by law in respect of national banking associations transacting business in the same locality.~~

Section 304 of the bill amends section 22 of the Banking Act of 1933.

Sec. 22. The additional liability imposed upon shareholders in national banking associations by the provisions of section 5151 of the Revised Statutes, as amended, and section 23 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 63 and 64), shall not apply with respect to shares in any such association issued after the date of enactment of this Act. SUCH ADDITIONAL LIABILITY SHALL CEASE ON JULY 1, 1937, WITH RESPECT TO ALL SHARES ISSUED BY ANY ASSOCIATION WHICH SHALL BE TRANSACTING THE BUSINESS OF BANKING ON JULY 1, 1937: PROVIDED, THAT NOT LESS THAN SIX MONTHS PRIOR TO SUCH DATE, SUCH ASSOCIATION SHALL HAVE CAUSED NOTICE OF SUCH PROSPECTIVE TERMINATION OF LIABILITY TO BE PUBLISHED IN A NEWSPAPER PUBLISHED IN THE CITY, TOWN, OR COUNTY IN WHICH SUCH ASSOCIATION IS LOCATED, AND IF NO NEWSPAPER

IS PUBLISHED IN SUCH CITY, TOWN, OR COUNTY, THEN IN A NEWSPAPER OF GENERAL CIRCULATION THEREIN. IF THE ASSOCIATION FAIL TO GIVE SUCH NOTICE AS AND WHEN ABOVE PROVIDED, A TERMINATION OF SUCH ADDITIONAL LIABILITY MAY THEREAFTER BE ACCOMPLISHED AS OF THE DATE SIX MONTHS SUBSEQUENT TO PUBLICATION, IN THE MANNER ABOVE PROVIDED.

Section 305 of the bill amends section 5155(c) of the Revised Statutes.

Sec. 5155. The conditions upon which a national banking association may retain or establish and operate a branch or branches are the following:

* * * * *

(c) A national banking association may, with the approval of the Comptroller of the Currency, establish and operate new branches: (1) Within the limits of the city, town or village in which said association is situated, if such establishment and operation are at the time expressly authorized to State banks by the law of the State in question; and (2) at any point within the State in which said association is situated, if such establishment and operation are at the time authorized to State banks by the statute law of the State in question by language specifically granting such authority affirmatively and not merely by implication or recognition, and subject to the restrictions as to location imposed by the law of the State on State banks. IN ANY STATE IN WHICH STATE BANKS ARE PERMITTED BY STATUTE LAW TO MAINTAIN BRANCHES WITHIN COUNTY OR GREATER LIMITS,

IF NO BANK IS LOCATED AND DOING BUSINESS IN THE PLACE WHERE THE PROPOSED AGENCY IS TO BE LOCATED, ANY NATIONAL BANKING ASSOCIATION SITUATED IN SUCH STATE MAY, WITH THE APPROVAL OF THE COMPTROLLER OF THE CURRENCY, ESTABLISH AND OPERATE, WITHOUT REGARD TO THE CAPITAL REQUIREMENTS OF THIS SECTION, A SEASONAL AGENCY IN ANY RESORT COMMUNITY WITHIN THE LIMITS OF THE COUNTY IN WHICH THE MAIN OFFICE OF SUCH ASSOCIATION IS LOCATED, FOR THE PURPOSE OF RECEIVING AND PAYING OUT DEPOSITS, ISSUING AND CASHING CHECKS AND DRAFTS, AND DOING BUSINESS INCIDENT THERETO: PROVIDED, THAT ANY PERMIT ISSUED UNDER THIS SENTENCE SHALL BE REVOKED UPON THE OPENING OF A STATE OR NATIONAL BANK IN SUCH COMMUNITY. ~~No~~ EXCEPT AS PROVIDED IN THE IMMEDIATELY PRECEDING SENTENCE, NO such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than $500,000: Provided, That in States with a population of less than one million, and which have no cities located therein with a population exceeding one hundred thousand, the capital shall be not less than $250,000: Provided, That in States with a population of less than one-half million, and which have no cities located therein with a population exceeding fifty thousand, the capital shall not be less than $100,000.

* * * * *

Section 306 of the bill amends section 4 of the Act approved June 16, 1934, entitled "An Act to amend section 12B of the Federal

Reserve Act so as to extend for one year the temporary plan for deposit insurance, and for other purposes".

Sec. 4. So much of section 31 of the Banking Act of 1933, AS AMENDED, as relates to stock ownership by directors, trustees, or members of similar governing bodies of ~~member-banks~~ ANY NATIONAL BANKING ASSOCIATION OR OF ANY STATE BANK OR TRUST COMPANY WHICH IS A MEMBER of the Federal Reserve System, is hereby repealed.

Section 307 of the bill, effective January 1, 1936, amends section 32 of the Banking Act of 1933.

Sec. 32. ~~From-and-after-January-1,-1934,-no-officer-or-director-of-any-member-bank-shall-be-an-officer,-director,-or-manager-of-any-corporation,-partnership,-or-unincorporated-association-engaged-primarily-in-the-business-of-purchasing,-selling,-or-negotiating-securities,-and-no-member-bank-shall-perform-the-functions-of-a-correspondent-bank-on-behalf-of-any-such-individual,-partnership,-corporation,-or-unincorporated-association-and-no-such-individual,-partnership,-corporation,-or-unincorporated-association-shall-perform-the-functions-of-a-correspondent-for-any-member-bank-or-hold-on-deposit-any-funds-on-behalf-of-any-member-bank,-unless-in-any-such-case-there-is-a-permit-therefor-issued-by-the-Federal-Reserve-Board,-and-the-Board-is-authorized-to-issue-such-permit-if-in-its-judgment-it-is-not-incompatible-with-the-public-interest,-and-to-revoke-any-such-permit-whenever-it-finds-after-reasonable-notice-and-opportunity-to-be-heard,-that-the-public-interest-requires-such-revocation.~~

NO OFFICER, DIRECTOR, OR EMPLOYEE OF ANY CORPORATION OR UNINCORPORATED ASSOCIATION, NO PARTNER OR EMPLOYEE OF ANY PARTNERSHIP, AND NO INDIVIDUAL, PRIMARILY ENGAGED IN THE ISSUE, FLOTATION, UNDERWRITING, PUBLIC SALE, OR DISTRIBUTION, AT WHOLESALE OR RETAIL, OR THROUGH SYNDICATE PARTICIPATION, OF STOCKS, BONDS, OR OTHER SIMILAR SECURITIES, SHALL SERVE AT THE SAME TIME AS AN OFFICER, DIRECTOR, OR EMPLOYEE OF ANY MEMBER BANK EXCEPT IN LIMITED CLASSES OF CASES IN WHICH THE FEDERAL RESERVE BOARD MAY ALLOW SUCH SERVICE BY GENERAL REGULATIONS WHEN IN THE JUDGMENT OF THE FEDERAL RESERVE BOARD IT WOULD NOT UNDULY INFLUENCE THE INVESTMENT POLICIES OF SUCH MEMBER BANK OR THE ADVICE IT GIVES ITS CUSTOMERS REGARDING INVESTMENTS.

Section 308(a) of the bill amends the second sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended.

Sec. 5136. * * * * *

Seventh. * * * The business of dealing in ~~investment~~ securities AND STOCK by the association shall be limited to purchasing and selling such securities AND STOCK without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities OR STOCK: Provided, That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe, ~~but in no~~. IN no event ~~(1)~~ shall the total amount of ~~any issue of~~ THE

investment securities of any one obligor or maker, ~~purchased after this section as amended takes effect and~~ held by the association for its own account, exceed at any time 10 per centum of ~~the total amount of such issue outstanding, but this limitation shall not apply to any such issue the total amount of which does not exceed $100,000 and does not exceed 50 per centum of the capital of the association, nor (2) shall the total amount of the investment securities of any one obligor or maker purchased after this section as amended takes effect and held by the association for its own account exceed at any time 15 per centum of the amount of the capital stock of the association actually paid in and unimpaired and 25 per centum of its unimpaired surplus fund.~~ ITS CAPITAL STOCK ACTUALLY PAID IN AND UNIMPAIRED AND 10 PER CENTUM OF ITS UNIMPAIRED SURPLUS FUND, EXCEPT THAT THIS LIMITATION SHALL NOT REQUIRE ANY ASSOCIATION TO DISPOSE OF ANY SECURITIES LAWFULLY HELD BY IT ON THE DATE OF ENACTMENT OF THE BANKING ACT OF 1935.

Section 308(b) of the bill amends the fourth sentence of such paragraph seventh.

* * * Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association FOR ITS OWN ACCOUNT of any shares of stock of any corporation.

Section 309 of the bill amends section 5138 of the Revised Statutes, as amended, by adding a sentence at the end thereof.

Sec. 5138. * * * NO SUCH ASSOCIATION SHALL HEREAFTER BE AUTHORIZED TO COMMENCE THE BUSINESS OF BANKING UNTIL IT SHALL HAVE A PAID-IN SURPLUS EQUAL TO 20 PER CENTUM OF ITS CAPITAL: PROVIDED, THAT THE COMPTROLLER OF THE CURRENCY MAY WAIVE THIS REQUIREMENT AS TO A STATE BANK CONVERTING INTO A NATIONAL BANKING ASSOCIATION.

Section 310 of the bill amends the last paragraph of section 5139 of the Revised Statutes, as amended.

Sec. 5139. * * * * *

After ~~one-year-from~~ the date of the enactment of the Banking Act of 1933, no certificate ~~representing~~ EVIDENCING the stock of any such association shall BEAR ANY STATEMENT PURPORTING TO represent the stock of any other corporation, except a member bank or a corporation existing on ~~the~~ SUCH date ~~this-paragraph-takes-effect~~ engaged ~~solely~~ PRIMARILY in holding the bank premises of such association, nor shall the ownership, sale, or transfer of any certificate representing the stock of any such association be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank, OR A CORPORATION EXISTING ON SUCH DATE ENGAGED PRIMARILY IN HOLDING THE BANK PREMISES OF SUCH ASSOCIATION: PROVIDED, THAT THIS SECTION SHALL NOT OPERATE TO PREVENT THE OWNERSHIP, SALE, OR TRANSFER OF STOCK

OF ANY OTHER CORPORATION BEING CONDITIONED UPON THE OWNERSHIP, SALE, OR TRANSFER OF A CERTIFICATE REPRESENTING STOCK OF A NATIONAL BANKING ASSOCIATION.

Section 311(a) of the bill amends the first paragraph of section 5144 of the Revised Statutes, as amended.

Sec. 5144. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit; and in deciding all other questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by him; except THAT (1) THIS SHALL NOT BE CONSTRUED AS LIMITING THE VOTING RIGHTS OF HOLDERS OF PREFERRED STOCK UNDER THE TERMS AND PROVISIONS OF ARTICLES OF ASSOCIATION, OR AMENDMENTS THERETO, ADOPTED PURSUANT TO THE PROVISIONS OF SECTION 302(a) OF THE EMERGENCY BANKING ACT OF MARCH 9, 1933, AS AMENDED, (2) IN THE ELECTION OF DIRECTORS, ~~that~~ shares of its own stock held by a national bank as sole trustee, WHETHER REGISTERED IN ITS OWN NAME AS SUCH TRUSTEE OR IN THE NAME OF ITS NOMINEE, shall not be voted, ~~and~~ BY THE REGISTERED OWNER UNLESS UNDER THE TERMS OF THE TRUST THE MANNER IN WHICH SUCH SHARES SHALL BE VOTED MAY BE DETERMINED BY A DONOR OR BENEFICIARY OF THE TRUST AND UNLESS SUCH DONOR OR BENEFICIARY ACTUALLY DIRECTS HOW SUCH SHARES

SHALL BE VOTED, (3) shares of its own stock held by a national bank and one or more persons as trustees may be voted by such other person or persons, as trustees, in the same manner as if he or they were the sole trustee, and ~~(2)~~ (4) shares controlled by any holding company affiliate of a national bank shall not be voted unless such holding company affiliate shall have first obtained a voting permit as hereinafter provided, which permit is in force at the time such shares are voted., BUT SUCH HOLDING COMPANY AFFILIATE MAY, WITHOUT OBTAINING SUCH PERMIT, VOTE IN FAVOR OF PLACING THE ASSOCIATION IN VOLUNTARY LIQUIDATION OR TAKING ANY OTHER ACTION PERTAINING TO THE VOLUNTARY LIQUIDATION OF SUCH ASSOCIATION. Shareholders may vote by proxies duly authorized in writing; but no officer, clerk, teller, or bookkeeper of such bank shall act as proxy; and no shareholder whose liability is past due and unpaid shall be allowed to vote. WHENEVER SHARES OF STOCK CANNOT BE VOTED BY REASON OF BEING HELD BY THE BANK AS SOLE TRUSTEE, SUCH SHARES SHALL BE EXCLUDED IN DETERMINING WHETHER MATTERS VOTED UPON BY THE SHAREHOLDERS WERE ADOPTED BY THE REQUISITE PERCENTAGE OF SHARES.

Section 311(b) of the bill amends the first sentence of the third paragraph of section 5144 of the Revised Statutes, as amended.

Sec. 5144. * * * * *

Any such holding company affiliate may make application to the Federal Reserve Board for a voting permit entitling it to ~~cast one vote at all elections of directors and in deciding all questions at meetings of shareholders of such bank on each share of~~ VOTE THE

stock controlled by it AT ANY OR ALL MEETINGS OF SHAREHOLDERS OF SUCH BANK or authorizing the trustee or trustees holding the stock for its benefit or for the benefit of its shareholders so to vote the same.

* * *

Section 312 of the bill adds a new paragraph to section 5154 of the Revised Statutes.

Sec. 5154. Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency: Provided, however, That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute

all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the Comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal Reserve Act and by the national banking act for associations originally organized as national banking associations.

THE COMPTROLLER OF THE CURRENCY MAY, IN HIS DISCRETION AND SUBJECT TO SUCH CONDITIONS AS HE MAY PRESCRIBE, PERMIT SUCH CONVERTING BANK TO RETAIN AND CARRY AT A VALUE DETERMINED BY THE COMPTROLLER SUCH OF THE ASSETS OF SUCH CONVERTING BANK AS DO NOT CONFORM TO THE LEGAL REQUIREMENTS RELATIVE TO ASSETS ACQUIRED AND HELD BY NATIONAL BANKING ASSOCIATIONS.

Section 313 of the bill amends section 5162 of the Revised Statutes.

Sec. 5162. All transfers of United States bonds, made by any association under the provisions of this title, shall be made to the

Treasurer of the United States in trust for the association, with a memorandum written or printed on each bond, and signed by the cashier, or some other officer of the association making the deposit. A receipt shall be given to the association, by the Comptroller of the Currency, or by a clerk appointed by him for that purpose, stating that the bond is held in trust for the association on whose behalf the transfer is made, and as security for the redemption and payment of any circulating notes that have been or may be delivered to such association. No assignment or transfer of any such bond by the Treasurer shall be deemed valid unless countersigned by the Comptroller of the Currency.

THE COMPTROLLER OF THE CURRENCY MAY DESIGNATE ONE OR MORE PERSONS TO COUNTERSIGN IN HIS NAME AND ON HIS BEHALF SUCH ASSIGNMENTS OR TRANSFERS OF BONDS AS REQUIRE HIS COUNTERSIGNATURE.

Section 314 of the bill adds a new sentence after the second sentence of section 5197 of the Revised Statutes.

Sec. 5197. Any association may take, receive, reserve, and charge on any loan or discount made, or upon any notes, bills of exchange, or other evidences of debt, interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, or at a rate of 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, whichever may be the greater, and no more, except that where by the laws of any State a

different rate is limited for banks organized under State laws, the rate so limited shall be allowed for associations organized or existing in any such State under this title. When no rate is fixed by the laws of the State, or Territory, or District, the bank may take, receive, reserve, or charge a rate not exceeding 7 per centum, or 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, whichever may be the greater, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run. THE MAXIMUM AMOUNT OF INTEREST OR DISCOUNT TO BE CHARGED AT A BRANCH OF AN ASSOCIATION LOCATED OUTSIDE OF THE STATES OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA SHALL BE AT THE RATE ALLOWED BY THE LAWS OF THE COUNTRY, TERRITORY, DEPENDENCY, PROVINCE, DOMINION, INSULAR POSSESSION, OR OTHER POLITICAL SUBDIVISION WHERE THE BRANCH IS LOCATED. And the purchase, discount, or sale of a bona fide bill of exchange, payable at another place than the place of such purchase, discount, or sale, at not more than the current rate of exchange for sight drafts in addition to the interest, shall not be considered as taking or receiving a greater rate of interest.

Section 315 of the bill amends section 5199 of the Revised Statutes.

Sec. 5199. The directors of any association may, semiannually, declare a dividend of so much of the net profits of the association

as they shall judge expedient; but each association shall, before the declaration of a dividend ON ITS SHARES OF COMMON STOCK, carry NOT LESS THAN one-tenth part of its net profits of the preceding half year to its surplus fund until the same shall ~~amount to 20 per centum of its capital stock~~ EQUAL THE AMOUNT OF ITS COMMON CAPITAL.

Section 316 of the bill amends section 5209 of the Revised Statutes.

Sec. 5209. Any officer, director, agent, or employee of any Federal reserve bank, or of any member bank as defined in the Act of December twenty-third, nineteen hundred and thirteen, known as the Federal Reserve Act OR OF ANY INSURED BANK AS DEFINED IN SUBSECTION (c) OF SECTION 12B OF THE FEDERAL RESERVE ACT, who embezzles, abstracts, or willfully misapplies any of the moneys, funds, or credits of such Federal Reserve bank or member bank OR INSURED BANK, or who, without authority from the directors of such Federal Reserve bank or member bank OR INSURED BANK, issues or puts in circulation any of the notes of such Federal Reserve bank or member bank OR INSURED BANK, or who, without such authority, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree, or who makes any false entry in any book, report, or statement of such Federal Reserve bank or member bank OR INSURED BANK, with intent in any case to injure or defraud such Federal Reserve bank or member bank OR INSURED BANK, or any other

company, body politic or corporate, or any individual person, or to deceive any officer of such Federal Reserve bank or member bank OR INSURED BANK, or the Comptroller of the Currency, OR THE FEDERAL DEPOSIT INSURANCE CORPORATION, or any agent or examiner appointed to examine the affairs of such Federal Reserve bank or member bank OR INSURED BANK, or the Federal Reserve Board; and every receiver of a national banking association who, with like intent to defraud or injure, embezzles, abstracts, purloins, or willfully misapplies any of the moneys, funds, or assets of his trust, and every person who, with like intent, aids or abets, any officer, director, agent, employee, or receiver in any violation of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof in any district court of the United States shall be fined not more than $5,000 or shall be imprisoned for not more than five years, or both, in the discretion of the court.

Any Federal Reserve Agent, or any agent or employee of such Federal Reserve Agent, or of the Federal Reserve Board, who embezzles, abstracts, or willfully misapplies any moneys, funds, or securities intrusted to his care, or without complying with or in violation of the provisions of the Federal Reserve Act, issues or puts in circulation any Federal Reserve notes shall be guilty of a misdemeanor and upon conviction in any district court of the United States shall be fined not more than $5,000 or imprisoned for not more than five years, or both, in the discretion of the court.

Section 317 of the bill amends section 5220 of the Revised Statutes.

Sec. 5220. Any association may go into liquidation and be closed by the vote of its shareholders owning two-thirds of its stock.

THE SHAREHOLDERS SHALL DESIGNATE ONE OR MORE PERSONS TO ACT AS LIQUIDATING AGENT OR COMMITTEE, WHO SHALL CONDUCT THE LIQUIDATION IN ACCORDANCE WITH LAW AND UNDER THE SUPERVISION OF THE BOARD OF DIRECTORS, WHO SHALL REQUIRE A SUITABLE BOND TO BE GIVEN BY SAID AGENT OR COMMITTEE. THE LIQUIDATING AGENT OR COMMITTEE SHALL RENDER ANNUAL REPORTS TO THE COMPTROLLER OF THE CURRENCY ON THE 31ST DAY OF DECEMBER OF EACH YEAR SHOWING THE PROGRESS OF SAID LIQUIDATION UNTIL THE SAME IS COMPLETED. THE LIQUIDATING AGENT OR COMMITTEE SHALL ALSO MAKE AN ANNUAL REPORT TO A MEETING OF THE SHAREHOLDERS TO BE HELD ON THE DATE FIXED IN THE ARTICLES OF ASSOCIATION FOR THE ANNUAL MEETING, AT WHICH MEETING THE SHAREHOLDERS MAY, IF THEY SEE FIT, BY A VOTE REPRESENTING A MAJORITY OF THE ENTIRE STOCK OF THE BANK, REMOVE THE LIQUIDATING AGENT OR COMMITTEE AND APPOINT ONE OR MORE OTHERS IN PLACE THEREOF. A SPECIAL MEETING OF THE SHAREHOLDERS MAY BE CALLED AT ANY TIME IN THE SAME MANNER AS IF THE BANK CONTINUED AN ACTIVE BANK AND AT SAID MEETING THE SHAREHOLDERS MAY, BY VOTE OF THE MAJORITY OF THE STOCK, REMOVE THE LIQUIDATING AGENT OR COMMITTEE. THE COMPTROLLER OF THE CURRENCY IS AUTHORIZED TO HAVE AN EXAMINATION MADE AT ANY TIME INTO THE AFFAIRS OF THE LIQUIDATING BANK UNTIL THE CLAIMS OF ALL CREDITORS HAVE BEEN SATISFIED, AND THE EXPENSE OF MAK-

ING SUCH EXAMINATIONS SHALL BE ASSESSED AGAINST SUCH BANK IN THE SAME MANNER AS IN THE CASE OF EXAMINATIONS MADE PURSUANT TO SECTION 5240 OF THE REVISED STATUTES, AS AMENDED (U.S.C., TITLE 12, SECS. 484, 485; SUPP. VII, TITLE 12, SECS. 481-483).

Section 318 of the bill amends section 5243 of the Revised Statutes.

Sec. 5243. ~~All banks not organized and transacting business under the national currency laws, or under Chapter 3, and all persons or corporations doing the business of bankers, brokers, or savings institutions, except savings banks authorized by Congress to use the word "national" as a part of their corporate name, are prohibited from using the word "national" as a portion of the name or title of such bank, corporation, firm, or partnership,~~ THE USE OF THE WORD "NATIONAL", THE WORD "FEDERAL" OR THE WORDS "UNITED STATES", SEPARATELY, IN ANY COMBINATION THEREOF, OR IN COMBINATION WITH OTHER WORDS OR SYLLABLES, AS PART OF THE NAME OR TITLE USED BY ANY PERSON, CORPORATION, FIRM, PARTNERSHIP, BUSINESS TRUST, ASSOCIATION OR OTHER BUSINESS ENTITY, DOING THE BUSINESS OF BANKERS, BROKERS, OR TRUST OR SAVINGS INSTITUTIONS IS PROHIBITED EXCEPT WHERE SUCH INSTITUTION IS ORGANIZED UNDER THE LAWS OF THE UNITED STATES, OR IS OTHERWISE PERMITTED BY THE LAWS OF THE UNITED STATES TO USE SUCH NAME OR TITLE, OR IS LAWFULLY USING SUCH NAME OR TITLE ON THE DATE WHEN THIS SECTION, AS AMENDED, TAKES EFFECT; and any violation of this prohibition shall subject the party chargeable therewith to a penalty of $50 for each day during which it is committed or repeated.

Section 319(a) of the bill amends the last three sentences of section 5 of the Federal Reserve Act.

Sec. 5. * * * ~~When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid.~~ When a member bank reduces its capital stock OR SURPLUS it shall surrender a proportionate amount of its holdings in the capital STOCK of said Federal Reserve bank, ~~and when a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called.~~ ANY MEMBER BANK WHICH HOLDS CAPITAL STOCK OF A FEDERAL RESERVE BANK IN EXCESS OF THE AMOUNT REQUIRED ON THE BASIS OF 6 PER CENTUM OF ITS PAID-UP CAPITAL STOCK AND SURPLUS SHALL SURRENDER SUCH EXCESS STOCK. WHEN A MEMBER BANK VOLUNTARILY LIQUIDATES IT SHALL SURRENDER ALL OF ITS HOLDINGS OF THE CAPITAL STOCK OF SAID FEDERAL RESERVE BANK AND BE RELEASED FROM ITS STOCK SUBSCRIPTION NOT PREVIOUSLY CALLED. In ~~either~~ ANY SUCH case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank

to the Federal Reserve bank.

Section 319(b) of the bill repeals the last paragraph of section 6 of the Federal Reserve Act.

Sec. 6 * * *. ~~Whenever the capital stock of a Federal reserve bank is reduced either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank or on account of the appointment of a receiver for a national bank following discontinuance of its banking operations as provided in this section, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.~~

Section 320 of the bill amends the fifth paragraph of section 9 of the Federal Reserve Act.

Sec. 9. * * *. All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relates to the payment of unearned dividends. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by section fifty-two hundred and nine of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal Reserve bank of which they become a member. Not less than three of such

reports shall be made annually on call of the Federal Reserve bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within ten days after the date they are called for shall subject the offending bank to a penalty of $100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal Reserve bank by suit or otherwise. SUCH REPORTS OF CONDITION SHALL BE IN SUCH FORM AND SHALL CONTAIN SUCH INFORMATION AS THE FEDERAL RESERVE BOARD MAY REQUIRE AND SHALL BE PUBLISHED BY THE REPORTING BANKS IN SUCH MANNER AND IN ACCORDANCE WITH SUCH REGULATIONS AS THE SAID BOARD MAY PRESCRIBE.

Section 321(a) of the bill amends the first sentence of paragraph (m) of section 11 of the Federal Reserve Act.

Sec. 11(m) Upon the affirmative vote of not less than six of its members the Federal Reserve Board shall have power to fix from time to time for each Federal Reserve district the percentage of individual bank capital and surplus which may be represented by loans secured by stock or bond collateral made by member banks within such district, but no such loan shall be made by any such bank to any person in an amount in excess of 10 per centum of the unimpaired capital and surplus of such bank: PROVIDED, THAT WITH RESPECT TO LOANS REPRESENTED BY OBLIGATIONS IN THE FORM OF NOTES SECURED BY NOT LESS THAN A LIKE AMOUNT OF BONDS OR NOTES OF THE UNITED STATES ISSUED SINCE APRIL 24, 1917, CERTIFICATES OF INDEBTEDNESS TO THE UNITED STATES, OR TREASURY BILLS OF THE UNITED STATES, SUCH LIMITATION OF 10 PER CENTUM ON LOANS TO ANY PERSON SHALL NOT APPLY, BUT STATE MEMBER BANKS SHALL BE SUBJECT TO THE SAME LIMITATIONS AND

CONDITIONS AS ARE APPLICABLE IN THE CASE OF NATIONAL BANKS UNDER PARAGRAPH (8) OF SECTION 5200 OF THE REVISED STATUTES, AS AMENDED (U.S.C., SUPP. VII, TITLE 12, SEC. 84).

Section 321(b) of the bill amends paragraph (8) of section 5200 of the Revised Statutes.

Sec. 5200. The total obligations to any national banking association of any person, copartnership, association, or corporation shall at no time exceed 10 per centum of the amount of the capital stock of such association actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund. The term "obligations" shall mean the direct liability of the maker or acceptor of paper discounted with or sold to such association and the liability of the indorser, drawer, or guarantor who obtains a loan from or discounts paper with or sells paper under his guaranty to such association and shall include in the case of obligations of a copartnership or association the obligations of the several members thereof and shall include in the case of obligations of a corporation all obligations of all subsidiaries thereof in which such corporation owns or controls a majority interest. Such limitation of 10 per centum shall be subject to the following exceptions:

* * * * *

(8) Obligations of any person, copartnership, association, or corporation in the form of notes secured by not less than a like amount of bonds or notes of the United States issued since April 24,

1917, or certificates of indebtedness of the United States, OR TREASURY BILLS OF THE UNITED STATES shall (except to the extent permitted by rules and regulations prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury) be subject under this section to a limitation of 15 per centum of such capital and surplus in addition to such 10 per centum of such capital and surplus.

* * * * *

Section 322 of the bill amends the third paragraph of section 13 of the Federal Reserve Act.

Sec. 13. * * * * *

In unusual and exigent circumstances, the Federal Reserve Board, by the affirmative vote of not less than five members, may authorize any Federal Reserve bank, during such periods as the said board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this Act, to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this Act when such notes, drafts, and bills of exchange are indorsed and OR otherwise secured to the satisfaction of the Federal Reserve bank: Provided, That before discounting any such note, draft, or bill of exchange for an individual or a partnership or corporation the Federal Reserve bank shall obtain evidence that such individual, partnership, or cor-

poration is unable to secure adequate credit accommodations from other banking institutions. All such discounts for individuals, partnerships, or corporations shall be subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe.

* * * * *

Section 323 of the bill amends subsection (e) of section 13b of the Federal Reserve Act.

Sec. 13b (e). In order to enable the Federal Reserve banks to make the loans, discounts, advances, purchases, and commitments provided for in this section, the Secretary of the Treasury, ~~upon the date this section takes effect~~ ON AND AFTER JUNE 19, 1934, is authorized, under such rules and regulations as he shall prescribe, to pay to each Federal Reserve bank not to exceed such portion of the sum of $139,299,557 as may be represented by ~~the par value of the holdings of each Federal Reserve bank of Federal Deposit Insurance Corporation stock~~ THE AMOUNT PAID BY EACH FEDERAL RESERVE BANK FOR STOCK OF THE FEDERAL DEPOSIT INSURANCE CORPORATION, upon the execution by each Federal Reserve bank of its agreement (to be endorsed on the certificate of such stock) to hold such stock unencumbered and to pay to the United States all dividends, all payments on liquidation, and all other proceeds of such stock, for which dividends, payments, and proceeds the United States shall be secured by such stock itself up to

the total amount paid to each Federal Reserve bank by the Secretary of the Treasury under this section. * * *

Section 324(a) of the bill amends the first paragraph of section 19 of the Federal Reserve Act.

Sec. 19. ~~Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all postal savings deposits.~~

THE FEDERAL RESERVE BOARD IS AUTHORIZED, FOR THE PURPOSES OF THIS SECTION, TO DEFINE THE TERMS "DEMAND DEPOSITS", "GROSS DEMAND DEPOSITS", "DEPOSITS PAYABLE ON DEMAND", "TIME DEPOSITS", "SAVINGS DEPOSITS", AND "TRUST FUNDS", TO DETERMINE WHAT SHALL BE DEEMED TO BE A PAYMENT OF INTEREST, AND TO PRESCRIBE SUCH RULES AND REGULATIONS AS IT MAY DEEM NECESSARY TO EFFECTUATE THE PURPOSES OF THIS SECTION AND PREVENT EVASIONS THEREOF: PROVIDED, THAT, WITHIN THE MEANING OF THE PROVISIONS OF THIS SECTION REGARDING THE RESERVES REQUIRED OF MEMBER BANKS, THE TERM "TIME DEPOSITS" SHALL INCLUDE "SAVINGS DEPOSITS".

Section 324(b) of the bill amends the tenth paragraph of section 19 of the Federal Reserve Act.

In estimating the RESERVE balances required by this Act, ~~the net difference of amounts due to and from other banks shall be taken as~~

~~the-basis-for-ascertaining-the-deposits-against-which-required-balances with-Federal-reserve-banks-shall-be-determined.~~ MEMBER BANKS MAY DEDUCT FROM THE AMOUNT OF THEIR GROSS DEMAND DEPOSITS THE AMOUNTS OF BALANCES DUE FROM OTHER BANKS (EXCEPT FEDERAL RESERVE BANKS AND FOREIGN BANKS) AND CASH ITEMS IN PROCESS OF COLLECTION PAYABLE IMMEDIATELY UPON PRESENTATION IN THE UNITED STATES, WITHIN THE MEANING OF THESE TERMS AS DEFINED BY THE FEDERAL RESERVE BOARD.

Section 324(c) of the bill amends the last two paragraphs of section 19 of the Federal Reserve Act.

No member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand: Provided, That nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract ~~heretofore~~ entered into in good faith which is in force on the date ~~of-the-enactment-of-this-paragraph~~ ON WHICH THE BANK BECOMES SUBJECT TO THE PROVISIONS OF THIS PARAGRAPH; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this paragraph, and every member bank shall take such action as may be necessary to conform to this paragraph as soon as possible consistently with its contractual obligations: Provided~~,-however,~~ FURTHER, That this paragraph shall not apply (1) to any deposit of such bank which is payable only at an office thereof located ~~in-a-foreign-country,~~ OUTSIDE OF THE

STATES OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA; ~~and shall not apply~~ (2) to any deposit made by a mutual savings bank, ~~nor~~ OR A SAVINGS BANK AS DEFINED IN SECTION 12B OF THE FEDERAL RESERVE ACT, AS AMENDED; (3) to any deposit of public funds made by or on behalf of any State, county, school district, or other subdivision or municipality, ~~with respect to which payment of interest~~ OR TO ANY DEPOSIT OF TRUST FUNDS IF THE PAYMENT OF INTEREST WITH RESPECT TO SUCH DEPOSIT OF PUBLIC FUNDS OR OF TRUST FUNDS is required ~~under~~ BY State law : OR (4) TO ANY DEPOSIT OF FUNDS BY THE UNITED STATES, ANY TERRITORY, DISTRICT, OR POSSESSION THEREOF (INCLUDING THE PHILIPPINE ISLANDS) OR ANY PUBLIC INSTRUMENTALITY OR AGENCY OF THE FOREGOING, WITH RESPECT TO WHICH INTEREST IS REQUIRED BY LAW TO BE PAID.

The Federal Reserve Board shall from time to time limit by regulation the rate of interest which may be paid by member banks on time AND SAVINGS deposits, ~~and may prescribe different rates for such payment on time and savings deposits having different maturities or subject to different conditions respecting withdrawal or repayment or subject to different conditions by reason of different locations~~ ; MAY CLASSIFY TIME AND SAVINGS DEPOSITS ACCORDING TO MATURITIES, LOCATIONS OF BANKS, CONDITIONS RESPECTING RECEIPT, WITHDRAWAL, OR REPAYMENT, OR OTHERWISE AS IT MAY DEEM NECESSARY IN THE PUBLIC INTEREST; AND MAY PRESCRIBE DIFFERENT RATES FOR DEPOSITS OF DIFFERENT CLASSES. No member bank shall pay any time deposit before its maturity, EXCEPT UPON SUCH CONDITIONS AND IN ACCORDANCE WITH SUCH RULES AND REGULATIONS AS MAY BE PRESCRIBED BY THE FEDERAL RESERVE BOARD, or waive any

requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement: PROVIDED, THAT THE PROVISIONS OF THIS PARAGRAPH SHALL NOT APPLY TO ANY DEPOSIT WHICH IS PAYABLE ONLY AT AN OFFICE OF A MEMBER BANK LOCATED OUTSIDE OF THE STATES OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA.

Section 324 (d) of the bill amends section 19 of the Federal Reserve Act, by adding a new paragraph at the end thereof.

Sec. 19. * * * *

NOTWITHSTANDING THE PROVISIONS OF THE FIRST LIBERTY BOND ACT, AS AMENDED, THE SECOND LIBERTY BOND ACT, AS AMENDED, AND THE THIRD LIBERTY BOND ACT, AS AMENDED, MEMBER BANKS SHALL BE REQUIRED TO MAINTAIN THE SAME RESERVES AGAINST DEPOSITS OF PUBLIC MONEYS BY THE UNITED STATES AS THEY ARE REQUIRED BY THIS SECTION TO MAINTAIN AGAINST OTHER DEPOSITS.

Section 325 of the bill amends section 21 of the Federal Reserve Act, by adding a paragraph at the end thereof.

Sec. 21. * * * *

WHENEVER MEMBER BANKS ARE REQUIRED TO OBTAIN REPORTS FROM AFFILIATES, OR WHENEVER AFFILIATES OF MEMBER BANKS ARE REQUIRED TO SUBMIT TO EXAMINATION, THE FEDERAL RESERVE BOARD OR THE COMPTROLLER OF THE CURRENCY, AS THE CASE MAY BE, MAY WAIVE SUCH REQUIREMENTS WITH RESPECT TO ANY SUCH REPORT OR EXAMINATION OF ANY AFFILIATE IF IN THE JUDGMENT OF THE SAID BOARD OR COMPTROLLER, RESPECTIVELY, SUCH REPORT OR EXAMINATION IS NOT NECESSARY TO DISCLOSE FULLY THE RELATIONS BETWEEN SUCH AFFILIATE AND SUCH BANK AND THE EFFECT THEREOF UPON THE AFFAIRS OF SUCH BANK.

Section 326(a) of the bill amends section 22(a) of the Federal Reserve Act.

Sec. 22. (a) No member bank AND NO INSURED BANK AS DEFINED IN SUBSECTION (c) OF SECTION12B OF THIS ACT and no officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner OR ASSISTANT EXAMINER, WHO EXAMINES OR HAS AUTHORITY TO EXAMINE SUCH BANK. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year, or fined not more than $5,000, or both, and may be fined a further sum equal to the money so loaned or gratuity given.

Any examiner or assistant examiner who shall accept a loan or gratuity from any bank examined by him, or from an officer, director, or employee thereof, or who shall steal, or unlawfully take, or unlawfully conceal any money, note, draft, bond, or security or any other property of value in the possession of any member bank OR INSURED BANK or from any safe deposit box in or adjacent to the premises of such bank, shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any district court of the United States, be imprisoned for not exceeding one year, or fined not more than $5,000, or both, and may be fined a further sum equal to the money so loaned, gratuity given,or property stolen, and shall forever thereafter be disqualified from holding office as a national bank examiner OR FEDERAL DEPOSIT INSURANCE CORPORATION EXAMINER.

THE PROVISIONS OF THIS SUBSECTION SHALL APPLY TO ALL PUBLIC EX-EXAMINERS AND ASSISTANT EXAMINERS WHO EXAMINE MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM OR INSURED BANKS, WHETHER APPOINTED BY THE

COMPTROLLER OF THE CURRENCY, BY THE FEDERAL RESERVE BOARD, BY A FEDERAL RESERVE AGENT, BY A FEDERAL RESERVE BANK, OR BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, OR APPOINTED OR ELECTED UNDER THE LAWS OF ANY STATE; BUT SHALL NOT APPLY TO PRIVATE EXAMINERS OR ASSISTANT EXAMINERS EMPLOYED ONLY BY A CLEARING HOUSE ASSOCIATION OR BY THE DIRECTORS OF A BANK.

Section 326 (b) of the bill amends section 22(b) of the Federal Reserve Act.

(b) No national bank examiner AND NO FEDERAL DEPOSIT INSURANCE CORPORATION EXAMINER shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank OR INSURED BANK to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency AS TO A NATIONAL BANK, THE FEDERAL RESERVE BOARD AS TO A STATE MEMBER BANK, OR THE FEDERAL DEPOSIT INSURANCE CORPORATION AS TO ANY OTHER INSURED BANK, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress, or of either House duly authorized. Any bank examiner violating the provisions of this subsection shall be imprisoned not more than one year or fined not more than $5,000, or both.

Section 326(c) of the bill amends section 22(g) of the Federal Reserve Act.

(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: Provided, That loans ~~heretofore~~ made to any such officer PRIOR TO JUNE 16, 1933, may be renewed or extended FOR PERIODS EXPIRING not more than ~~two~~ FIVE years from ~~the~~ SUCH date ~~this paragraph takes effect, if in accord with sound banking practice.~~ WHERE THE BOARD OF DIRECTORS OF THE MEMBER BANK SHALL HAVE SATISFIED THEMSELVES THAT SUCH EXTENSION OR RENEWAL IS IN THE BEST INTEREST OF THE BANK AND THAT THE OFFICER INDEBTED HAS MADE REASONABLE EFFORT TO REDUCE HIS OBLIGATION, THESE FINDINGS TO BE EVIDENCED BY RESOLUTION OF THE BOARD OF DIRECTORS SPREAD UPON THE MINUTE BOOK OF THE BANK: PROVIDED FURTHER, THAT WITH THE PRIOR APPROVAL OF A MAJORITY OF THE ENTIRE BOARD OF DIRECTORS, ANY MEMBER BANK MAY EXTEND CREDIT TO ANY EXECUTIVE OFFICER THEREOF, AND SUCH OFFICER MAY BECOME INDEBTED THERETO, IN AN AMOUNT NOT EXCEEDING $2,500. If any executive officer of any member bank borrow from or if he be or become indebted to any bank other than a member bank of which he is an executive officer, he shall make a written report to the ~~chairman of the~~ board of directors of the member bank of which he is an executive officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. ~~Any exces-~~

~~tive-officer-of-any-member-bank-violating-the-provisions-of-this-paragraph-shall-be-deemed-guilty-of-a-misdemeanor-and-shall-be-imprisoned not-exceeding-one-year,-or-fined-not-more-than-$5,000,-or-both,-and any-member-bank-violating-the-provisions-of-this-paragraph-shall-be fined-not-more-than-$10,000,-and-may-be-fined-a-further-sum-equal-to the-amount-so-loaned-or-credit-so-extended.~~ BORROWING BY, OR LOANING TO, A PARTNERSHIP IN WHICH ONE OR MORE EXECUTIVE OFFICERS OF A MEMBER BANK ARE PARTNERS HAVING EITHER INDIVIDUALLY OR TOGETHER A MAJORITY INTEREST IN SAID PARTNERSHIP, SHALL BE CONSIDERED WITHIN THE PROHIBITION OF THIS SUBSECTION. NOTHING CONTAINED IN THIS SUBSECTION SHALL PROHIBIT ANY EXECUTIVE OFFICER OF A MEMBER BANK FROM ENDORSING OR GUARANTEEING FOR THE PROTECTION OF SUCH BANK ANY LOAN OR OTHER ASSET WHICH SHALL HAVE BEEN PREVIOUSLY ACQUIRED BY SUCH BANK IN GOOD FAITH OR FROM INCURRING ANY INDEBTEDNESS TO SUCH BANK FOR THE PURPOSE OF PROTECTING SUCH BANK AGAINST LOSS OR GIVING FINANCIAL ASSISTANCE TO IT. THE FEDERAL RESERVE BOARD IS AUTHORIZED TO DEFINE THE TERM "EXECUTIVE OFFICER", TO DETERMINE WHAT SHALL BE DEEMED TO BE A BORROWING, INDEBTEDNESS, LOAN, OR EXTENSION OF CREDIT, FOR THE PURPOSES OF THIS SUBSECTION, AND TO PRESCRIBE SUCH RULES AND REGULATIONS AS IT MAY DEEM NECESSARY TO EFFECTUATE THE PROVISIONS OF THIS SUBSECTION IN ACCORDANCE WITH ITS PURPOSES AND TO PREVENT EVASIONS OF SUCH PROVISIONS. ANY EXECUTIVE OFFICER OF A MEMBER BANK ACCEPTING A LOAN OR EXTENSION OF CREDIT WHICH IS IN VIOLATION OF THE PROVISIONS OF THIS SUBSECTION SHALL BE SUBJECT TO REMOVAL FROM OFFICE IN THE MANNER PRESCRIBED IN SECTION 30 OF THE BANKING ACT OF 1933: PROVIDED, THAT FOR EACH DAY

THAT A LOAN OR EXTENSION OF CREDIT MADE IN VIOLATION OF THIS SUBSECTION EXISTS, IT SHALL BE DEEMED TO BE A CONTINUATION OF SUCH VIOLATION WITHIN THE MEANING OF SAID SECTION 30.

Section 327 of the bill amends section 23A of the Federal Reserve Act.

Sec. 23A. No member bank shall (1) make any loan or any extension of credit to, or purchase securities under repurchase agreement from, any of its affiliates, or (2) invest any of its funds in the capital stock, bonds, debentures, or other such obligations of any such affiliate, or (3) accept the capital stock, bonds, debentures, or other such obligations of any such affiliate as collateral security for advances made to any person, partnership, association, or corporation, if, in the case of any such affiliate, the aggregate amount of such loans, extensions of credit, repurchase agreements, investments, and advances against such collateral security will exceed 10 per centum of the capital stock and surplus of such member bank, or if, in the case of all such affiliates, the aggregate amount of such loans, extensions of credits, repurchase agreements, investments, and advances against such collateral security will exceed 20 per centum of the capital stock and surplus of such member bank.

Within the foregoing limitations, each loan or extension of credit of any kind or character to an affiliate shall be secured by collateral in the form of stocks, bonds, debentures, or other such obligations having a market value at the time of making the loan or

extension of credit of at least 20 per centum more than the amount of the loan or extension of credit, or of at least 10 per centum more than the amount of the loan or extension of credit if it is secured by obligations of any State, or of any political subdivision or agency thereof: Provided, That the provisions of this paragraph shall not apply to loans or extensions of credit secured by obligations of the United States Government, the Federal intermediate credit banks, the Federal land banks, the Federal Home Loan Banks, or the Home Owners' Loan Corporation, or by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks. A loan or extension of credit to a director, officer, clerk, or other employee or any representative of any such affiliate shall be deemed a loan to the affiliate to the extent that the proceeds of such loan are used for the benefit of, or transferred to, the affiliate.

For the purposes of this section, the term "affiliate" shall include holding company affiliates as well as other affiliates, and the provisions of this section shall not apply to any affiliate (1) engaged ~~solely~~ PRIMARILY in holding the bank premises of the member bank with which it is affiliated OR IN MAINTAINING AND OPERATING PROPERTIES ACQUIRED FOR BANKING PURPOSES PRIOR TO THE DATE THIS SECTION, AS AMENDED, TAKES EFFECT; (2) engaged solely in conducting a safe-deposit business or the business of an agricultural credit corporation or livestock loan company; (3) in the capital stock of which

a national banking association is authorized to invest pursuant to section 25 of ~~the Federal Reserve~~ THIS Act, as amended, OR A SUBSIDIARY OF SUCH AFFILIATE, ALL THE STOCK OF WHICH (EXCEPT QUALIFYING SHARES OF DIRECTORS IN AN AMOUNT NOT TO EXCEED 10 PER CENTUM) IS OWNED BY SUCH AFFILIATE; (4) organized under section 25(a) of ~~the Federal Reserve~~ THIS Act, as amended, OR A SUBSIDIARY OF SUCH AFFILIATE, ALL THE STOCK OF WHICH (EXCEPT QUALIFYING SHARES OF DIRECTORS IN AN AMOUNT NOT TO EXCEED 10 PER CENTUM) IS OWNED BY SUCH AFFILIATE; ~~or~~ (5) engaged solely in holding obligations of the United States Government OR OBLIGATIONS FULLY GUARANTEED BY THE UNITED STATES GOVERNMENT AS TO PRINCIPAL AND INTEREST, the Federal intermediate credit banks, the Federal land banks, the Federal home-loan banks, or the Home Owners' Loan Corporation; (6) WHERE THE AFFILIATE RELATIONSHIP HAS ARISEN OUT OF A BONA FIDE DEBT CONTRACTED PRIOR TO THE DATE OF THE CREATION OF SUCH RELATIONSHIP; OR (7) WHERE THE AFFILIATE RELATIONSHIP EXISTS BY REASON OF THE OWNERSHIP OR CONTROL OF ANY VOTING SHARES THEREOF BY A MEMBER BANK AS EXECUTOR, ADMINISTRATOR, TRUSTEE, RECEIVER, AGENT, DEPOSITARY, OR IN ANY OTHER FIDUCIARY CAPACITY, EXCEPT WHERE SUCH SHARES ARE HELD FOR THE BENEFIT OF ALL OR A MAJORITY OF THE STOCKHOLDERS OF SUCH MEMBER BANK; but as to any such affiliate, member banks shall continue to be subject to other provisions of law applicable to loans by such banks AND INVESTMENTS BY SUCH BANKS in stocks, bonds, debentures, or other such obligations. THE PROVISIONS OF THIS SECTION SHALL LIKEWISE NOT APPLY TO INDEBTEDNESS OF ANY AFFILIATE FOR UNPAID BALANCES DUE A BANK ON ASSETS PURCHASED FROM SUCH BANK OR TO LOANS SECURED BY,

EXTENSIONS OF CREDIT AGAINST, OR PURCHASES UNDER REPURCHASE AGREEMENT OF, OBLIGATIONS OF THE UNITED STATES GOVERNMENT OR OBLIGATIONS FULLY GUARANTEED BY THE UNITED STATES GOVERNMENT AS TO PRINCIPAL AND INTEREST.

Section 328 of the bill adds a new paragraph to section 24 of the Federal Reserve Act.

Sec. 24. (For provisions of first paragraph of section 24 of the Federal Reserve Act, see Sec. 210 of the bill.)

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LOANS MADE TO ESTABLISHED INDUSTRIAL OR COMMERCIAL BUSINESSES (a) WHICH ARE IN WHOLE OR IN PART DISCOUNTED OR PURCHASED OR LOANED AGAINST AS SECURITY BY A FEDERAL RESERVE BANK UNDER THE PROVISIONS OF SECTION 13b OF THIS ACT, (b) FOR ANY PART OF WHICH A COMMITMENT SHALL HAVE BEEN MADE BY A FEDERAL RESERVE BANK UNDER THE PROVISIONS OF SAID SECTION, (c) IN THE MAKING OF WHICH A FEDERAL RESERVE BANK PARTICIPATES UNDER THE PROVISIONS OF SAID SECTION, OR (d) IN WHICH THE RECONSTRUCTION FINANCE CORPORATION COOPERATES OR PURCHASES A PARTICIPATION UNDER THE PROVISION OF SECTION 5d OF THE RECONSTRUCTION FINANCE CORPORATION ACT, SHALL NOT BE SUBJECT TO THE RESTRICTIONS OR LIMITATIONS OF THIS SECTION UPON LOANS SECURED BY REAL ESTATE.

Section 329 of the bill, effective January 1, 1936, amends sections 8 and 8A of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other pur-

poses." (the Clayton Act).

Sec. 8. That from and after two years from the date of the approval of this Act no person shall at the same time be a director or other officer or employee of more than one bank, banking association, or trust company organized or operating under the laws of the United States, either of which has deposits, capital, surplus, and undivided profits aggregating more than $5,000,000, and no private banker or person who is a director in any bank or trust company organized and operating under the laws of a State, having deposits, capital, surplus, and undivided profits aggregating more than $5,000,000, shall be eligible to be a director in any bank or banking association organized or operating under the laws of the United States.--The eligibility of a director, officer, or employee under the foregoing provisions shall be determined by the average amount of deposits, capital, surplus, and undivided profits as shown in the official statements of such bank, banking association, or trust company filed as provided by law during the fiscal year next preceding the date set for the annual election of directors, and when a director, officer, or employee has been elected or selected in accordance with the provisions of this Act it shall be lawful for him to continue as such for one year thereafter under said election or employment.

No bank, banking association, or trust company organized or operating under the laws of the United States, in any city or incorporated town or village of more than two hundred thousand inhabitants, as shown by the last preceding decennial census of the United

States, shall have as a director or other officer or employee any private banker or any director or other officer or employee of any other bank, banking association, or trust company located in the same place: Provided, That nothing in this section shall apply to mutual savings banks not having a capital stock represented by shares, to joint stock land banks organized under the provisions of the Federal Farm Loan Act, or to other banking institutions which do no commercial banking business: Provided further, That a director or other officer or employee of such bank, banking association, or trust company may be a director or other officer or employee of not more than one other bank or trust company organized under the laws of the United States or any State where the entire capital stock of one is owned by stockholders in the other: And provided further, That nothing contained in this section shall forbid a director of class A of a Federal reserve bank, as defined in the Federal Reserve Act, from being an officer or director, or both an officer and director, in one member bank: And provided further, That nothing in this Act shall prohibit any private banker from being an officer, director, or employee of not more than two banks, banking associations, or trust companies, or prohibit any officer, director, or employee of any bank, banking association, or trust company, or any class A director of a Federal reserve bank, from being an officer, director, or employee of not more than two other banks, banking associations, or trust companies, whether organized under the laws of the United States or any State, if in any such case there is in force a permit therefor issued by the Federal Reserve

~~Board, and the Federal Reserve Board is authorized to issue such permit if in its judgment it is not incompatible with the public interest, and to revoke any such permit whenever it finds, after reasonable notice and opportunity to be heard, that the public interest requires its revocation.~~

~~The consent of the Federal Reserve Board may be procured before the person applying therefor has been elected as a class A director of a Federal reserve bank or as a director of any member bank.~~

NO DIRECTOR, OFFICER, OR EMPLOYEE OF ANY MEMBER BANK OF THE FEDERAL RESERVE SYSTEM SHALL BE AT THE SAME TIME A PRIVATE BANKER OR A DIRECTOR, OFFICER, OR EMPLOYEE OF ANY OTHER BANK, BANKING ASSOCIATION, SAVINGS BANK (OTHER THAN A MUTUAL SAVINGS BANK), OR TRUST COMPANY EXCEPT IN LIMITED CLASSES OF CASES IN WHICH THE FEDERAL RESERVE BOARD MAY ALLOW SUCH SERVICE BY GENERAL REGULATIONS WHEN IN THE JUDGMENT OF THE FEDERAL RESERVE BOARD SUCH CLASSES OF INSTITUTIONS ARE NOT IN SUBSTANTIAL COMPETITION.

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When any person elected or chosen as a director of officer or selected as an employee of any bank or other corporation subject to the provisions of this Act is eligible at the time of his election or selection to act for such bank or other corporation in such capacity his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to any of the provisions hereof by reason of any change in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by

any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

~~Sec. 8A.--That from and after the 1st day of January 1934, no director, officer, or employee of any bank, banking association, or trust company, organized or operating under the laws of the United States shall be at the same time a director, officer, or employee of a corporation (other than a mutual savings bank) or a member of a partnership organized for any purpose whatsoever which shall make loans secured by stock or bond collateral to any individual, association, partnership, or corporation other than its own subsidiaries.~~

Sections 330(a) and 330(b) of the bill amend section 1 of the Act of November 7, 1918 (U.S.C., title 12, sec. 33).

1. That any two or more national banking associations located within the same State, county, city, town, or village may, with the approval of the Comptroller of the Currency, consolidate into one association under the charter of either existing banks, on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each association proposing to consolidate, and be ratified and confirmed by the affirmative vote of the shareholders of each such association owning at least two thirds of its capital stock outstanding, at a meeting to be held on the call of the directors after publishing notice of the time, place, and object of the meeting for four consecutive weeks in some newspaper published in the place where the said association is located, and if no newspaper is pub-

lished in the place, then in a paper published nearest thereto, and after sending such notice to each shareholder of record by registered mail at least ten days prior to said meeting: Provided, That the capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national bank in the place in which it is located: ~~And provided further, That when such consolidation shall have been effected and approved by the comptroller any shareholder of either of the associations so consolidated who has not voted for such consolidation may give notice to the directors of the association in which he is interested within twenty days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained~~ AND PROVIDED FURTHER, THAT IF SUCH CONSOLIDATION SHALL BE VOTED FOR AT SAID MEETINGS BY THE NECESSARY MAJORITIES OF THE SHAREHOLDERS OF EACH OF THE ASSOCIATIONS PROPOSING TO CONSOLIDATE, ANY SHAREHOLDER OF ANY OF THE ASSOCIATIONS SO CONSOLIDATED WHO HAS VOTED AGAINST SUCH CONSOLIDATION AT THE MEETING OF THE ASSOCIATION OF WHICH HE IS A SHAREHOLDER OR HAS GIVEN NOTICE IN WRITING AT OR PRIOR TO SUCH MEETING TO THE PRESIDING OFFICER THAT HE DISSENTS FROM THE PLAN OF CONSOLIDATION, SHALL BE ENTITLED TO RECEIVE THE VALUE OF THE SHARES SO HELD BY HIM IF AND WHEN SAID CONSOLIDATION SHALL BE APPROVED BY THE COMPTROLLER OF THE CURRENCY, SUCH VALUE TO BE ASCERTAINED AS OF THE DATE OF THE COMPTROLLER'S

APPROVAL by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors, and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to the shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and if said reappraisal shall exceed the value fixed by said committee, the bank shall pay the expenses of the reappraisal; otherwise the appellant shall pay said expenses, and the value so ascertained and determined shall be deemed to be a debt due and be forthwith paid to said shareholder from said bank, and the share so paid shall be surrendered and after due notice sold at public auction within thirty days after the final appraisement provided for in this Act.

PUBLICATION OF NOTICE AND NOTIFICATION BY REGISTERED MAIL OF THE MEETING PROVIDED FOR IN THE FOREGOING PARAGRAPH MAY BE WAIVED BY UNANIMOUS ACTION OF THE SHAREHOLDERS OF THE RESPECTIVE ASSOCIATIONS. WHERE A DISSENTING SHAREHOLDER HAS GIVEN NOTICE AS ABOVE PROVIDED TO THE ASSOCIATION OF WHICH HE IS A SHAREHOLDER OF HIS DISSENT FROM THE PLAN OF CONSOLIDATION, AND THE DIRECTORS THEREOF FAIL FOR MORE THAN THIRTY DAYS THEREAFTER TO APPOINT AN APPRAISER OF THE VALUE OF HIS SHARES, SAID SHAREHOLDER MAY REQUEST THE COMPTROLLER OF THE CURRENCY TO APPOINT SUCH APPRAISER TO ACT ON THE APPRAISAL COMMITTEE FOR AND ON BEHALF OF SUCH ASSOCIATION.

IF SHARES, WHEN SOLD AT PUBLIC AUCTION IN ACCORDANCE WITH THIS SECTION, REALIZE A PRICE GREATER THAN THEIR FINAL APPRAISED VALUE, THE

EXCESS IN SUCH SALE PRICE SHALL BE PAID TO THE SHAREHOLDER. THE CONSOLIDATED ASSOCIATION SHALL BE LIABLE FOR ALL LIABILITIES OF THE RESPECTIVE CONSOLIDATING ASSOCIATIONS. IN THE EVENT ONE OF THE APPRAISERS FAILS TO AGREE WITH THE OTHERS AS TO THE VALUE OF SAID SHARES, ~~THEN~~ THE VALUATION OF THE REMAINING APPRAISERS SHALL GOVERN.

Sections 331(a) and 331(b) of the bill amend section 3 of the Act of November 7, 1918 (U.S.C., title 12, sec. 34(a).

Sec. 3. * * * ~~When such consolidation shall have been effected and approved by the comptroller any shareholder of either the association or of the State or District bank so consolidated, who has not voted for such consolidation, may give notice to the directors of the consolidated association within twenty days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained~~ IF SUCH CONSOLIDATION SHALL BE VOTED FOR AT SAID MEETINGS BY THE NECESSARY MAJORITIES OF THE SHAREHOLDERS OF THE ASSOCIATION AND OF THE STATE OR OTHER BANK PROPOSING TO CONSOLIDATE, AND THEREAFTER THE CONSOLIDATION SHALL BE APPROVED BY THE COMPTROLLER OF THE CURRENCY, ANY SHAREHOLDER OF EITHER THE ASSOCIATION OR THE STATE OR OTHER BANK SO CONSOLIDATED, WHO HAS VOTED AGAINST SUCH CONSOLIDATION AT THE MEETING OF THE ASSOCIATION OF WHICH HE IS A STOCKHOLDER, OR HAS GIVEN NOTICE IN WRITING AT OR PRIOR TO SUCH MEETING TO THE PRESIDING OFFICER THAT HE DISSENTS FROM THE PLAN OF CONSOLIDATION, SHALL BE EN-

TITLED TO RECEIVE THE VALUE OF THE SHARES SO HELD BY HIM IF AND WHEN SAID CONSOLIDATION SHALL BE APPROVED BY THE COMPTROLLER OF THE CURRENCY, SUCH VALUE TO BE ASCERTAINED AS OF THE DATE OF THE COMPTROLLER'S APPROVAL by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors of the consolidated association, and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to such shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and the consolidated association shall pay the expenses of reappraisal, and the value as ascertained by such appraisal or reappraisal shall be deemed to be a debt due and shall be forthwith paid to said shareholder by said consolidated association, and the shares so paid for shall be surrendered and, after due notice, sold at public auction within thirty days after the final appraisement provided for in this section; and if the shares so sold at public auction shall be sold at a price greater than the final appraisal value, the excess in such sale price shall be paid to the said shareholder; and the consolidated association shall have the right to purchase such shares at public auction, if it is the highest bidder therefor, for the purpose of reselling such shares within thirty days thereafter to such person or persons and at such price as its board of directors by resolution may determine. The liquidation of such shares of stock in any State bank shall be determined in the manner prescribed by the law of the

State in such cases if such provision is made in the State law; otherwise as hereinbefore provided. No such consolidation shall be in contravention of the law of the State under which such bank is incorporated.

The words "State bank," "State banks," "bank," or "banks," as used in this section, shall be held to include trust companies, savings banks, or other such corporations or institutions carrying on the banking business under the authority of State laws.

WHERE A DISSENTING SHAREHOLDER HAS GIVEN NOTICE AS PROVIDED IN THIS SECTION TO THE BANK OF WHICH HE IS A SHAREHOLDER OF HIS DISSENT FROM THE PLAN OF CONSOLIDATION, AND THE DIRECTORS THEREOF FAIL FOR MORE THAN THIRTY DAYS THEREAFTER TO APPOINT AN APPRAISER OF THE VALUE OF HIS SHARES, SAID SHAREHOLDER MAY REQUEST THE COMPTROLLER OF THE CURRENCY TO APPOINT SUCH APPRAISER TO ACT ON THE APPRAISAL COMMITTEE FOR AND ON BEHALF OF SUCH BANK. IN THE EVENT ONE OF THE APPRAISERS FAILS TO AGREE WITH THE OTHERS AS TO THE VALUE OF SAID SHARES, THEN THE VALUATION OF THE REMAINING APPRAISERS SHALL GOVERN.

Section 332 of the bill amends the Act of May 24, 1926, entitled "An Act to prohibit offering for sale as Federal farm loan bonds any securities not issued under the terms of the Farm Loan Act, to limit the use of the words 'Federal', 'United States', or 'reserve', or a combination of such words, to prohibit false advertising, and for other purposes", (U.S.C., title 12, secs. 584-588).

Sec. 2. That no bank, banking association, trust company, corporation, association, firm, partnership, or person engaged in the banking, loan, building and loan, brokerage, factorage, insurance, indemnity, or trust business shall use the word "Federal", the words "United States", THE WORDS "DEPOSIT INSURANCE", or the word "reserve", or any combination of such words, as a portion of its corporate, firm, or trade name or title or of the name under which it does business: Provided, however, That the provisions of this section shall not apply to the Federal Reserve Board, the Federal Farm Loan Board, the Federal Trade Commission, or any other department, bureau, or independent establishment of the Government of the United States, nor to any Federal reserve bank, Federal land bank, or Federal reserve agent, nor to the Federal Advisory Council, nor to any corporation organized under the laws of the United States, NOR TO ANY NEW BANK ORGANIZED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AS PROVIDED IN SECTION 12B OF THE FEDERAL RESERVE ACT, AS AMENDED, nor to any bank, banking association, trust company, corporation, association, firm, partnership, or person actually engaged in business under such name or title prior to the passage of this Act OR THE FEDERAL DEPOSIT INSURANCE CORPORATION.

Section 333 of the bill amends the Act of May 18, 1934, entitled "An Act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System" (48 Stat. 783).

As used in this Act the term "bank" includes any member bank of the Federal Reserve System, and any bank, banking association, trust company, savings bank, or other banking institution organized or operating under the laws of the United States, AND ANY INSURED BANK AS DEFINED IN SUBSECTION (c) OF SECTION 12B OF THE FEDERAL RESERVE ACT, AS AMENDED.

Sec. 2. (a) Whoever, by force and violence, or by putting in fear, feloniously takes, or feloniously attempts to take, from the person or presence of another any property or money or any other thing of value belonging to, or in the care, custody, control, management, or possession of, any bank shall be fined not more than $5,000 or imprisoned not more than twenty years, or both.

(b) Whoever, in committing, or in attempting to commit, any offense defined in subsection (a) of this section, assaults any person, or puts in jeopardy the life of any person by the use of a dangerous weapon or device, shall be fined not less than $1,000 nor more than $10,000 or imprisoned not less than five years nor more than twenty-five years, or both.

Sec. 3. Whoever, in committing any offense defined in this Act, or in avoiding or attempting to avoid apprehension for the commission of such offense, or in freeing himself or attempting to free himself from arrest or confinement for such offense, kills any person, or forces any person to accompany him without the consent of such person, shall be punished by imprisonment for not less than 10 years, or by

death if the verdict of the jury shall so direct.

Sec. 4. Jurisdiction over any offense defined by this Act shall not be reserved exclusively to courts of the United States.

Section 334 of the bill amends section 5143 of the Revised Statutes.

Sec. 5143. Any association formed under this chapter may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this chapter to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency ~~and by the Federal Reserve Board, or by the organization committee pending the organization of the Federal Reserve Board.~~ AND NO SHAREHOLDER SHALL BE ENTITLED TO ANY DISTRIBUTION OF CASH OR OTHER ASSETS BY REASON OF ANY REDUCTION OF THE COMMON CAPITAL OF ANY ASSOCIATION UNLESS SUCH DISTRIBUTION SHALL HAVE BEEN APPROVED BY THE COMPTROLLER OF THE CURRENCY AND BY THE AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE SHARES OF EACH CLASS OF STOCK OUTSTANDING, VOTING AS CLASSES.

Section 335 of the bill amends section 5139 of the Revised Statutes by adding a new paragraph after the first paragraph thereof.

Sec. 5139. The capital stock of each association shall be divided into shares of $100 each, or into shares of such less amount as may be provided in the articles of association, and be deemed personal property, and transferable on the books of the association in such manner as may be prescribed in the by-laws or articles of association. Every person becoming a shareholder by such transfer shall, in proportion to his shares, succeed to all rights and liabilities of the prior holder of such shares; and no change shall be made in the articles of association by which the rights, remedies, or security of the existing creditors of the association shall be impaired.

CERTIFICATES HEREAFTER ISSUED REPRESENTING SHARES OF STOCK OF THE ASSOCIATION SHALL STATE (1) THE NAME AND LOCATION OF THE ASSOCIATION, (2) THE NAME OF THE HOLDER OF RECORD OF THE STOCK REPRESENTED THEREBY, (3) THE NUMBER AND CLASS OF SHARES WHICH THE CERTIFICATE REPRESENTS, AND (4) IF THE ASSOCIATION SHALL ISSUE STOCK OF MORE THAN ONE CLASS, THE RESPECTIVE RIGHTS, PREFERENCES, PRIVILEGES, VOTING RIGHTS, POWERS, RESTRICTIONS, LIMITATIONS, AND QUALIFICATIONS OF EACH CLASS OF STOCK ISSUED SHALL BE STATED IN FULL OR IN SUMMARY UPON THE FRONT OR BACK OF THE CERTIFICATES OR SHALL BE INCORPORATED BY A REFERENCE TO THE ARTICLES OF ASSOCIATION SET FORTH ON THE FRONT OF THE CERTIFICATES. EVERY CERTIFICATE SHALL BE SIGNED BY THE PRESIDENT AND THE CASHIER OF THE ASSOCIATION, OR BY SUCH OTHER OFFICERS AS THE BYLAWS OF THE ASSOCIATION SHALL PROVIDE, AND SHALL BE SEALED WITH THE SEAL OF THE ASSOCIATION.

* * * * *

Section 336 of the bill amends the last sentence of section 301 of the Emergency Banking Act of March 9, 1933, as amended.

Sec. 301. Notwithstanding any other provision of law, any national banking association may, with the approval of the Comptroller of the Currency and by vote of shareholders owning a majority of the stock of such association, upon not less than five days' notice, given by registered mail pursuant to action taken by its board of directors, issue preferred stock of one or more classes, in such amount and with such par value as shall be approved by said Comptroller, and make such amendments to its articles of association as may be necessary for this purpose; but, in the case of any newly organized national banking association which has not yet issued common stock, the requirement of notice to and vote of shareholders shall not apply. No issue of preferred stock shall be valid until the par value of all stock so issued shall be paid in. AND NOTICE THEREOF, DULY ACKNOWLEDGED BEFORE A NOTARY PUBLIC BY THE PRESIDENT, VICE PRESIDENT, OR CASHIER OF SAID ASSOCIATION, HAS BEEN TRANSMITTED TO THE COMPTROLLER OF THE CURRENCY AND HIS CERTIFICATE OBTAINED SPECIFYING THE AMOUNT OF SUCH ISSUE OF PREFERRED STOCK AND HIS APPROVAL THEREOF AND THAT THE AMOUNT HAS BEEN DULY PAID IN AS A PART OF THE CAPITAL OF SUCH ASSOCIATION; WHICH CERTIFICATE SHALL BE DEEMED TO BE CONCLUSIVE EVIDENCE THAT SUCH PREFERRED STOCK HAS BEEN DULY AND VALIDLY ISSUED.

Section 337 of the bill renders inoperative on July 1, 1937, but not by express amendment, the act of March 3, 1901, as amended, and

section 4 of the act of March 4, 1933, relating to stockholders' liability in District of Columbia banks. The pertinent sections of these acts are set forth below.

Act of March 4, 1933 (regulating banking in the District of Columbia) (D.C. Code, Supp. I, secs. 300a (a) and 300a (b):

Sec. 4. (a) The shareholders of every savings bank or savings company other than building associations organized on March 4, 1933, or thereafter organized, under authority of any Act of Congress to do business in the District of Columbia and of every banking institution organized by virtue of the laws of any of the States of the Union to do or doing a banking business in the District of Columbia, who acquire in any manner the shares of any such savings bank or savings company or such banking institutions other than building associations after March 4, 1933, shall be held individually responsible equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank or company, to the extent of the amount of their stock so acquired therein, at the par value thereof, in addition to the amount invested in such shares.

(b) The shareholders, at the date of the enactment of this Act, of every savings bank or savings company other than building associations organized under authority of any Act of Congress to do business in the District of Columbia, and of every banking institution organized by virtue of the laws of any of the States of this Union to do or doing a banking business in the District of Columbia, shall be held individually responsible, equally and ratably, and not one for another for all contracts, debts, and engagements of such savings bank, sav-

ings company, or banking institution, entered into or incurred subsequent to March 4, 1933, to the extent of the amount of their stock therein at the par value thereof, in addition to the amount invested in such shares. The words "entered into or incurred" as used in this section, shall be held to include any extension or renewal of any contracts, debts, and engagement renewed or extended after March 4, 1933.

* * * * *

Act of March 3, 1901 (D.C. Code, Title 5, sec. 361):

Sec. 734. All stockholders of every company incorporated under this chapter, or availing itself of its provisions under section 352 of this title shall be severally and individually liable to the creditors of such company to an amount equal to and in addition to the amount of stock held by them respectively for all debts and contracts made by such company.

Section 338 of the bill amends the second paragraph of section 9 of the Federal Reserve Act.

Sec. 9. * * * * *

Any such State bank which, at the date of the approval of this Act, has established and is operating a branch or branches in conformity with the State law, may retain and operate the same while remaining or upon becoming a stockholder of such Federal Reserve bank; but no such State bank may retain or acquire stock in a Federal Re-

serve bank except upon relinquishment of any branch or branches established after the date of the approval of this Act beyond the limits of the city, town, or village in which the parent bank is situated. Provided, however, That nothing herein contained shall prevent any State member bank from establishing and operating branches in the United States or any dependency or insular possession thereof or in any foreign country, on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks. 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.

Section 339 of the bill amends section 5234 of the Revised Statutes.

Sec. 5234. On becoming satisfied, as specified in sections fifty-two hundred and twenty-six and fifty-two hundred and twenty-seven, that any association has refused to pay its circulating notes as therein mentioned, and is in default, the Comptroller of the Currency may forthwith appoint a receiver, and require of him such bond and security as he deems proper. Such receiver, under the direction of

the Comptroller, shall take possession of the books, records, and assets of every description of such association, collect all debts, dues, and claims belonging to it, and, upon the order of a court of record of competent jurisdiction, may sell or compound all bad or doubtful debts, and, on a like order, may sell all the real and personal property of such association, on such terms as the court shall direct; and may, if necessary to pay the debts of such association, enforce the individual liability of the stockholders. Such receiver shall pay over all money so made to the Treasurer of the United States, subject to the order of the Comptroller, and also make report to the Comptroller of all his acts and proceedings.

Provided, That the Comptroller may, if he deems proper, deposit any of the money so made in any regular Government depositary, or in any State or national bank either of the city or town in which the insolvent bank was located, or of a city or town as adjacent thereto as practicable; if such deposit is made he shall require the depositary to deposit United States bonds or other satisfactory securities with the Treasurer of the United States for the safe-keeping and prompt payment of the money so deposited: PROVIDED, THAT NO SECURITY IN THE FORM OF DEPOSIT OF UNITED STATES BONDS, OR OTHERWISE, SHALL BE REQUIRED IN THE CASE OF SUCH PARTS OF THE DEPOSITS AS ARE INSURED UNDER SECTION 12B OF THE FEDERAL RESERVE ACT, AS AMENDED. Such depositary shall pay upon such money interest at such rate as the Comptroller may prescribe, not less, however, than two per centum per annum upon the average monthly amount of such deposits.

Section 340 of the bill amends section 61 of the National Bankruptcy Act.

Sec. 61. Depositories for Money.- Courts of bankruptcy shall designate, by order, banking institutions as depositories for the money of bankrupt estates, as convenient as may be to the residences of trustees, and shall require bonds to the United States, subject to their approval, to be given by such banking institutions, and may from time to time as occasion may require, by like order increase the number of depositories or the amount of any bond or change such depositories: PROVIDED, THAT NO SECURITY IN FORM OF A BOND OR OTHERWISE SHALL BE REQUIRED IN THE CASE OF SUCH PART OF THE DEPOSITS AS ARE INSURED UNDER SECTION 12B OF THE FEDERAL RESERVE ACT, AS AMENDED.

Section 341 of the bill amends section 8 of the Postal Savings Depository Act of June 25, 1910.

Sec.8.SUBJECT TO SUCH REGULATIONS AS THE POSTMASTER GENERAL MAY PRESCRIBE,any depositor may withdraw the whole or any part of the funds deposited to his or her credit with the accrued interest ~~only on notice given sixty days in advance and under such regulations as the Postmaster General may prescribe, but withdrawal of any part of such funds may be made upon demand, but no interest shall be paid on any funds so withdrawn except interest accrued to the date of enactment of the Banking Act of 1933. Provided, That Postal Savings depositories may deposit funds in member banks on time under regulations to be prescribed by the Postmaster General.~~ AFTER THE EXPIRATION OF SIXTY

DAYS AFTER GIVING NOTICE IN WRITING OF INTENTION TO WITHDRAW, AND ANY DEPOSITOR MAY WITHDRAW THE WHOLE OR ANY PART OF SUCH FUNDS WITHOUT SUCH NOTICE ONLY ON CONDITION THAT THERE BE DEDUCTED FROM THE FUNDS TO HIS OR HER CREDIT DERIVED FROM INTEREST AN AMOUNT EQUIVALENT TO INTEREST FOR A PERIOD OF NOT LESS THAN THREE MONTHS ON THE AMOUNT WITHDRAWN. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, NO INTEREST SHALL BE PAID ON ANY DEPOSIT IN ANY POSTAL SAVINGS DEPOSITORY OFFICE AT A RATE IN EXCESS OF THAT WHICH MAY LAWFULLY BE PAID ON SAVINGS DEPOSITS UNDER REGULATIONS PRESCRIBED BY THE FEDERAL RESERVE BOARD PURSUANT TO THE FEDERAL RESERVE ACT FOR MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM LOCATED IN OR NEAREST TO THE PLACE WHERE SUCH DEPOSITORY OFFICE IS SITUATED. POSTAL SAVINGS DEPOSITORIES MAY DEPOSIT FUNDS ON TIME IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM SUBJECT TO THE PROVISIONS OF THE FEDERAL RESERVE ACT AND THE REGULATIONS OF THE FEDERAL RESERVE BOARD REGARDING THE PAYMENT OF TIME DEPOSITS AND INTEREST THEREON.