

79<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6225

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IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 1946

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

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## A BILL

To provide for control and regulation of bank holding companies,  
and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Bank Holding Company  
4       Act of 1946".

5                               DECLARATION OF POLICY

6       SEC. 2. It is hereby declared to be the policy of Con-  
7       gress, in accordance with which policy all of the provisions  
8       of this Act shall be interpreted, to control the creation and  
9       expansion of bank holding companies; to separate their  
10      business of managing and controlling banks from unrelated  
11      businesses; and generally to maintain competition among

1 banks and to minimize the danger inherent in concentration  
2 of economic power through centralized control of banks; to  
3 subject the business and affairs of bank holding companies to  
4 the same type of examination and regulation as the banks  
5 which they control; and otherwise to provide for more effective  
6 regulation and supervision of bank holding companies  
7 to the end that their influence and control shall be directed  
8 toward the continued pursuit of sound policies and the continued  
9 maintenance of sound financial conditions by their  
10 subsidiary banks.

11 Before the expiration of five years following the passage  
12 of this Act the Board of Governors of the Federal Reserve  
13 System shall report to Congress the results of the administration  
14 of this Act, stating what, if any, substantial difficulties  
15 have been encountered in carrying out the purposes of this  
16 Act, and any recommendations as to changes in the law  
17 which in the opinion of the Board would be desirable.

18 DEFINITIONS

19 SEC. 3. (a) "Bank holding company" means (1)  
20 any company which directly or indirectly owns, controls, or  
21 holds with power to vote 10 per centum or more of the  
22 voting shares of each of two or more banks, unless the Board  
23 as hereinafter provided by order declares such company not  
24 to be a bank holding company; and (2) any company  
25 which the Board determines, after notice and opportunity

1 for hearing, directly or indirectly, exercises (either alone or  
2 pursuant to an arrangement or understanding with one or  
3 more other persons) such a controlling influence over the  
4 management or policies of two or more banks as to make  
5 it necessary or appropriate in the public interest or for the  
6 protection of investors or depositors that such company be  
7 subject to the obligations, duties, and liabilities imposed in  
8 this Act upon bank holding companies.

9       The Board, upon application, shall be order declare  
10 that a company is not a bank holding company under clause  
11 (1) above if the Board finds that the applicant does not,  
12 either alone or pursuant to an arrangement or understand-  
13 ing with one or more other persons, exercise such a con-  
14 trolling influence over the management or policies of two  
15 or more banks as to make it necessary or appropriate in  
16 the public interest or for the protection of investors or  
17 depositors that such company be subject to the obligations,  
18 duties, and liabilities imposed in this Act upon bank holding  
19 companies.

20       (b) "Bank" means any national bank, or any State  
21 bank, banking association, savings bank, or trust company.  
22 "State member bank" means any State bank which is a  
23 member of the Federal Reserve System. "District bank"  
24 means any State bank organized or operating under the  
25 Code of Law for the District of Columbia.

1       (c) "Company" means any bank, corporation, partner-  
2 ship, joint-stock company, business trust, voting trust, asso-  
3 ciation, or an organized group of persons, whether incor-  
4 porated or not, or any receiver trustee, or other liquidating  
5 agent of any of the foregoing in his capacity as such;  
6 excluding, however, any such company which is owned by  
7 the United States.

8       (d) "Board" means the Board of Governors of the  
9 Federal Reserve System.

10       (e) "Subsidiary". with respect to a specified bank  
11 holding company, means (1) any company 10 per centum  
12 or more of whose outstanding voting shares (excluding  
13 shares owned by the United States or by any company  
14 wholly owned by the United States) is owned or controlled  
15 by such bank holding company, unless the Board as herein-  
16 after provided by order declares such company not to be  
17 a subsidiary of such bank holding company; or (2) any  
18 company the management and policies of which the Board  
19 determines, after notice and opportunity for hearing, are  
20 subject to a controlling influence by the specified bank  
21 holding company.

22       The Board, upon application, shall by order declare  
23 that a company is not a subsidiary company of a specified  
24 bank holding company under clause (1) above if the Board  
25 finds that the management or policies of the applicant are

1 not subject to a controlling influence, directly or indirectly,  
2 by such bank holding company (either alone or pursuant to  
3 an arrangement or understanding with one or more other  
4 persons).

5           REGISTRATION, REPORTS, AND EXAMINATIONS

6       SEC. 4. (a) Within ninety days after the effective date  
7 of this Act, or within ninety days after becoming a bank  
8 holding company, whichever is later, every bank holding  
9 company shall register with the Board on forms prescribed  
10 by the Board, which shall include, with such other infor-  
11 mation as the Board may require, statements showing  
12 (1) its financial condition at the end of its fiscal year last  
13 preceding the date of registration, including therein the  
14 amount of its accumulated net income at such time; (2)  
15 name and address of each of the bank holding company's  
16 subsidiary banks and address of each branch of each such  
17 bank; (3) name and address of each other bank of which  
18 the bank holding company owns shares; (4) number of  
19 shares of each class of stock of each bank owned by the  
20 bank holding company; (5) information concerning the  
21 manner in which such shares are owned; (6) name, address,  
22 and nature of business of each of the bank holding company's  
23 subsidiaries, other than banks, and the manner in which  
24 the relationship arises; and (7) such information as the  
25 Board may deem necessary or appropriate.

1       The Board may, in its discretion, extend the time within  
2 which a bank holding company shall register and file the  
3 requisite statement.

4       (b) Each bank holding company shall furnish to the  
5 Board from time to time such reports as may be required by  
6 the Board and in such form and detail as the Board may  
7 prescribe. Such reports shall contain such information con-  
8 cerning the bank holding company and its subsidiaries as  
9 the Board shall deem necessary to disclose fully the relations  
10 among such companies, the effect of such relations upon the  
11 affairs of the subsidiary banks, and whether the provisions  
12 of this Act have been complied with.

13       (c) Each bank holding company and each subsidiary  
14 thereof shall be subject to such examinations by examiners  
15 selected or approved by the Board as shall be necessary to  
16 disclose fully the relations between such bank holding com-  
17 pany and its subsidiaries, the effect of such relations upon  
18 the affairs of the subsidiary banks, and whether the provi-  
19 sions of this Act or of the Board's orders, rules, or regula-  
20 tions have been complied with; and the examiner making  
21 such an examination shall have power to administer oaths  
22 and to examine any of the officers, directors, employees, and  
23 agents of such bank holding company or subsidiary under  
24 oath. The expenses of any such examination may, in the  
25 discretion of the Board, be assessed against the bank holding

1 company and, when so assessed, shall be paid by such bank  
2 holding company.

3 INTERESTS IN NONBANKING ORGANIZATIONS

4 SEC. 5. (a) Except as otherwise provided in this sec-  
5 tion, it shall be unlawful for any bank holding company,  
6 after two years after the effective date hereof, to own any  
7 voting shares or other securities or obligations of any com-  
8 pany other than a bank or to engage in any business other  
9 than that of managing or controlling subsidiary banks. The  
10 Board is authorized to extend this period from time to time  
11 for not more than one year at a time if, in its judgment,  
12 such an extension would not be detrimental to the public  
13 interest.

14 (b) The prohibitions in this section shall not apply to  
15 voting shares or other securities or obligations owned or  
16 acquired by a bank holding company in any company en-  
17 gaged solely in holding and operating property in which the  
18 bank premises are located, or engaged solely in conducting  
19 a safe deposit business, or in any other company the activi-  
20 ties of which the Board has determined are so closely related  
21 to the business of managing, operating, or controlling banks  
22 as to be a proper incident thereto.

23 (c) Nor shall the prohibitions in this section apply to  
24 voting shares or securities or obligations acquired by a bank  
25 holding company from any of its subsidiaries at the request

1 of any Federal or State authority having statutory power  
2 to examine such subsidiaries; but such bank holding com-  
3 pany shall dispose of such shares, securities, or obligations  
4 within a reasonable time. If, while such bank holding com-  
5 pany owns or controls such shares, securities, or obligations,  
6 the Board, after notice and opportunity for hearing, deter-  
7 mines that the ownership or control of such shares, securities,  
8 or obligations is resulting in the violation or evasion of any  
9 of the provisions of this Act, it may by order require such  
10 bank holding company to dispose of all or any part thereof  
11 forthwith.

12 ACQUISITIONS OF BANK SHARES OR BANK ASSETS

13 SEC. 6. (a) No plan, undertaking, or agreement by  
14 or on behalf of any company which would result in that  
15 company owning, either directly or indirectly, 10 per cen-  
16 tum or more of the voting shares of each of two or more  
17 banks, and no plan, undertaking, or agreement by or on  
18 behalf of any bank holding company to acquire either  
19 directly or indirectly any voting shares of a bank, shall be  
20 consummated, effectuated, and completed except with the  
21 prior approval of the Board.

22 (b) No plan, undertaking, or agreement by or on  
23 behalf of any bank holding company or any of its nonbank-  
24 ing subsidiaries to acquire all or substantially all of the assets



1 of any bank shall be consummated, effectuated, or com-  
 2 pleted except with the prior approval of the Board.

3 (c) No plan, undertaking, or agreement by or on behalf  
 4 of a banking subsidiary of a bank holding company to acquire  
 5 all or substantially all of the assets of any bank shall be  
 6 consummated, effectuated, or completed except with the  
 7 prior approval of (1) the Comptroller of the Currency if  
 8 the acquiring bank is a national bank or district bank; or  
 9 (2) the Board if the acquiring bank is a State member  
 10 bank; or (3) the Federal Deposit Insurance Corporation  
 11 in the case of any other acquiring bank.

12 (d) In determining whether to approve any acquisi-  
 13 tion subject to paragraph (a), (b), or (c) of this section  
 14 consideration shall be given to the financial history and  
 15 condition of the applicant and the banks concerned; their  
 16 prospects; the character of their management; the con-  
 17 venience, needs, and welfare of the communities and the area  
 18 concerned; and the national policy against restraint of trade  
 19 and undue concentration of economic power and in favor of  
 20 the maintenance of competition in the field of banking.

#### 21 BORROWING BY BANK HOLDING COMPANY OR ITS

#### 22 SUBSIDIARIES

23 SEC. 7. No bank shall (1) make any loan or any  
 24 extension of credit to, or purchase securities under repur-

1 chase agreement from (a) a bank holding company of  
2 which it is a subsidiary, or (b) a subsidiary of such bank  
3 holding company; or (2) invest any of its funds in the capital  
4 stock, bonds, debentures, or other such obligations of any  
5 such bank holding company or subsidiary; or (3) accept the  
6 capital stock, bonds, debentures, or other such obligations  
7 of any such bank holding company or subsidiary as collateral  
8 security for advances made to any person, partnership, asso-  
9 ciation, or corporation, if the aggregate amount of such  
10 loans, extensions of credit, repurchase agreements, invest-  
11 ments, and advances against such collateral security  
12 will exceed 10 per centum of the capital stock and  
13 surplus of such bank. Within the foregoing limitations,  
14 each loan or extension of credit of any kind or character  
15 to such bank holding company or subsidiary shall be secured  
16 in the manner and to the extent prescribed by section 23A  
17 of the Federal Reserve Act, as amended, with respect to  
18 loans and extensions of credit by member banks to their  
19 affiliates.

20 The provisions of this section shall not apply to (1)  
21 any company of the types described in section 5 (b) of  
22 this Act, or (2) any company whose subsidiary status has  
23 arisen out of a bona fide debt to the bank, contracted prior  
24 to the date of the creation of such status, or (3) any com-  
25 pany whose subsidiary status exists by reason of the owner-

1 ship or control of voting shares thereof by the bank as  
2 executor, administrator, trustee, receiver, agent, depository,  
3 or in any other fiduciary capacity, except where such  
4 shares are held for the benefit of all or a majority of the  
5 stockholders of such bank.

6 SERVICE FEES OR BENEFITS

7 SEC. 8. The Board is authorized, if in its opinion such  
8 action is necessary or appropriate for the protection of  
9 depositors or investors and after appropriate notice and  
10 opportunity for hearing, to determine the reasonableness of  
11 any service, management, or similar charge or fee or benefit  
12 obtained by a bank holding company or any of its sub-  
13 sidiaries from a subsidiary bank of such bank holding com-  
14 pany, and to order that all or any part of such charges  
15 or fees or benefits which its finds to be unreasonable shall  
16 be discontinued. It shall be unlawful for such bank holding  
17 company or any of its subsidiaries thereafter to assess or  
18 obtain any such charge or fee or benefit in contravention  
19 of the Board's order.

20 RESERVE FUND

21 SEC. 9. After the effective date of this Act, every  
22 corporate bank holding company shall use all its net earnings  
23 over and above 6 per centum per annum of the par value  
24 of its own shares to accumulate a fund, and every non-  
25 corporate bank holding company shall accumulate a fund in

1 accordance with the terms prescribed by the Board, in an  
2 amount equal to at least 12 per centum of the aggregate  
3 book value of all bank shares owned by it. Such fund shall  
4 consist of cash and obligations of the United States or obli-  
5 gations fully guaranteed as to principal and interest by the  
6 United States and shall be identified in an appropriate man-  
7 ner and kept free and clear of any lien, pledge, or hypoth-  
8 ecation of any kind or nature. Such assets may be used by  
9 the bank holding company to replace capital of its subsidiary  
10 banks and to eliminate losses and depreciation from the  
11 assets of such banks, but, except as permitted by the Board,  
12 shall not be used by the bank holding company for any other  
13 purpose, and any deficiency in such assets resulting from  
14 such use shall be replaced in the same manner as above  
15 provided.

#### 16 REGULATIONS

17 SEC. 10. The Board shall have the authority to make  
18 and issue such rules, regulations, and orders, not inconsistent  
19 with the provisions of this Act, as may be necessary to enable  
20 it to administer and carry out the purposes of this Act and  
21 prevent evasions thereof and it shall likewise have authority  
22 to amend, modify, or rescind any such rules, regulations, or  
23 orders so made or issued. All powers and functions of the  
24 Board prescribed by this Act, other than the issuance, amend-  
25 ment, modification, or rescission of rules, regulations, and

1 orders and the determination of matters of general policy,  
2 may be performed through such members of the Board or  
3 such officers and employees thereof or such Federal Reserve  
4 banks or officers or employees thereof as the Board may  
5 deem advisable in order to facilitate the administration of this  
6 Act.

7 HEARINGS, INVESTIGATIONS, AND COURT REVIEW OF  
8 ORDERS

9 SEC. 11. (a) In addition to the hearings authorized in  
10 this Act, the Board also shall have authority to make such  
11 investigations as may be necessary to determine whether  
12 any proceeding under this Act should be instituted against  
13 a particular person or persons, or with respect to a particular  
14 transaction or transactions; and the Board shall keep appro-  
15 priate records of all hearings and investigations.

16 (b) For the purpose of any hearing or investigation  
17 under this Act, any member of the Board, or any officer  
18 thereof designated by it, is empowered to administer oaths  
19 and affirmations, subpoena witnesses, compel their attendance,  
20 take evidence, and require the production of any books,  
21 records, or other papers which are relevant or material to  
22 the inquiry. Such attendance of witnesses and the produc-  
23 tion of any such papers may be required from any place  
24 in any State or in any Territory or other place subject to  
25 the jurisdiction of the United States at any designated place

1 where such a hearing is being held or investigation is being  
2 made.

3 (c) In case of refusal to obey a subpoena issued to, or  
4 contumacy by, any person, the Board may invoke the aid  
5 of any court of the United States within the jurisdiction of  
6 which such hearing or investigation is carried on, or where  
7 such person resides or carries on business, in requiring the  
8 attendance and testimony of witnesses and the production  
9 of books, records, or other papers. And such court may  
10 issue an order requiring such person to appear before the  
11 Board or member or officer designated by the Board, there  
12 to produce records, if so ordered, or to give testimony touch-  
13 ing the matter under investigation or in question; and any  
14 failure to obey such order of the court may be punished by  
15 such court as a contempt thereof. All process in any such  
16 case may be served in the judicial district whereof such  
17 person is an inhabitant or wherever he may be found. No  
18 person shall be excused from attending and testifying or  
19 from producing books, records, or other papers in obedience  
20 to a subpoena issued under the authority of this Act on the  
21 ground that the testimony or evidence, documentary or other-  
22 wise, required of him may tend to incriminate him or subject  
23 him to a penalty or forfeiture; but no individual shall be  
24 prosecuted or subject to any penalty or forfeiture for or on  
25 account of any transaction, matter, or thing concerning which

1 he is compelled to testify or produce evidence, documentary  
2 or otherwise, after having claimed his privilege against self-  
3 incrimination, except that such individual so testifying shall  
4 not be exempt from prosecution and punishment for perjury  
5 committed in so testifying. Any person who without just  
6 cause shall fail or refuse to attend and testify or to answer  
7 any lawful inquiry or to produce books, records, or other  
8 papers in obedience to the subpoena of the Board, if in his  
9 or its power so to do, shall be guilty of a misdemeanor and  
10 upon conviction shall be subject to a fine of not more than  
11 \$1,000 or to imprisonment for a term of not more than one,  
12 year, or both.

13 (d) Any person or party aggrieved by an order issued  
14 by the Board under this Act may obtain a review of such  
15 order in the circuit court of appeals of the United States  
16 within any circuit wherein such person resides or has his  
17 principal place of business, or in the United States Court  
18 of Appeals for the District of Columbia, by filing in such  
19 court, within sixty days after the entry of such order, a  
20 written petition praying that the order of the Board be  
21 modified or set aside in whole or in part. A copy of such  
22 petition shall be forthwith served upon any member of the  
23 Board or upon the Board's secretary at its offices in the city  
24 of Washington, and thereupon the Board shall certify and  
25 file in the court a transcript of the record upon which the

1 order complained of was entered. Upon the filing of such  
2 transcript such court shall have exclusive jurisdiction to  
3 affirm, modify, or set aside such order in whole or in part.  
4 No objection to the order of the Board shall be considered  
5 by the court unless such objection shall have been urged  
6 before the Board or unless there were reasonable grounds  
7 for failure so to do. The finding of the Board as to the facts,  
8 if supported by substantial evidence, shall be conclusive.  
9 If application is made to the court for leave to adduce addi-  
10 tional evidence, and it is shown to the satisfaction of the  
11 court that such additional evidence is material and that there  
12 were reasonable grounds for failure to adduce such evidence  
13 in the proceeding before the Board, the court may order such  
14 additional evidence to be taken before the Board and to be  
15 adduced upon the hearing in such manner and upon such  
16 terms and conditions as to the court may seem proper. The  
17 Board may modify its findings as to the facts by reason of  
18 the additional evidence so taken, and it shall file with the  
19 court such modified or new findings, which, if supported by  
20 substantial evidence, shall be conclusive, and its recommenda-  
21 tion, if any, for the modification or setting aside of the  
22 original order. The judgment and decree of the court af-  
23 firming, modifying, or setting aside, in whole or in part,  
24 any such order of the Board shall be final, subject to review  
25 by the Supreme Court of the United States upon certiorari



1 or certification as provided in sections 239 and 240 of the  
2 Judicial Code, as amended. The commencement of proceed-  
3 ings to review an order of the Board issued under this Act  
4 shall not operate as a stay of the Board's order unless the  
5 court otherwise orders.

6 **PENALTIES**

7 SEC. 12. (a) If, after notice and opportunity for hear-  
8 ing, the Board finds that a bank holding company has  
9 willfully violated any of the provisions of this Act, or of  
10 any rules, regulations, or orders of the Board issued pursuant  
11 thereto, or has knowingly permitted or assented to or par-  
12 ticipated in any such violation by any subsidiary, the Board  
13 may issue an order, effective for such period as may be  
14 fixed by the order and containing any one or more of the  
15 following prohibitions: (i) That such bank holding com-  
16 pany shall not pay any salary or other remuneration to  
17 any officer or director of the company found by the Board  
18 to have willfully participated in such violation or violations  
19 and who was made a party to such hearing by the Board;  
20 (ii) that no subsidiary bank of such bank holding company  
21 shall pay dividends on shares owned by such bank holding  
22 company or pay or become liable to pay to such bank  
23 holding company or any of its subsidiaries any service, man-  
24 agement, or similar charges or fees, or render any specified  
25 benefit; and (iii) that such bank holding company shall

1 not directly or indirectly vote the shares owned by it or  
2 otherwise participate in the management or control of any  
3 subsidiary bank.

4 (b) Any person who willfully violates any provision of  
5 this Act or any rule, regulation, or order issued by the  
6 Board pursuant thereto shall upon conviction be fined not  
7 more than \$10,000 or imprisoned not more than two years,  
8 or both. Every officer, director, agent, and employee of a  
9 bank holding company shall be subject to the same penalties  
10 for false entries in any book, report, or statement of such  
11 bank holding company as are applicable to officers, directors,  
12 agents, and employees of member banks for false entries  
13 in any books, reports, or statements of member banks under  
14 section 5209 of the Revised Statutes, as amended.

15 TECHNICAL AMENDMENTS

16 SEC. 13. (a) The last sentence of the sixteenth para-  
17 graph of section 4 of the Federal Reserve Act, as amended,  
18 is amended by striking out all of the language therein which  
19 follows the colon and by inserting in lieu thereof the follow-  
20 ing: "*Provided*, That whenever any member banks with-  
21 in the same Federal Reserve district are subsidiaries of the  
22 same bank holding company within the meaning of the  
23 Bank Holding Company Act of 1946, participation in any  
24 such nomination or election by such member banks, includ-  
25 ing such bank holding company if it is also a member bank,

1 shall be confined to one of such banks, which may be design-  
2 nated for the purpose by such bank holding company.”

3 (b) (1) The eighteenth paragraph of section 9 of the  
4 Federal Reserve Act is amended by striking out the last  
5 sentence of such paragraph.

6 (2). The twenty-first paragraph of section 9 of the  
7 Federal Reserve Act is repealed.

8 (c) Subsection (c) of section 2 of the Banking Act of  
9 1933, as amended, is repealed.

10 (d) (1) Section 5144 of the Revised Statutes, as  
11 amended, is amended to read as follows:

12 “SEC. 5144. In all elections of directors, each share-  
13 holder shall have the right to vote the number of shares  
14 owned by him for as many persons as there are directors  
15 to be elected, or to cumulate such shares and give one  
16 candidate as many votes as the number of directors multi-  
17 plied by the number of his shares shall equal, or to distribute  
18 them on the same principle among as many candidates as  
19 he shall think fit; and in deciding all other questions at meet-  
20 ings of shareholders, each shareholder shall be entitled to  
21 one vote on each share of stock held by him; except that (1)  
22 this shall not be construed as limiting the voting rights of  
23 holders of preferred stock under the terms and provisions of  
24 articles of association, or amendments thereto, adopted pur-  
25 suant to the provisions of section 302 (a) of the Emergency

1 Banking and Bank Conservation Act, approved March 9,  
2 1933, as amended; (2) in the election of directors, shares  
3 of its own stock held by a national bank as sole trustee,  
4 whether registered in its own name as such trustee or in the  
5 name of its nominee, shall not be voted by the registered  
6 owner unless under the terms of the trust the manner in  
7 which such shares shall be voted may be determined by a  
8 donor or beneficiary of the trust and unless such donor or  
9 beneficiary actually directs how such shares shall be voted;  
10 and (3) shares of its own stock held by a national bank  
11 and one or more persons as trustees may be voted by such  
12 other person or persons, as trustees, in the same manner as  
13 if he or they were the sole trustee. Shareholders may vote  
14 by proxies duly authorized in writing; but no officer, clerk,  
15 teller, or bookkeeper of such bank shall act as proxy; and  
16 no shareholder whose liability is past due and unpaid shall  
17 be allowed to vote. Whenever shares of stock cannot be  
18 voted by reason of being held by the bank as sole trustee,  
19 such shares shall be excluded in determining whether matters  
20 voted upon by the shareholders were adopted by the  
21 requisite percentage of shares.”

22 (e) The second paragraph of section 5211 of the Re-  
23 vised Statutes is amended by striking out the second sentence  
24 of such paragraph.

25 (f) (1) Subdivision (1) (C) of subsection (a) of

1 section 14 of the Revenue Act of 1936, as amended, is  
2 amended to read as follows:

3 “(C) In the case of a bank holding company (as de-  
4 fined in the Bank Holding Company Act of 1946), the  
5 amount allowed as a credit under section 26 (d).”

6 (2) Subsection (d) of section 26 of the Revenue Act  
7 of 1936, as amended, is amended to read as follows:

8 “(d) BANK HOLDING COMPANIES.—In the case of a  
9 bank holding company (as defined in the Bank Holding  
10 Company Act of 1946), the amount of the earnings or  
11 profits which the Board of Governors of the Federal Reserve  
12 System certifies to the Commissioner has been devoted by  
13 such company during the taxable year to the acquisition of  
14 cash or readily marketable assets of the kinds eligible for  
15 investment by national banks under the provisions of section  
16 5136 of the United States Revised Statutes, in compliance  
17 with section 10 of the Bank Holding Company Act of 1946.  
18 The aggregate of the credits allowable under this subsection  
19 for all taxable years shall not exceed the amount required  
20 to be devoted under such section 10 to such purposes.”

21 (3) Subdivision (1) (D) of subsection (c) of section  
22 102 of the Revenue Act of 1936, as amended, is amended  
23 to read as follows:

24 “(D) Bank Holding Companies.—In the case of a  
25 bank holding company (as defined in the Bank Holding

1       Company Act of 1946), the amount allowed as a credit  
2       under section 26 (d).”

3       (g) (1) Paragraph 4 of subsection (c) of section 3  
4       of the Investment Company Act of 1940 is amended to read  
5       as follows:

6       “(4) Any bank holding company which is registered  
7       with the Board of Governors of the Federal Reserve System  
8       pursuant to the Bank Holding Company Act of 1946.”

9       (2) Paragraph (11) of subsection (a) of section 202  
10      of the Investment Advisers Act of 1940 is amended by  
11      changing the words “or any holding company affiliate, as  
12      defined in the Banking Act of 1933” to read “or any bank  
13      holding company, as defined in the Bank Holding Company  
14      Act of 1946”.

15                               SEPARABILITY OF PROVISIONS

16      SEC. 14. If any provision of this Act, or the application  
17      of such provision to any person or circumstance, shall be  
18      held invalid, the remainder of the Act, and the application  
19      of such provision to persons or circumstances other than  
20      those to which it is held invalid, shall not be affected thereby.

79<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6225

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## A BILL

To provide for control and regulation of bank  
holding companies, and for other purposes.

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By Mr. SPENCE

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APRIL 30, 1946

Referred to the Committee on Banking and Currency