

A B I L L
TO AMEND THE ACT APPROVED DECEMBER 23, 1913,
KNOWN AS
THE FEDERAL RESERVE ACT.

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Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled that the Act approved December 23, 1913, known as the Federal Reserve Act, be amended by adding a new section as follows:

BANKING CORPORATIONS AUTHORIZED TO DO FOREIGN BANKING BUSINESS.

Section 25 (a): That banking corporations for carrying on the business of international banking and banking in foreign countries and/or in the dependencies and/ or insular possessions of the United States, and in aid of commerce between the United States, its dependencies, insular possessions and foreign countries, and to act when required as fiscal agents of the United States, may be formed by any number, not less than three, of persons, firms, companies or corporations; for which purpose they shall enter into articles of association, in such form and containing such rules and regulations with respect to and governing the conduct of the business of the proposed corporation as may be prescribed by the Federal Reserve Board. Such articles of association shall, in general terms, specify the objects for which

the banking corporation is formed, and may contain any other provisions for the regulation and conduct of the business and affairs of the corporation not inconsistent with the provisions of this Act or with any other law of the United States, which may be deemed proper. Such articles of association shall be signed by all of the persons, firms, companies or corporations intending to participate in the organization of the said banking corporation and, thereafter, shall be forwarded to the Federal Reserve Board and shall be filed and preserved in its office.

The persons, firms, companies or corporations signing the said articles of association shall also make an organization certificate which shall specify

First: The name assumed by such corporation, which shall be subject to the approval of the Federal Reserve Board.

Second: The foreign country, countries and /or the dependency, dependencies, colony or colonies thereof, and/ or the dependency or dependencies, insular possession or insular possessions of the United States where its operations are to be carried on.

Third: The place in the United States where its home office is to be located.

Fourth: The amount of its capital stock and the number of

shares into which the same shall be divided.

Fifth: The name and place of business of each person, firm, company or corporation executing such certificate, and the number of shares which each has subscribed or agreed to take.

Sixth: A declaration that said certificate is made to enable the persons, firms, companies and corporations subscribing the same, and all other persons, firms, companies and corporations, who or which may thereafter subscribe to or purchase shares of the capital stock of such corporation, to avail themselves of the advantages of this Section.

The persons, firms, companies and corporations respectively signing the said organization certificate shall duly acknowledge the execution thereof before a judge of some court of record or notary public, who shall certify thereto under the seal of such court or notary and, thereafter, the certificate shall be forwarded to the Federal Reserve Board to be filed and preserved in its office. From the date of the filing of the organization certificate, the corporation therein mentioned shall become and be a body corporate, and, as such, and in the name designated therein, shall have power to adopt and use a corporate seal which may be changed at the pleasure of its board of directors; to have succession for a period of twenty years un-

less sooner dissolved by an Act of Congress or unless its franchises become forfeited by some violation of law; to make contracts; to sue and be sued, complain and defend in any court of law or equity; to elect or appoint directors, a majority of whom shall be citizens of the United States; and, through its board of directors, to appoint such officers and employees as may be deemed proper, define their authority and duties, require security for the faithful performance of their duties from such thereof, and in such amounts as may be deemed proper, dismiss them, or any thereof, at pleasure, and appoint others to fill their places; to prescribe, by its board of directors, by-laws not inconsistent with law or with the regulations of the Federal Reserve Board, specifying the manner in which its stock shall be transferred, its directors chosen, its officers and employees selected, its property transferred, its general business conducted and its privileges exercised and enjoyed.

Each corporation so organized shall also have power:

(a) To purchase, sell, discount and negotiate notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, and other evidences of indebtedness; to purchase and sell securities, including the obligations of the United States or of any State thereof; to accept bills or drafts drawn upon it; to

issue letters of credit; to purchase and sell, exchange, coin and bullion; to borrow money, to lend money on real or personal security or without security; to receive deposits; and generally to exercise such powers and to do such things as are incidental to the banking business or as may be usual in connection therewith, as the same may be conducted in the country or countries, colonies, dependencies, or possessions in which it shall transact business.

(b) To establish and maintain branches or agencies in foreign countries, their dependencies or colonies and in the dependencies or insular possessions of the United States, at such places as may be approved by the Federal Reserve Board and under such rules and regulations as it may prescribe; and the number of places where branches or agencies may be established and maintained may, from time to time, with the consent of the Federal Reserve Board, and under such rules and regulations as it may prescribe, be increased or decreased.

(c) To purchase and hold stock or other certificates of interest or ownership in any other banking corporation or association organized under the provisions of this section, or under the laws of any foreign country or a colony or dependency thereof, or under the laws of any State, dependency or insular possession of the United States or any dependency or insular

possession thereof, which banking corporation, or association, shall not be transacting business in the United States, except to such extent as may be incidental to its international or foreign business; provided, however, that without the consent of the Federal Reserve Board, no corporation organized hereunder shall invest in any one banking corporation an amount in excess of twenty per centum of its own capital and surplus; and provided further that, without the consent of the Federal Reserve Board, no corporation organized hereunder shall purchase stock in any other corporation organized under the provisions of this section or under the laws of any State of the United States or of any dependency or possession thereof. So much of Section 7 of the Act approved October 15, 1914, entitled "An Act to Supplement Existing Laws against unlawful restraints and monopolies and for other purposes," as may be in conflict with the provisions of this paragraph is hereby amended in such manner that the provisions thereof shall not apply to a corporation organized hereunder.

(d) To exercise, through its board of directors or duly constituted officers or agents, all powers not herein expressly granted, which shall be incidental to such expressly granted powers and which shall be necessary for the purpose of carrying

on the business of banking authorized by law; provided, however, that no corporation organized under this section shall carry on any part of its business in the United States except such as, in the judgment of the Federal Reserve Board, shall be incidental to its international or foreign business; and provided further that except such as is incidental and preliminary to its organization no such corporation shall transact any business until it has been duly authorized by the Federal Reserve Board to commence business as a corporation organized under the provisions of this Section.

No corporation shall be organized under the provisions of this section with a capital stock of less than one million dollars, one quarter of which must be paid in before the corporation may be authorized to begin business. The capital stock of any such corporation may be increased at any time, with the approval of the Federal Reserve Board, by a vote of two-thirds of its shareholders, or by unanimous consent in writing of the shareholders without a meeting and without a formal vote; and may be reduced in like manner, provided that, in no event, shall it be less than one million dollars.

A majority of the shares of the capital stock of any such corporation shall be held and owned by citizens of the United States, by corporations chartered under the laws of the United States or of a State of the United States or by firms or

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companies, the controlling interest in which is owned by the citizens of the United States or of a State thereof. The provisions of Section eight of the Act approved October 15, 1914, entitled "An Act to Supplement Existing Laws against unlawful Restraints and Monopolies, and for other purposes," shall not be construed to apply to the directors, other officers, agents, or employees of corporations organized under the provisions of this section.

No national bank or other member of a Federal reserve bank shall subscribe for or hold stock in banking corporations organized under the provisions of this section aggregating more than ten per centum of the paid-in capital and surplus of the subscribing bank.

Shareholders in such corporations shall not be liable for the contracts, debts and engagements of such corporations except to the extent of their unpaid stock subscriptions.

Any member bank may act as agent for any corporation organized under the provisions of this section for the purpose of dealing with any Federal reserve bank and the Federal Reserve Board shall establish and promulgate rules and regulations defining and governing transactions which corporations organized hereunder may have with Federal reserve banks, either directly or through the agency of a member bank. No corporation organ-

ized hereunder shall, however, become a member of any Federal reserve bank.

Every corporation organized hereunder shall hold a meeting of its stockholders annually upon a date fixed in its by-laws, at which directors, or such number thereof as the by-laws may require, shall be elected to serve until their successors are elected and qualified, which meetings shall be held at its home office in the United States. At every meeting of stockholders, each shareholder shall be entitled to cast, in person or by proxy, one vote for each share held. Every such corporation shall keep at its home office books containing the names of all stockholders thereof, and the names and addresses of the members of its board of directors, together with copies of all reports made by it to the Federal Reserve Board; and each such corporation shall make reports to the Federal Reserve Board at such times and in such form as it may require; and shall be subject to examinations whenever deemed necessary by the Federal Reserve Board which examinations shall be conducted by examiners appointed by the Federal Reserve Board, the cost of such examinations, including the compensation of the examiners, to be fixed by the Federal Reserve Board and to be paid by the corporation examined.

Should any corporation organized hereunder fail to comply

with any of the provisions of the laws of the United States, all of its rights, privileges and franchises derived herefrom may thereby be forfeited. Before any such corporation shall be declared dissolved, or its rights, privileges and franchises forfeited, any noncompliance with, or violation of such laws shall, however, be determined and adjudged by a court of the United States of competent jurisdiction, in a suit brought for that purpose in the district or territory in which the home office of such corporation is located, which suit shall be brought by the United States at the instance of the Federal Reserve Board. Upon adjudication of such non-compliance or violation, each director and officer who participated in, or assented to, the illegal act or acts, shall be liable in his personal or individual capacity for all damages which the said corporation shall have sustained in consequence thereof. No dissolution shall take away or impair any remedy against the corporation, its stockholders or officers for any liability or penalty previously incurred.

Any such corporation may go into voluntary liquidation and be closed and wound up by a vote of its shareholders holding two-thirds of its stock.

Whenever the Federal Reserve Board shall become satisfied of the insolvency of any such corporation, it may appoint

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a receiver thereof who shall take possession of all of the property and assets of the corporation and exercise the same rights, privileges, powers and authority with respect thereto as are now exercised by receivers of national banks appointed by the Comptroller of the Currency of the United States; provided, however, that the assets of the corporation subject to the laws of other countries or jurisdictions shall be dealt with in accordance with such laws.

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