

That section sixteen, paragraphs two, three, four, five, six and seven, of the Act approved December twenty-third, nineteen hundred and thirteen, known as the Federal Reserve Act, as amended by the Act of September 7, 1916, be further amended and re-enacted so as to read as follows:

"Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances rediscounted under the provisions of Section thirteen of this Act, or bills of exchange indorsed by a member bank of any Federal reserve district and purchased under the provisions of Section fourteen of this Act, or bankers' acceptances purchased under the provisions of said section fourteen; OR GOLD OR GOLD CERTIFICATES; BUT IN NO EVENT SHALL SUCH COLLATERAL SECURITY WHETHER GOLD, GOLD CERTIFICATES, OR ELIGIBLE PAPER, BE LESS THAN THE AMOUNT OF FEDERAL RESERVE NOTES APPLIED FOR. The Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

"Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes in actual circulation. PROVIDED, HOWEVER THAT WHEN THE FEDERAL RESERVE AGENT HOLDS GOLD OR GOLD CERTIFICATES AS COLLATERAL FOR FEDERAL RESERVE NOTES ISSUED TO THE BANK SUCH GOLD OR GOLD CERTIFICATES SHALL BE COUNTED AS PART OF THE GOLD RESERVE WHICH SUCH BANK IS REQUIRED TO MAINTAIN AGAINST ITS FEDERAL RESERVE NOTES IN ACTUAL CIRCULATION and not offset by gold or lawful money deposited with the Federal reserve agent. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued, OR, UPON DIRECTION OF SUCH FEDERAL RESERVE BANK THEY SHALL BE FORWARDED DIRECT TO THE TREASURER OF THE UNITED STATES TO BE RETIRED. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money, or, if such Federal reserve notes have

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been redeemed by the Treasurer in gold or gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates, and such Federal reserve banks shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasurer, otherwise than for redemption, may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

"The Federal Reserve Board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than five per centum OF THE TOTAL AMOUNT OF NOTES ISSUED LESS THE AMOUNT OF GOLD OR GOLD CERTIFICATES HELD BY THE FEDERAL RESERVE AGENT AS COLLATERAL SECURITY; but such deposit of gold shall be counted and included as part of the forty per centum reserve hereinbefore required. The Board shall have the right, acting through the Federal reserve agent, to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, supply Federal reserve notes to the bank so applying, and such bank shall be charged with the amount of notes ISSUED TO IT and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board and the amount of ON ONLY THAT AMOUNT OF SUCH NOTES WHICH EQUALS THE TOTAL AMOUNT OF ITS OUTSTANDING FEDERAL RESERVE NOTES LESS THE AMOUNT OF GOLD OR GOLD CERTIFICATES HELD BY THE FEDERAL RESERVE AGENT AS COLLATERAL SECURITY. Federal reserve notes as issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section eighteen of this Act upon security of United States two per centum Government bonds, become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by depositing with the Federal reserve agent its Federal reserve

notes, gold, gold certificates, or lawful money of the United States, Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit so much of the paid gold to the Treasurer of the United States SO MUCH OF THE GOLD HELD BY HIM AS COLLATERAL SECURITY FOR FEDERAL RESERVE NOTES as may be required for the exclusive purpose of the redemption of such notes FEDERAL RESERVE NOTES BUT SUCH GOLD WHEN DEPOSITED WITH THE TREASURER SHALL BE COUNTED AND CONSIDERED AS IF COLLATERAL SECURITY ON DEPOSIT WITH THE FEDERAL RESERVE AGENT.

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes deposited with it ISSUED TO IT and shall at the same time substitute therefor other like collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board. ANY FEDERAL RESERVE BANK MAY RETIRE ANY OF ITS FEDERAL RESERVE NOTES BY DEPOSITING THEM WITH THE FEDERAL RESERVE AGENT OR WITH THE TREASURER OF THE UNITED STATES, AND SUCH FEDERAL RESERVE BANK SHALL THEREUPON BE ENTITLED TO RECEIVE BACK THE COLLATERAL DEPOSITED WITH THE FEDERAL RESERVE AGENT FOR THE SECURITY OF SUCH NOTES. FEDERAL RESERVE BANKS SHALL NOT BE REQUIRED TO MAINTAIN THE RESERVE OR THE REDEMPTION FUND HERETOFORE PROVIDED FOR AGAINST FEDERAL RESERVE NOTES WHICH HAVE BEEN RETIRED; NOR SHALL THEY BE FURTHER LIABLE TO PAY ANY INTEREST CHARGE WHICH MAY HAVE BEEN IMPOSED THEREON BY THE FEDERAL RESERVE BOARD. FEDERAL RESERVE NOTES SO DEPOSITED SHALL NOT BE REISSUED EXCEPT UPON COMPLIANCE WITH THE CONDITIONS OF AN ORIGINAL ISSUE.