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Glass Bill - June 4, 1913
Federal Reserve Bill

1
1913

This proposed Bill submitted to me by Mr. Willis for Mr. Glass with his (C.G.S) initials & was the Bill as I understood it which had received the tentative approval of President Woodrow Wilson -

My original pencil notes are on it -
Robert Owen

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me by Mr. Willis for Mr. Glass
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My original pencil notation
on it - Provisional

*This bill seriously defects in giving banks
control of system & admitting bank issues of
currency - Government must control & issue currency.*

*Glass Bill
prepared by Willis*

63rd Congress

First Session.

H. R. 1

In the House of Representatives

1913

Mr. Glass of Virginia introduced the following bill
which was referred to the Banking and Currency Committee
and ordered to be printed.

A BILL

To provide an elastic currency, furnish means of redis-
counting commercial paper, protect the creditors of
National Banking Associations, and establish a more ef-
fective supervision of banking in the United States.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress assembled.

Sec. 1. That the act of May 30, 1908, entitled
"An Act to amend the National Banking Law," be and the
same is hereby repealed.

Sec. 2. That within sixty days after the passage of this act, the Secretary of the Treasury, the Comptroller of the Currency and the Attorney-General of the United States acting as a "Reserve Bank Organization Committee" shall prepare and publish a list of twenty reserve cities chosen from those now authorized by law and shall divide the continental United States into twenty districts, each district to contain one of the said reserve cities; Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business and not necessarily in harmony with the area of the several States. The districts may be readjusted and new districts may from time to time be created by the Board hereinafter created, acting upon a joint application made by not less than ten National banks situated within one of the existing districts. The districts thus constituted shall be known as "National Reserve Districts" and shall be designated by number according to the pleasure of the Reserve Bank Organization Committee hereinafter referred to as the Organization Committee. The said Organization Committee shall, in accordance with regulations to be established by themselves proceed to organize in each of the reserve cities aforesaid a National Reserve Bank. Such National Reserve Banks shall be known by the number and district to which they belong;--as "National Reserve Bank; First District"--and so forth.

No?

Reserve
40
CitiesLet Banks
Select one city

state banks and trust companies?

10%

Every National Bank located within a given district shall be required to subscribe to the capital of the National Reserve Bank of that district a sum equal to 20 per cent-um of its own paid up and unimpaired capital, one half of such subscription to be paid in under the terms and conditions prescribed by the National Banking Act with reference to subscriptions to the stock of National Banking Associations. The remainder of the subscriptions or any part thereof shall become a liability of the subscribers, subject to call and payment thereof whenever necessary to meet the obligations of the National Reserve Bank under such terms and in accordance with such regulations as the Board of Directors of said National Reserve Bank may prescribe: Provided, That no National Reserve Bank shall be organized with a paid up and unimpaired capital at the time of beginning business less in amount than \$5,000,000. The Organization Committee hereinbefore provided for shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this act as it shall deem necessary; and such expenses shall be payable by the Treasury of the United States upon voucher approved by the Secretary of the Treasury, not to exceed in the aggregate \$50,000.

*Make no minimum
to!*

shall?

shall?

No ✓

Sec. 3. That the capital stock of each National Reserve Bank shall be divided into shares of \$100. The outstanding capital stock may be increased from time to time as subscribing banks increase their capital or as additional banks become subscribers, or may be decreased as subscribing banks reduce their capital or leave the organization by liquidation. Each National Reserve Bank may establish branch offices at a point within the National Reserve district in which it is located approved by the Federal Reserve Board, after selection by the Board of Directors of said banking corporation; Provided, That the total number of such branches shall not exceed one for each \$500,000 of the capital stock of said National Reserve Bank.

Sec. 4. That upon duly making and filing with the Comptroller of the Currency a certificate in the form required and described in sections 5134, 5135, and 5136, R. S., U. S., the National Banking Associations ^{bringing their several presidents} uniting to form a National Reserve Bank shall become a body corporate and as such and in the name designated in the organization certificate shall have power to perform all those acts and to enjoy all those privileges and to exercise all those powers described in section 5136 Revised Statutes; save insofar as the same shall be limited or extended as the case may be, by the provisions of this act.

Every National Reserve Bank shall be organized and conducted under the oversight and control of a Board of Directors, whose powers shall be the same as those conferred upon the boards of directors of National Banking Associations under existing law, except insofar as expressly provided to the contrary in this act. Such Board of Directors shall be constituted and elected as hereinafter specified and shall consist of fifteen members holding office for ^{two}~~three~~ years and divided into three classes designated as class A, B and C.

Class A shall consist of ³ five members who shall be chosen by and be representative of the stockholding banks.

Class B shall consist of ³ five members who shall be chosen by and be representative of the stockholders of the National Banks holding shares in the National Reserve Bank.

Class C shall consist of ^{four of} five members whom shall be chosen by the directors of classes A and B with the approval of the Federal Reserve Board hereinafter created and one of whom shall be designated by the Federal Reserve Board. Directors of class C shall be regarded as representative of general public interest.

Directors of class A shall be chosen in the following manner:

It shall be the duty of the Chairman of the Board of Directors of the National Reserve Bank of

*one bank one vote
6 by banks
3 by Reserve Bd*

too complicated?

the district in which each such bank is situated to classify the banks of the said district who are stockholders in the said National Reserve Bank into five general groups or divisions. Each such group shall contain as nearly as may be one fifth of the aggregate banking capital of the banks holding stock in the National Reserve Bank of the said district and shall consist of banks belonging as nearly as may be to the same general classes of capitalization. The said groups shall be designated by number at the pleasure of the Chairman of the National Reserve Bank.

At a regularly called directors' meeting of each National bank in the National Reserve district aforesaid, the Board of Directors of such National Bank shall elect by ballot one of its own members as a District Reserve Elector and shall certify his name to the Chairman of the Board of Directors of the National Reserve Bank of the district. The said chairman shall establish complete lists of the District Reserve Electors, class A, thus named by banks in each of the aforesaid five groups and shall transmit one complete list to each such elector in each group. Every elector shall within fifteen days of the receipt of the said list, select and certify to the said chairman from among the names on the list pertaining to his group, transmitted to him by the chairman, one name as representing his choice for National Reserve Director,

Handwritten scribbles in blue ink, possibly initials or a signature, located on the left side of the page.

class A, The name receiving the greatest number of votes, not less than a majority, shall be designated by said chairman as National Reserve Director, for the group to which he belongs. In case no candidate shall receive a majority of all votes cast in any district, the chairman aforesaid shall establish an eligible list, including the three names receiving the greatest number of votes on the first ballot, and shall transmit said list to the electors in each of the groups of banks established by him. Each elector shall at once select and certify to the said chairman from among the three names submitted to him his choice for National Reserve Director class A, and the name receiving the greatest number of such votes shall be designated by the chairman as National Reserve Director class A.

Directors of class B shall be chosen in the following manner:

At an annual election of officers of each National bank the stockholders of said bank, if there be a vacancy among directors of class B in the group to which said bank may belong, shall choose one of the own number who shall not be either an officer or director of any bank as a District Reserve Elector class B. The name of said District Reserve Elector shall be certified to the chairman of the board of directors of the National Reserve Bank of the district in which such National bank is located. It shall thereupon be the

duty of said chairman to establish lists and to secure the selection of one director representing each of the five groups into which the banks of the district are divided from among the District Reserve Electors of class B, after the manner hereinbefore prescribed for the choice of directors of class A.

Directors of class C shall be chosen in the following manner:

On the first day of July in each year when there shall be a vacancy among directors of class C, the directors of classes A and B of each National Reserve Bank shall, at a meeting called for that purpose select one or more additional directors not to exceed four in number. Such additional directors shall be residents of the National Reserve district in which they are chosen and shall be fairly representative of the agricultural, industrial, and commercial interests of said district. None of such directors shall be during his term of office an officer or director of other bank or banking corporation. Eight votes shall be necessary to the choice of each such director and before he shall be declared elected he shall be certified to the Secretary of the Treasury who with the advice and consent of the Federal Reserve Board hereinafter created may accept or reject any or all such directors class C.

A fifth director belonging to class B shall be chosen directly by the Federal Reserve Board

hereinafter created, under such regulations as it may prescribe. The said director shall be chairman of the Board of Directors of the National Reserve Bank of the district to which he is appointed and shall be designated as "Federal Reserve Agent". In addition to his duties as chairman of the board of directors of the National Reserve Bank of the district to which he is appointed, he shall be required to maintain under regulations to be established by the Federal Reserve Board, a local office of said Board which shall be situated on the premises of the National Reserve Bank of the district. 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 be paid an annual compensation to be fixed by the Federal Reserve Board and to be paid him monthly by the National Reserve Bank to which he is designated.

The Reserve Organization Committee hereinbefore created may in organizing National Reserve banks for the first time, call such meetings of bank directors or stockholders in the several districts as may be necessary to carry out the purposes of this act and may exercise the functions herein conferred upon the chairman of the board of directors of each National Reserve Bank, pending the complete organization of such bank.

At the first meeting of the full board of directors of each National Reserve Bank subsequent to

/ /

the organization of such bank it shall be the duty of each of the three classes of directors hereinbefore created to designate by such method as shall be prescribed by the Federal Reserve Board one of its members whose term of office shall expire at the end of one year from the first of January nearest the date of such meeting, one whose term of office shall expire at the end of two years from said date, one whose term of office shall expire at the end of three years from said date, one whose term of office shall expire at the end of four years from said date, and one whose term of office shall expire at the end of five years from said date. Thereafter every director of a National Reserve Bank chosen as hereinbefore provided shall hold office for a term of five years. Provided, that the chairman of the board of directors of each National Reserve Bank, designated by the Federal Reserve Board as hereinbefore described shall be removable at the pleasure of the said board without notice, and his successors shall hold office during the unexpired term of the director in those place he was appointed.

*Let State Banks
be members*

Sec. 5. That shares of the capital stock of National Reserve Banks shall not be transferable, and under no circumstances shall they be hypothecated, nor shall they be owned otherwise than by subscribing banks, nor shall they be owned by any bank other than in the proportion herein provided. In case a subscribing bank increases its capital, it shall thereupon subscribe for an additional amount of capital of the National Reserve Bank equal to twenty per centum of the Bank's increase of capital, paying therefor its then book value as shown by the last published statement of said bank. A bank applying for stock in a National Reserve Bank at any time after the formation of the latter must subscribe for an amount of the capital of said Reserve Bank equal to twenty per centum of the capital of said subscribing bank, paying therefor its then book value as shown by the last published statement of said Reserve Bank. When the capital of any National Reserve Bank has been increased either on account of the increase of capital of the banks holding stock therein or on account of the increase in the number of stockholding banks, the board of directors shall make and execute a certificate showing said increase in capital, the amount paid in and by whom paid. This certificate shall be filed in the office of the Comptroller of the Currency. In case a subscribing bank reduces its capital it shall surrender

a proportionate amount of its holdings in the capital of said National Reserve Bank, and if a bank goes into voluntary liquidation it shall surrender all of its holdings of the capital of said National Reserve Bank. In either case the shares surrendered shall be cancelled and the bank shall receive in payment therefor a sum equal to their then book value as shown by the last published statement of said National Reserve Bank.

Sec. 6. That if any shareholder of a National Reserve Bank shall become insolvent and a receiver be appointed, the stock held by it in said National Reserve Bank shall be cancelled, and the balance after paying all debts due by such insolvent bank to said National Reserve Bank shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a National Reserve Bank is reduced, either on account of a reduction in capital of the banks holding its stock or of the liquidation or insolvency of any such bank holding stock therein, the board of directors shall make and execute a certificate showing such reduction of capital stock and the amount repaid to each bank. This certificate shall be filed in the office of the Comptroller of the Currency.

Sec. 7. That any National Banking Association heretofore organized may at any time within one year from the passage of this Act, and with the approval of the Comptroller of the Currency, be granted, as herein provided, all the rights, and be subject to all the liabilities, of National Banking Associations organized subsequent to the passage of this act; Pro-
vided, That such action on the part of such Associations shall be authorized by the consent in writing of shareholders owning not less than two-thirds of the capital stock of the Association. Any National Banking Association now organized which shall not, within one year after the passage of this act, become a National Banking Association under the provisions hereinbefore stated, and which shall not place in the hands of the Treasurer of the United States the sums by law provided for the redemption of its circulating notes, or which shall fail to comply with any other provision of this act shall be dissolved; but such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have previously ~~xxxx~~ been incurred.

State Banks & Trust Companies should be encouraged
 to become Nat. Bk & denies rights (which make
 mistakes interstate commerce) now engaged
 which are deemed independent for Nat. Bks.
 Nat Bks should be made as attractive as possible

Corporations

Sec. 8. That any bank or banking association
incorporated by special law of any State, or organ-
ized under the general laws of any State, and having
 a paid up unimpaired capital sufficient to entitle
 it to become a National banking association under
 the provisions of this act, may, by the consent in
 writing of the shareholders owning not less than
two-thirds of the capital stock of such bank or bank-
 ing association, and with the approval of the Comp-
troller of the Currency, become a National banking
^{Corporation}
association under its former name or by any name ap-
 proved by the Comptroller. The Directors thereof
 may continue to be the directors of the association
 so organized until others are elected or appointed
 in accordance with the provisions of the law. 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, of-
 ficers and employees, shall have the same powers
 and privileges, and shall be subject to the same
 duties, liabilities, and regulations, in all res-
 pects, as shall have been prescribed for associat-
 ions originally organized as National banking assoc-
 iations under this act. ?

No.

Sec. 9. That it shall be lawful for any National banking association having a capital of not less than \$1,000,000 to establish branches under such rules and regulations as may be prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury; Provided, That the number of such branches shall not exceed one for each \$500,000 of capital stock issued by the parent institution.

This would jeopardize small banks & lead to concentration of banking power dangerous to banking competition.

It is proposed to alter this by providing that the Federal Reserve Board shall be selected by the directors of the National Reserve Banks.

C. G.
An advisory Board must exist consist of the chosen members of the Boards of Directors of the Nat. Reserve Bks.

National

Sec. 10. That there shall be created a ~~Federal~~ ^{Currency} Reserve Board. The said Board shall consist of ~~three~~ ^{three} ~~xxxx~~ ^{classes} of members, hereinafter designated as ~~classes A, B and C.~~ ^{classes A, B and C.} ~~The Secretary of the Treasury, who shall be ex officio chairman - The~~

~~Confidential~~ ^{Confidential} of the ~~Currency~~ ^{Currency} ~~Ex officio~~ ^{Ex officio} ~~Chairman~~ ^{Chairman} - The ~~Secretary of Agriculture~~ ^{Secretary of Agriculture} and ~~three~~ ^{three} ~~members~~ ^{members} appointed by the President of the United States and composed of the ~~Secretaries~~ ^{Secretaries} of ~~the~~ ^{the} ~~various~~ ^{various} ~~departments~~ ^{departments} representing each such bank. ~~One of whom shall~~ ^{One of whom shall} be distinguished for his ~~practical~~ ^{practical} ~~knowledge~~ ^{knowledge} of ~~the~~ ^{the} ~~commerce~~ ^{commerce} ~~of~~ ^{of} ~~the~~ ^{the} ~~United~~ ^{United} ~~States~~ ^{States}.

Class B shall consist of National Reserve Delegates equal in number to the number of National Reserve districts, and including one member from each such district. ~~One for~~ ^{One for} ~~agriculture~~ ^{agriculture}. ~~Three~~ ^{Three} ~~members~~ ^{members} elected by the directors of the ~~Nat. Res. Banks~~ ^{Nat. Res. Banks} ~~Secretary of the Treasury, the Comptroller of the~~ ^{Secretary of the Treasury, the Comptroller of the} ~~one~~ ^{one} ~~Rocky Mountain~~ ^{Rocky Mountain} ~~Pacific~~ ^{Pacific} ~~Banks~~ ^{Banks} ~~and the Attorney-General of the United States.~~ ^{and the Attorney-General of the United States.}

Class C shall consist of Government Reserve Officers, three in number, and including the Secretary of the Treasury, the Comptroller of the Currency and the Attorney-General of the United States. ~~The members of the National Currency Board~~

~~shall receive a salary of \$10,000 per annum -~~ ^{shall receive a salary of \$10,000 per annum -} ~~any~~ ^{any} ~~of~~ ^{of} ~~National~~ ^{National} ~~Reserve~~ ^{Reserve} ~~Banks, one to each bank, who shall~~ ^{Banks, one to each bank, who shall} ~~himself be a member of the directorate of said National Reserve Bank.~~ ^{himself be a member of the directorate of said National Reserve Bank.} The Chairman of the Board of Directors of each National Reserve Bank shall be ineligible for election as a member of the Federal Reserve Board.

National Reserve Delegates (class B) shall be chosen from among the stockholders of the

No

National Banks organized in the several National Reserve districts in the following manner: At a regularly called stockholders' meeting it shall be the duty of said stockholders voting under the regulations prescribed for the choice of bank officers to elect one of their own number as a candidate for appointment as "National Reserve Delegate." The name of the National Reserve Delegate so chosen shall be certified to the Comptroller of the Currency by the President of the Bank whose stockholders have elected said Delegate. It shall be the duty of the Comptroller to establish a complete list of all candidates for National Reserve Delegate so chosen within each National Reserve district and to forward a copy of the same to each National Bank stockholder in said district. Each such stockholder receiving such list shall select from the list thus established one candidate for National Reserve Delegate and shall indicate his choice to the Comptroller in such manner as the latter may require. The name receiving the greatest number of votes after the manner aforesaid shall be designated by the Comptroller as National Reserve Delegate for the district in which he is chosen, unless the said number shall be less than a majority of all votes cast. If no candidate shall receive a majority of all votes cast at such election it shall be the duty of the Comptroller aforesaid to establish an eligible list consisting of the five names receiving the

largest number of votes on the first ballot and to forward a copy of the same to each National bank stockholder in said district. Each such stockholder receiving such list of five names shall select from the list one candidate for National Reserve Delegate and shall indicate his choice to the Comptroller in such manner as the latter may require. The name receiving the greatest number of votes, not less than a majority, after the manner aforesaid shall be designated by the Comptroller as National Reserve Delegate for the district in which he is chosen. If no such candidate shall receive a majority of votes the Secretary of the Treasury shall nominate from among the five candidates one who shall act as National Reserve Delegate for the ensuing term and he shall be so designated by the Comptroller; Provided, That no bank stockholder in selecting a National Reserve Delegate from the list established by the Comptroller shall cast more than one ballot; and provided further that no person who at the time is an officer or director of a National bank shall be eligible to the office of National Reserve Delegate. Subsequent acceptance of office as officer or director of a National Bank shall automatically cancel the appointment of a National Reserve Delegate.

Every member of the Federal Reserve Board shall receive a salary of \$2,500 per annum.

Each member of the Federal Reserve

Board shall be chosen for a term of six years or for the unexpired portion of such term, Provided, That the first members of the Federal Reserve Board in classes A and B shall hold office for a term of six years dating from the first of January next succeeding the election at which they are chosen, except as hereinafter otherwise provided, and all members of the Federal Reserve Board belonging to classes A and B, first chosen under this act shall take office immediately upon their election and shall continue to hold the same until the first of January next succeeding such election and thereafter as herein provided.

Upon assembling for the first time the members of the Federal Reserve Board belonging to classes A and B shall separate into two groups under such regulations as the Board may lay down for effecting the said grouping. One such group shall hold office for three years, dating from the first of January next succeeding the election of members, the other for six years next succeeding such election. Each group shall include one half the total number of members of the two classes, drawn in equal numbers from each. Thereafter every member of the said Board belonging to classes A and B shall hold office for a term of six years. Vacancies in classes A and B shall be filled as they may occur, in the manner prescribed for the original choice of members belonging to the class in which such vacancies may occur.

It is proposed to alter this so as to provide
 that the Executive Board shall contain 9 members—
 3 practical bankers; 3 members named for long
 terms by the President and 3 ex officio members,
 Secty Treasury, Comptroller of Currency & Secty Agriculture.

Sec. 11. That the first meeting of the Federal Reserve Board shall be held on July 1, 1913 and upon convening for the first time, the Federal Reserve Board shall separate by classes. Class A meeting separately, shall choose from among its own number by ballot two members who shall be known as Federal Reserve Officers. Class B shall in like manner select from among its own number two Federal Reserve Officers. The four Federal Reserve Officers thus chosen shall, with the ex officio members constituting class C of the Federal Reserve Board, constitute an executive committee of the Federal Reserve Board of seven members, and shall be known as the Federal Reserve Committee. The Secretary of the Treasury shall be ex officio Chairman of the Federal Reserve Board and Chairman of the Federal Reserve Committee. He shall designate at his pleasure, one of the four Federal Reserve Officers chosen by classes A and B of the Federal Reserve Board as President of said Board; and shall designate two others from among the aforesaid four as first and second Vice-Presidents. The remaining member included in the four Federal Reserve Officers aforesaid shall be designated as Secretary of the Federal Reserve Board. The powers and duties of the President, Vice-Presidents and Secretary shall be established in by laws to be adopted by the Federal Reserve Board. After being thus designated by the

Secretary of the Treasury Federal Reserve Officers shall continue to hold office in the positions to which they are designated until the expiration of their terms as members of the Federal Reserve Board, current at the time when they were so designated.

The powers and functions hereinafter conferred upon the Federal Reserve Board may be exercised by the Executive Committee of said Board in accordance with by laws to be established by said Board. But said Committee must fully report its action on each and every matter of business falling within its jurisdiction to a general meeting of said Board to be convened not less frequently than once each month. And every member of said Board may at his discretion attend meetings of the Executive Committee, although he shall have no vote at such meetings.

Any member of the Federal Reserve Board may at the monthly meeting hereinbefore specified propose a motion reversing or modifying any action of the Executive Committee already taken, and such motion shall be voted upon promptly under rules of procedure to be adopted by said Board; Provided, that no such motion shall be binding upon the Executive Committee or shall be deemed to cancel or reverse its action unless it receives two-thirds of all votes cast at the meeting of the Federal Reserve Board at which it shall be proposed.

*Appeals should be provided
for to Comptroller of Cur. & F.
Board of Governors.*

Sec. 12. That on the nomination of the President of the Federal Reserve Board, the Executive Committee shall appoint all officers and employes of the Board, except those otherwise provided for in this act, determine their remuneration, tenure of office, and duties.

The Executive Committee shall have full control, subject to the Board, of the detailed management of said Board. For this purpose it shall meet regularly once a week at the office of the Board or at such other places as may be designated by the Chairman of the Board. Special meetings may be called by the Chairman or by any three members.

The Federal Reserve Board shall appoint a Board of Examiners consisting of three members, to report at any time upon the conditions of credit, the kind of business done, and the proper conduct of the discounts at each National Reserve Bank or of any individual bank; and said Board may authorize the employment of suitable assistance, if needed, for this work of examination.

The Secretary of the Treasury as Chairman of the Federal Reserve Board and Chairman of the Executive Committee shall be responsible for the discipline of the Executive Staff of the Board, determine the duties of the various persons concerned, secure the preparation of the reports to be made to the Executive

*There should be a
Deputy Comptroller
for such as so.*

*There is then a President
& Chairman of Reserve
Board*

Committee and the members of the Board, and perform all other duties pertaining to his office. All of his acts shall be subject to the review of the Executive Committee and its decision in all matters pertaining to his duties shall be final unless reversed by the Board. In the absence or illness of the Secretary of the Treasury, his duties shall devolve upon the Comptroller of the Currency acting as Vice-Chairman.

The expenses of the Federal Reserve Board shall be paid by the National Reserve Banks out of their gross receipts in such a manner and at such times as the Board shall direct. Each Reserve Bank shall pay such a portion of said expenses as its capital and surplus bear to the aggregate capital and surplus of all.

No.

At all meetings of the Board a quorum shall consist of two-thirds its total number of members. A majority of those present shall be required to pass any resolution. Each member shall be reimbursed for his reasonable travelling and other necessary expenses for attendance on each meeting, on vouchers approved by the Executive Committee.

Fed. Reserve Board

Sec. 13. That the Federal Reserve Board here-
inbefore established shall be authorized and empowered

by Comp. Cur.

(a) To examine ^{at all} ~~once each month~~ the
accounts and books of each National Reserve Bank.

Yes

(b) To determine the apportionment of
Federal deposits among the National Reserve Banks.

(c) To ^{provide a method of rediscount} require a National Reserve
Bank to rediscount the paper of any other National
Reserve Bank.

(d) To ascertain once each month the
character of the paper held by each National Reserve
Bank and to require at its discretion the suspension
of further issues for a designated period.

See a

(e) To establish each week or as much
oftener as required a rate of discount which shall be
mandatory upon each National Reserve Bank and for each
class of paper; provided, that said rate of discount
need not be uniform for all Reserve Banks.

affairs?

No

(f) To suspend for a period not exceed-
ing thirty days (and to renew such suspension for
periods of not to exceed fifteen days) any and every
reserve requirement specified in this act.

If U.S. cont 100000 of currency & it is found
it must appear as 10% R. & deposits & deposits
must require 15% currency vs def.

Penalty by law use of reserves below standard
Currency borrowed not to count as reserve -
(by deposits)?
nor shall loans against such currency require
reserves

Sec. 14. That any National Reserve Bank may receive from ^{member} ~~any~~ bank or banking institution or trust company duly organized under Federal or State law deposits of current funds in lawful money, national bank notes, Federal reserve notes or checks, drafts and other claims upon solvent banks domestic and foreign.

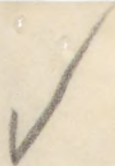
Upon the endorsement of any ^{member} bank having a deposit with it any National Reserve Bank may discount notes and bills of exchange arising out of commercial transactions; that is notes and bills of exchange issued or drawn for agricultural, industrial or commercial purposes, and not including notes or bills issued or drawn for the purpose of carrying stocks, bonds or other investment securities. Such notes and bills must have a maturity of not more than ~~thirty~~ ^{four} ~~days~~ ^{months} ~~days~~.

Upon the endorsement of any bank having a deposit with it, any National Reserve Bank may discount paper of the classes hereinbefore described having a maturity of more than sixty and not more than 120 days, provided that its own cash reserve exceeds 50 per cent of its total outstanding liabilities and provided further that not more than 50 per centum of the total paper so discounted for any depositing bank shall have a maturity of more

No
Goods in transit.

maturity?

Why not lump together all notes bills and acceptances, changing as now the three months to six, and limit the amount to be rediscounted for any one bank to its capital and surplus.



than sixty days.

Upon the endorsement of any bank having a deposit with it, any National Reserve Bank may discount acceptances of depositing banks which are based on the exportation or importation of goods or on travellers credits and which mature in not more than 90 days and bear the signature of at least one bank in addition to that of the acceptor. The amount so rediscounted shall at no time exceed the capital of the bank for which the rediscounts are made. The aggregate of such notes and bills bearing the signature or endorsement of any one person, company, firm or corporation, rediscounted for any one bank, shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank.

to

W.A.

Any National Bank may at its discretion accept drafts or bills of exchange drawn upon it having not more than four months to run and growing out of transactions involving the importation or exportation of goods or the issue of travellers letters of credit. Provided that no bank shall accept such bills to an amount equal in the aggregate to more than one half the face value of its paid up and unimpaired capital.

not Goodman to this bill -

Sec. 15. Whenever in the opinion of the Federal Reserve Committee upon application jointly and directly made to the Secretary of the Treasury by not less than ten National Banks in one district the public interest so requires, the Federal Reserve Committee may authorize the Reserve Bank of the district to discount the direct obligations of depositing banks secured by the pledge and deposit with it of satisfactory securities; but in no case shall the amount so loaned by a National Reserve Bank exceed three-fourths of the actual value of the securities so pledged, or one half the amount of its own paid up and unimpaired capital.

Unwise to limit the amount?

Sec. 16. That every National Reserve Bank shall have power, both at home and abroad, to deal in gold coin or bullion, to make loans thereon, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of its holdings if any of United States bonds.

Sec. 17. That any National Reserve Bank may invest in United States bonds; also in obligations, having not more than one year to run, of the United States or its dependencies, or of any state, or of foreign governments.

Sec. 18. That every National Reserve Bank shall have power to purchase from depositing banks and to sell with or without its endorsement, checks, or bills of exchange, arising out of commercial transactions as hereinbefore defined, payable in such foreign countries as the Board of Directors of such National Reserve Bank may determine. These bills of exchange must have not exceeding ninety days to run and must bear the signature of two or more responsible parties, of which the last one shall be that of a subscribing bank.

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Sec. 19. That any National Reserve Bank may with the consent of the Federal Reserve Board open and maintain banking accounts in foreign countries and establish agencies in such countries (wheresoever it may deem best) for the purpose of purchasing, selling and collecting foreign bills of exchange, and it shall have authority to buy and sell with or without its endorsement through such correspondents or agencies, (checks or prime foreign) bills of exchange arising out of commercial transactions, which have not exceeding ninety days to run, and which bear the signature of two or more responsible parties.

and foreign government securities
of the kind named in this Act?

Sec. 20. That the Government of the United States and banks depositing in the National Reserve Banks formed under this act as hereinafter indicated shall be the only depositors in said Reserve Banks. All domestic transactions of the National Reserve Banks shall be confined to the Government and the depositing banks, with the exception of the purchase or sale of Government or State securities or securities of foreign governments or of gold coin or bullion.

The National Reserve Banks shall
be authorized to lend to
and borrow from each
other.

and the other Reserve Banks

Sec. 21. That all moneys now held in the general fund of the Treasury shall within six months from the passage of this act be deposited in National Reserve Banks; and thereafter the revenues of the Government shall be regularly deposited in such banks and disbursements shall be made by check drawn against such deposits. It shall be the duty of the Federal Reserve Board herein established to apportion the funds of the Government among the said National Reserve Banks and to fix from month to month a rate of interest which shall be regularly paid by the banks holding such deposits; Provided, that no National Reserve Bank shall be required to receive Government deposits when in the judgment of its directors the condition of business does not warrant the payment of the rate of interest fixed by the Federal Reserve Board.

whenever possible

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Sec. 22. That no National Reserve Bank shall pay interest on deposits; except those of the Government of the United States; and no National Banking Association shall pay interest on funds of other banks deposited with it.

Sec. 23. That any National Reserve Bank may at its discretion, subject to the provisions of this act, make application to the Federal Reserve Board for Federal Reserve notes. Said notes shall be in all respects similar to existing National bank notes except that they shall not bear any legend or superscription indicating that they are secured by United States or other bonds. But no National Reserve Bank shall receive in the aggregate notes exceeding a sum equal to the face value of the capital stock of such Bank plus the stockholders' individual liability, or in the aggregate a sum double the face value of the capital stock of such bank. Upon receiving an application for notes from any National Reserve Bank, the Federal Reserve Board shall immediately issue said notes to the Bank making said application. Any National Reserve Bank desiring to reduce its circulation may do so, upon the same conditions now prescribed for the retirement of National bank notes; Provided, That nothing in the statutes of the United States shall prevent a National Reserve Bank from retiring its outstanding notes as rapidly as its officers and directors may deem best.

(It shall be the duty of every National Reserve Bank to receive on deposit at par the notes of every other National Reserve Bank and of every National Banking Association. Every National Reserve Bank shall

provide for the redemption of its own notes on demand in gold at least one point in every reserve district throughout the United States. The method of such redemption and the provisions under which it shall be carried on shall be subject to control by the Federal Reserve Board, and it shall be the duty of said Board to establish such rules and regulations that all notes issued by National Reserve Banks shall be maintained convertible into gold at par without exchange throughout the United States.

Sec. 24. That no National Banking Association shall be entitled to receive from the Comptroller of the Currency, or to issue, circulating notes in excess of the total amount of such notes which such bank may have outstanding at the passage of this act. Provided that no National Banking Association which may in future reduce its outstanding circulating notes in the manner prescribed by law shall hereafter be entitled to receive from the Comptroller of the Currency, or to issue, circulating notes in excess of the sum to which its outstanding notes shall have been reduced by such withdrawals.

Sec. 25. That so much of the provisions of section 5159 of the Revised Statutes of the United States and section 4 of the Act of June 20th, 1874, and section 8 of the Act of July 12th, 1882, as provide that before any National Banking Association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States, United States registered bonds, to an amount, where the capital is \$150,000 or less, not less than one-fourth of its capital stock, and \$50,000 where the capital is in excess of \$150,000, be and the same is hereby repealed.

Sec. 26. Upon application, the Secretary of the Treasury shall exchange the two per centum bonds of the United States bearing the circulation privilege, therefore deposited by any National Banking Association with the Treasurer of the United States as security for circulating notes, for three per centum bonds of the United States without the circulation privilege, payable after twenty years from date of issue. When and in proportion as the outstanding two per centum bonds deposited by them with the Treasurer shall be thus exchanged or refunded, the power of National Banks to issue circulating notes secured by United States bonds shall cease and be determine. Every National Bank may continue to apply for and receive from the Comptroller of the Currency circulating notes under the conditions provided by this act, but no National Bank shall be permitted to issue circulating notes of any description or to issue or to make use of any substitute for such circulating notes in the form of Clearing House certificates, cashier's check, or other obligation not specifically provided for under this act; Provided, That no National Bank shall in any one year present two per centum bonds for exchange in the manner hereinbefore provided to an amount exceeding ten per centum of the total amount of bonds deposited with the Treasurer by said bank at the time of the passage of this act; Provided further that the

expiration of ten years from the passage of this act every holder of United States two per centum bonds shall receive in exchange three per centum bonds of like denomination payable twenty years from date of issue. Each National Reserve Bank may receive from the Federal Reserve Board and issue at its own discretion subject to the provisions of this act, in addition to the notes provided for by Sec. 23 of this act, a sum in notes equal to the par value two per centum bonds of the United States surrendered by its own stockholding banks to the Treasurer of the United States in exchange for three per centum bonds.

Sec. 27. That within sixty days from and after the date when the Secretary of the Treasury shall have officially announced, in such manner as he may select, to National Banks situated in the several National Reserve districts, the fact that a National Reserve Bank has been established in the district within which they are situated, every such National Banking Association wherever situated within the said district shall establish with the National Reserve Bank of the district a credit balance on the books of the latter institution equal to not less than five per centum of the total outstanding demand liabilities of the National Bank establishing the same. Such balance may at any time be increased but shall at no time be allowed to fall below a figure equal to the five per cent of total outstanding demand liabilities aforesaid. From and after a date twelve months subsequent to the expiration of the sixty days after the organization of the National Reserve Bank of the district as aforesaid, it shall be the duty of every National Banking Association wherever situated within the National Reserve district to which it belongs to establish with the National Reserve Bank of the district an additional balance equal to not less than five per centum of the total outstanding demand liabilities of the National Bank establishing the same. Thereafter it shall be the duty of every such National Banking As-

to maintain
 sociation a credit balance on the books of the National Reserve Bank of the district within which it is situated which shall at all times be at least equal to ten per centum of the total outstanding demand liabilities of the National Bank establishing and maintaining the same.

From and after the passage of this act it shall be the duty of every National Banking Association wherever situated to maintain constantly on hand in its own vaults a sum in lawful money equal to not less than five per centum of its total outstanding demand liabilities.

From and after the passage of this act ^{for a period of thirteen months} it shall be the duty of every National Banking Association situated outside of a Reserve City or Central Reserve City, in addition to the requirements hereinbefore set forth to maintain at all times either:

(a) An additional credit balance on the books of the National Reserve Bank of the district equal to five per centum of the total outstanding demand liabilities of the National Banking Association establishing the same; or

(b) An additional credit balance on the books of another National Banking Association situated in a Reserve City or Central Reserve City equal to five per centum of the total outstanding demand liabilities of the National Banking Association establishing the same; or

(c) A sum constantly on hand in its own vaults, in lawful money, equal to not less than five per centum of its total outstanding demand liabilities.

From and after the passage of this act, it shall be the duty of every National Banking Association situated in a Reserve City but not in a Central Reserve City, in addition to the requirements hereinbefore set forth for all National Banks, to maintain at all times either:

(a) An additional credit balance on the books of the National Reserve Bank of the district equal to ten per centum of the total outstanding demand liabilities of the National Banking Association establishing the same; or

(b) An additional credit balance on the books of another National Banking Association situated in a Central Reserve City equal to ten per centum of the total outstanding demand liabilities of the National Banking Association establishing the same; or

(c) A sum constantly on hand in its own vaults in lawful money equal to not less than ten per centum of its total outstanding demand liabilities; Provided, That from and after a date twelve months subsequent to the date upon which National Banking Associations situated in Reserve Cities shall have first opened an account and established a credit balance

with the National Reserve Bank of the district in which they are situated, they shall be required to maintain in addition to the ten per cent balance on the books of the National Reserve Bank hereinbefore required and in addition to the sum of five per cent of outstanding liabilities in cash in their own vaults, a sum not exceeding five per cent of such total outstanding liabilities either in their own vaults or as a credit balance on the books of the National Reserve Association or as a credit balance on the books of a National Banking Association situated in a Central Reserve City, and shall be subject to no other requirement.

From and after the passage of this act and until a date twelve months subsequent to the date upon which National Banking Associations in Central Reserve Cities shall have first opened an account and established a credit balance with the National Reserve Bank of the district in which they are located, they shall be required to maintain in addition to the requirements hereinbefore set forth either

(a) An additional credit balance on the books of the National Reserve Bank of the district equal to fifteen per centum of the total outstanding demand liabilities of the National Banking Association establishing the same; or

(b) A sum constantly on hand in their own vaults in lawful money equal to not less than

fifteen per centum of ~~xxx~~ ^{their} total outstanding demand liabilities.

Subsequent to the date hereinbefore specified every National Banking Association situated in a Central Reserve City shall have at all times on hand in its own vaults a sum equal to five per centum of its total outstanding demand liabilities or shall maintain on the books of the National Reserve Bank of the district a credit balance equal to five per cent of its total outstanding demand liabilities, such sum or balance to be in addition to the requirements hereinbefore set forth for all National Banking Associations; Provided, That nothing in this act contained shall prevent a National Banking Association from increasing its balance either with the National Reserve Bank of its district or with other National Banks beyond the minimum limits specified in this section. Provided, That no National Banking Association or National Reserve Bank shall count or report any of its own notes or of the notes of any other National Bank or of any National Reserve Bank as a part of its cash assets.

That so much of sections 5191 and 5192 Revised Statutes and so much of Sec. 2 of the act of June 20, 1874, relating to the maintenance of reserves in Central Reserve cities, and so much of the said acts as requires or dispenses with the maintenance of specified reserves against liabilities, as is inconsistent with this section shall be and the same is hereby repealed

Sec. 28. That so much of section 3 of the Act of June 20th, 1874, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the National Bank Currency, and for other purposes," as provides that the fund deposited by any National Banking Association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the act aforesaid be, and the same is hereby repealed. And from and after the passage of this act, such fund of five per centum shall in no case be counted by any National Banking Association as a part of its lawful reserve.

Sec. 29. That no National Reserve Bank shall discount for, or purchase from, any state or private bank or trust company, or from any banking institution whatsoever incorporated or authorized to transact business in the United States or in any state or territory therein, any of the kinds of paper hereinbefore described and specified except upon the following conditions to wit:

Every state or private bank or trust company or other banking institution formed or incorporated under state or national law shall at the time it presents paper for rediscount to the National Reserve Bank of the district in which it is located have an open deposit account equal in amount to that required by section 24 of this act to be maintained by a similarly situated National Bank and shall thereafter maintain such balance. Every such bank shall submit to such inspection and shall make and render such reports as may be required by the Federal Reserve Board under the terms of this act of similarly located National Banks.

Any National Reserve Bank may at any time refuse to discount or purchase paper of the kinds herein described, for a bank belonging to any one of the classes herein described, because of the failure of such institution to comply with the requirements of this section; Provided, that upon ascertaining that such

institution no longer complies with the requirements
of this section it shall at once certify such fact
to the chairman of the Federal Reserve Committee.

Sec. 30. That every National Reserve Bank shall at all times have on hand in its own vaults in gold or the equivalent thereof a sum equal to not less than 25 per centum of its outstanding demand liabilities; which shall at the same time be not less than 50 per centum of its outstanding circulating notes. It shall at all times have on hand in its own vaults live commercial paper having not more than 30 days to run to an amount equal to 50 per centum of its outstanding demand liabilities which shall at the same time be not less than 75 per centum of its outstanding circulating notes.

Sec. 31. That the Federal Reserve Board shall as often as it deems best, and in any case not less frequently than once each month, order an examination of National Banking Associations in reserve cities. Such examination shall show in detail the total amount of loans made by each bank on demand, on time and the different classes of collateral held to protect the various loans. And the Federal Reserve Board shall have power when in its judgment the result of such examination requires, to order that for a period of thirty days next following the demand deposits carried by other banks with any one or more of the Associations so specially examined shall not be counted as a part of the required reserve of the depositing institution.

It is better to allow banks to use their own reserves as a penalty

Sec. 32 That every National Reserve Bank shall pay, on or before the last day of every month, to the Treasurer of the United States a duty imposed at the rate of two per centum per annum upon the average daily amount of its circulating notes outstanding in excess of 100 per centum of its capital stock, and not in excess of 150 per centum of such capital stock, and a duty imposed at the rate of six per centum per annum upon the average daily amount of such notes outstanding in excess of 150 per centum of its capital stock. Circulating notes of any National Reserve Bank shall be deemed and held to be outstanding whenever they shall have been supplied by the Federal Reserve Board to such bank, in blank, registered and countersigned according to law, and shall not have been returned to the Board for cancellation or covered by an equal amount of lawful money deposited with the Treasurer of the United States for the retirement of such notes.

*More inflation
permanent*

Capital stock equal to 10% of Capital but Reserve equal to 10 to 15% of deposits is much larger than Capital as deposits exceed Capital

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Sec. 34. That every National Banking Association shall pay into the Treasury of the United States each half year, in the months of January and July, on or before the thirteenth day thereof, a duty of one-eighth of one per centum upon the value of its franchise as measured by the aggregate amount of its capital, surplus, and undivided profits, upon the last day of the calendar month next preceding. Sections 5213, 5215, and 5216 and 5217 of the Revised Statutes of the United States are hereby repealed. But nothing in this section contained shall be so construed as in any manner to release any National Banking Association from any liability for taxes or penalties incurred prior to the passage of this Act.

Sec. 36. That from and after the passage of this act the stockholders of every National Banking Association shall be held individually responsible for all contracts, debts, and engagements of such Association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any National Banking Association who shall have transferred their shares, or registered the transfer thereof, within sixty days next before the date of the failure of such Association to meet its obligations, shall be liable to the same extent as if they had made no such transfer; but this provision shall not be construed to affect in any way any resources which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

Sec. ~~35~~³⁶. That section 324 of the Revised Statutes of the United States be amended so as to read as follows: "There shall be in the Department of the Treasury a Bureau charged, except as in this act otherwise provided, with the execution of all laws passed by Congress relating to the issue and regulation of currency issued by National Banking Associations, the chief officer of which Bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general direction of the Secretary of the Treasury, acting as the chairman of the Federal Reserve Board."

Sec. 37. That the examination of the affairs of every National Banking Association authorized by existing law, shall take place at least twice in each calendar year, and as much oftener as the Comptroller of the Currency shall consider necessary in order to furnish a full and complete knowledge of its condition; and the person making such examination shall have power to call together a quorum of the directors of such Association, who shall, under oath, state to such examiner the character and circumstances of such of its loans or discounts as he may designate; and from and after the passage of this act all bank examiners shall receive fixed salaries, the amount whereof shall be determined by the Secretary of the Treasury and shall be annually reported to Congress. But the expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the Association examined. The Comptroller of the Currency shall so arrange the duties of National Bank examiners that no two successive examinations of any Association shall be made by the same examiner.

In addition to the examinations made and conducted by the Comptroller of the Currency, every National Reserve Bank shall with the approval of the Federal Reserve Board arrange for periodical examinations of the banks within its district. Such examination shall be so conducted as to inform the National

Reserve Bank under whose auspices it is conducted of the condition of its member or stockholding banks and of the lines of credit which are being granted by them. Every National Reserve Bank shall at all times be bound to furnish to the Federal Reserve Board such information as may be demanded by the latter concerning the condition of any National Bank organized within the district in which the said National Reserve Bank is located, and it shall have power at all times to order special examinations without notice of the condition of its member or stockholding banks.

Sec. 38. That no Association shall hereafter make any loan or grant any gratuity to any examiner of such Association. Any Association offending against this provision shall be deemed guilty of a misdemeanor, and shall be fined not more than \$1,000 and a further sum equal to the money so loaned or guaranty given; and the officer or officers of such Association making such loan or granting such gratuity shall be likewise deemed guilty of a misdemeanor, and shall be fined not to exceed \$500. Any examiner accepting a loan or gratuity from any Association examined by him shall be deemed guilty of a misdemeanor, and shall be fined not more than \$500, and a further sum equal to the money so loaned or gratuity given.

Sec. 39. That any National Banking Association not situated in a Reserve City or Central Reserve City may make loans secured by improved and unencumbered farm land, and so much of section , Revised Statutes, as prohibits the making of such loans by banks so situated shall be and the same is hereby repealed, provided, that no such loan shall be made to an amount exceeding 50 per centum of the actual value of the property offered as security, and such properties shall be/ situated within the National Reserve district in which the said bank is located; and provided further that the aggregate amount of such loans made by any one bank shall not exceed a sum equal to 25 per cent of the capital and surplus, unimpaired, of such bank.

for large an area?

Sec. 40. That the Comptroller of the Currency, in addition to the reports provided for by existing law, shall have authority to call for such other reports, regular or special, as he may deem advisable; and such reports shall be rendered in such form as the Comptroller may prescribe; and each Association making such report shall cause a copy thereof to be conspicuously displayed in a public place in its banking house for the period of thirty days from the date of such report; but nothing herein contained shall be construed to require the publication of such additional reports by each Association in the manner prescribed for other reports now rendered.

Sec. 4/. That banking corporations for carrying on the business of banking in foreign countries and in aid of the commerce of the United States with foreign countries and to act when required as fiscal agents of the United States in such countries may be formed by any number of persons, not less in any case than five, who shall enter into articles of association which shall specify in general terms the object for which the banking corporation is formed, and may contain any other provisions not inconsistent with the provisions of this section which the banking corporation may see fit to adopt for the regulation and conduct of its business and affairs, which said regulations shall be signed, in duplicate, by the persons uniting to form the banking corporation, and one copy thereof shall be forwarded to the Comptroller of the Currency and the other to the Secretary of State, to be filed and preserved in their offices.

That the persons uniting to form such banking corporation shall, under their hands, make an organization certificate which shall specify, first, the name assumed by such banking corporation, which name shall be subject to approval by the Comptroller; second, the foreign country or countries or the dependencies of the United States where its banking operations are to be carried on; third, the place in the United States

where its home office shall be located; fourth, the amount of its capital stock and the number of shares into which the same shall be divided; fifth, the names and places of residence of the shareholders and the number of shares held by each of them; and sixth, a declaration that said certificate is made to enable such persons to avail themselves of the advantages of this section.

That no banking corporation shall be organized under the provisions of this section with a less capital than two million dollars, which shall be fully paid in before the banking corporation shall be authorized to commence business, and the fact of said payment shall be certified by the Comptroller of the Currency, and a copy of his certificate to this effect shall be filed with the Secretary of State; Provided, That the capital stock of any such bank may be increased at any time by a vote of two-thirds of its shareholders, with the approval of the Comptroller of the Currency, and that the capital stock of any such bank which exceeds two million dollars may be reduced at any time to the sum of two million dollars by the vote of shareholders owning two-thirds of the capital.

That every banking corporation formed pursuant to the provisions of this section shall for a period of twenty years from the date of the execution of its organization certificate be a body corporate, but shall not be authorized to receive the deposits in

the United States nor transact any domestic business not necessarily related to the business being done in foreign countries or in the dependencies of the United States. Such banking corporations shall have authority to make acceptances, buy and sell bills of exchange or other commercial paper relating to foreign business, and to purchase and sell securities, including securities of the United States or of any State in the Union. Each banking corporation organized under the provisions of this section shall have power to establish and maintain for the transaction of its business a branch or branches in foreign countries, their dependencies, or the dependencies of the United States at such places and under such regulations as its board of directors may deem expedient.

A majority of the shares of the capital stock of such banking corporation shall be held and owned by citizens of the United States or corporations chartered under the laws of the United States or of any State of the Union, and a majority of the members of the board of directors of such banking corporations shall be citizens of the United States. Each director shall own in his own right at least one hundred shares of the capital stock of the banking corporation of which he is a director.

Whenever the Comptroller shall become satisfied of the insolvency of any such banking corporation he may appoint a receiver, who shall proceed to

close up such corporation in the same manner in which he would close a national bank, the disposition of the assets of the branches to be subject to any special provisions of the laws of the country under whose jurisdiction such assets are located.

The annual meeting of every such banking corporation shall be held at its home office in the United States, and every such banking corporation shall keep at its home office books containing the names of all stockholders of such banking corporation and members of its board of directors, together with copies of the reports furnished by it to the Comptroller of the Currency exhibiting in detail and under appropriate heads the resources and liabilities of the banking corporation. Every such banking corporation shall make reports to the Comptroller of the Currency at such times as he may require, and shall be subject to examinations when deemed necessary by the Comptroller of the Currency through examiners appointed by him; the compensation of such examinations to be fixed by the Comptroller of the Currency.

Any such banking corporation may go into liquidation and be closed by the vote of its shareholders owning two-thirds of its stock.

Any bank doing business in the United States being the owner of stock in any National Reserve Bank may subscribe to the stock of any banking corporation organized under the provisions of this section, but

the aggregate of such stock held by any one bank shall not exceed ten per centum of the capital stock of the subscribing bank.

Sec. 42. That nothing contained in this Act shall be construed to alter or effect any vested rights of property or contract, or any penalty incurred before the taking effect of this Act or any part of it, and all provisions of law inconsistent with or superseded by any of the provisions of this Act be and the same are hereby repealed.