

At an adjourned meeting of the Federal Reserve Board held in the office of the Board at 8 p. m. on Wednesday, September 2d, 1914.

PRESENT:

Mr. Hamlin	Mr. Warburg
Mr. Delano	Mr. Miller
Mr. Williams	Mr. Harding

Mr. Hamlin, Governor of the Board, presided and Mr. M. C. Elliott acted as Secretary to the meeting.

Senator Robert L. Owen, Chairman of the Senate Committee and Congressman R. Carter Glass, Chairman of the House Committee on Banking and Currency, respectively, appeared by invitation and the proposed amendments to the Federal Reserve Act heretofore discussed and considered by the Board, were submitted for consideration to Senator Owen and Congressman Glass. The form of such amendments as submitted at this meeting for consideration was as follows:

PROPOSED AMENDMENTS TO THE FEDERAL RESERVE ACT.

I Be it enacted, etc., that the Act approved December 23, 1913, known as the Federal Reserve Act, be hereby amended as follows:

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W. C. Elliott Sec'y.

Amend section 11 by adding a clause (m) as follows:

(m) Upon the affirmative vote of at least five members the Federal Reserve Board shall have power: (1) To postpone or otherwise change the times of payment of the second and subsequent installments of subscriptions to the capital stock of the several Federal Reserve Banks. (2) To postpone for a period or periods not exceeding four months in all any date when any reserve requirement prescribed for member banks in section 19 of this Act shall become effective. (3) To permit member banks to carry in the Federal reserve banks of their respective districts any portion of their reserves now required by section 19 of this Act to be held in their own vaults. (4) To permit member banks to count as part of their lawful reserves Federal reserve notes to an amount not exceeding five per centum of their net demand deposits.

Provided, however, that on and after the expiration of thirty-six months from the date of the official announcement of the Secretary of the Treasury of the establishment of a Federal reserve bank, no member bank shall count as part of its lawful reserve any balance kept with any other bank except the Federal reserve bank of its district.

II

Section fifty-two hundred and two of the United States Revised Statutes, as amended by section 13 of the Federal Reserve Act, is hereby amended and re-enacted to read as follows:

No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

- Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.
- Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.
- Sixth. Liabilities on account of endorsement of foreign bills of exchange, and such acceptances as are permitted under this Act, as all these instruments may be defined and limited as to amount under regulations prescribed by the Federal Reserve Board. Provided, however, that all such liabilities shall be set forth in statements of condition made by such banks to the Federal reserve banks.

III Section 16 of said Act is hereby amended by adding after the words "this Act", in the second paragraph, the following:

"or rediscounted or purchased under section 14 of this Act", so that as amended it will read:

"The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of section 13 of this Act, or rediscounted or purchased under section 14 of this Act".

IV Section 18 of this Act is hereby amended by striking out in the first proviso the word "permitted" and substituting therefor the word "required", so that as amended the clause will read:

"Provided that Federal reserve banks shall not be required to purchase an amount to exceed \$25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section 4 of this Act by the Federal reserve bank."

V That section 1 of an Act approved May 30, 1908, entitled, "An Act to amend the national banking laws", as heretofore

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A. L. ... Sec'y.

amended, is hereby further amended by striking out the words "thirty per centum of its unimpaired capital and surplus", and substituting therefor the words "eighty per centum of its unimpaired capital and surplus", so that as amended it shall read as follows:

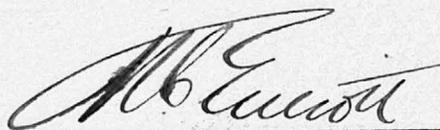
"No national banking association shall be authorized in any event to issue circulating notes based on commercial paper in excess of eighty per centum of its unimpaired capital and surplus."

VI

That section 16 of the Federal Reserve Act is hereby amended by adding at the end thereof the following paragraph:

The Secretary of the Treasury is hereby authorized to designate Federal reserve banks as agents of the United States and of member banks for the redemption of national bank circulation, including additional circulation issued under the Act of May 30, 1908, as amended; and also to devise and put in operation a system of clearances of such notes between the Treasury, Federal reserve banks and member banks.

On motion the meeting adjourned to meet at 11 a. m.
on Thursday September 3, 1914.



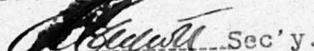
Secretary pro tem.

APPROVED:



Chairman.

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Sec'y.