

X-5090

February 28, 1928.

Federal Reserve Board.

Proposed Amendments to the

Mr. Wyatt, General Counsel.

Federal Reserve Act.

In accordance with the Board's request, I respectfully submit herewith drafts of bills to effect the following proposed amendments to the Federal Reserve Act:

1. A proposed amendment to the first paragraph of Section 19 more clearly defining demand deposits, time deposits, savings deposits, etc., and making it more difficult to evade the proper classification of deposits for the purpose of computing reserves.

2. An amendment to Section 19 authorizing member banks in computing their reserves to deduct "balances due from banks" from their gross demand deposits instead of from "balances due to other banks", as at present.

3. A complete revision of Section 19 adjusting, clarifying and simplifying the reserve requirements in accordance with the proposed plan suggested by Mr. Smead in a memorandum addressed to the Board under date of June 27, 1927 (St. 5420), a copy of which is attached hereto. This would make important changes in the reserve requirements and it is suggested that it should be subjected to careful study and criticism by both the Board and the Federal reserve banks before being recommended to Congress.

4. A proposed amendment to Section 13 eliminating the word "agricultural" from the provision authorizing the discount of sight and demand drafts secured by bills of lading, in order to eliminate the difficulty in determining what is, or what is not, a "non-perishable, readily marketable, staple agricultural product." A bill for this purpose, S. 1989, was introduced by Senator Sheppard on January 4th and has already been reported out by the Senate Banking and Currency Committee.

5. A proposed amendment restoring the jurisdiction of the United States District Courts over suits brought by or against Federal reserve banks, Federal Land Banks, and Joint Stock Land Banks. It is important to the Federal reserve banks that this amendment be obtained at the earliest favorable opportunity, and the Treasury Department has requested that Federal Land Banks and Joint Stock Land Banks be included. (Letter from Mr. Dewey dated September 20, 1926.) This bill would be referred to the Judiciary Committee instead of the Banking and Currency Committee, and any riders amending the Federal Reserve Act would not be germane to the purpose of the bill.

6. A proposed amendment exempting Federal reserve banks from attachment or garnishment proceedings in the same manner as national banks are now exempted. This is in the form of an amendment to Section 4 of the Federal Reserve Act and probably would be referred to the Banking and Currency Committee.

7. A proposed amendment to Section 13 of the Federal Reserve Act increasing the maximum maturity of advances made by Federal reserve banks to member banks on their promissory notes from 15 days to 90 days when such notes are secured by paper eligible for rediscount or for purchase by Federal reserve banks. Such an amendment was recommended by the Board in a letter addressed to Congressman McFadden under date of January 16, 1926 (X-4508) and a bill containing such an amendment was introduced in the Fifty-Ninth Congress by Congressman McFadden as H.R. 7894 but was never reported out by the House Banking and Currency Committee.

8. The proposed amendment to Section 8 of the Clayton Act designed to give the Board more latitude in the matter of granting permits for interlocking bank directorates. This proposed amendment has been introduced in the present Congress as H.R. 6491, has passed the House, and is now in the hands of the Senate Committee on Banking and Currency.

9. A proposed amendment to Section 4 of the Federal Reserve Act to permit an officer, director or employee of a mutual savings bank to serve as a Class B or Class C director of a Federal reserve bank. I understand that in January, 1927, the Board approved such an amendment but voted to withhold any recommendation to Congress until the present session.

10. An amendment to Section 9, as amended by the McFadden Act, permitting State member banks to have foreign branches.

11. An amendment permitting the cancellation and surrender of Federal reserve bank stock held by member banks which go out of the banking business or cease to function without any receiver or liquidating agent being appointed therefor.

12. An amendment to Section 21 of the Federal Reserve Act suggested by the Comptroller of the Currency to provide that the salaries of national bank examiners shall be fixed by the Comptroller of the Currency instead of the Federal Reserve Board. This has been covered by making a change in the longer of the two bills submitted with my memorandum of January 7th amending Sections 9 and 21 of the Federal Reserve Act.

In deciding whether or not to recommend such amendments in its annual report, I respectfully suggest that the Board give very careful consideration to the question whether the present is a favorable or safe time to recommend any amendments to the Federal Reserve Act, especially in view of the debates on the proposed amendment to the Clayton Act and the Retirement Bill, and in view of the number of pending amendments of a more or less radical nature which have been introduced by various Congressmen and Senators.

If I may be permitted to record my personal opinion on this matter, I would say that I agree with the view expressed by the Comptroller of the Currency, to wit: That it would be impossible to secure constructive legislation in connection with the Federal Reserve System at the present time and the introduction of legislation recommended by the Board would lead to amendments and hearings before committees which would be broad in their scope and dangerous to the Federal Reserve System. It would also give the proponents of radical amendments to the Federal Reserve Act an opportunity of forcing action upon such radical amendments by tacking them on as riders to any bills which might be introduced at the Board's suggestion.

Respectfully,

Walter Wyatt,  
General Counsel.

Bills attached.

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## A BILL

To amend Section 19 of the Federal Reserve Act.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the first paragraph of Section 19 of the Federal Reserve Act, as amended, be further amended and re-enacted to read as follows:

"Bank Reserves."

"Sec. 19. The term 'demand deposits' within the meaning of this act shall include all deposit balances due to other banks, bankers, and trust companies in the United States and foreign countries, all certified checks, cashier's checks, treasurer's checks, demand letters of credit, and travellers' checks outstanding, and all other deposits except 'time deposits' as hereinafter defined, and deposits of public moneys by the United States in designated depositories.

"The term 'time deposits' within the meaning of this act shall include all 'savings accounts', 'time certificates of deposit', 'postal savings deposits' and 'open account time deposits' as hereinafter defined, except that whenever, by the lapse of time or the giving of notice of an intended withdrawal, savings accounts, time certificates of deposit, and open account time deposits become payable in less than 30 days, such deposits shall be considered demand deposits.

"The term 'savings accounts' shall mean deposits of individuals and religious, charitable or similar corporations, in respect to which -

- (1) A pass book, certificate or other similar form of receipt, delivered to and retained by the depositor or his assignee, must actually be presented to the bank whenever a withdrawal is made;
- (2) The depositor or his assignee may at any time be required by the bank to give notice of an intended withdrawal not less than thirty days before a withdrawal is made; and
- (3) The bank's printed regulations, accepted by the depositor include the above requirements.

"Deposits which are permitted to be withdrawn by check or otherwise, without the actual presentation of the pass book, certificate, or other similar form of receipt whenever a withdrawal is made, shall not be considered 'savings accounts' with-

in the meaning of this act. The retention of the pass book, certificate or other similar form of receipt or a duplicate of same, by the bank or by an officer, agent or employee thereof, and the presentation of same by the bank or by an officer, agent or employee thereof, shall not be considered an actual presentation within the meaning of this act. A deposit made by one bank in another or a deposit of a business corporation or firm shall not in any case be considered a 'savings account' within the meaning of this act.

"The term 'time certificate of deposit' shall mean a deposit evidenced by written instruments delivered to and retained by the depositor evidencing the deposit with a bank, either with or without interest, of a certain sum specified on the face of the certificate, payable in whole or in part to the depositor or on his order -

- (1) On a certain date, specified on the certificate, more than thirty days after the date of the deposit; or
- (2) After the lapse of a certain time subsequent to the date of the certificate, in no case less than thirty days; or
- (3) After written notice which the bank may at its option require to be given a certain specified number of days, not less than thirty days before the date of repayment; and
- (4) In all cases only upon the actual presentation of the certificate at each withdrawal for proper endorsement or surrender.

"The retention of the certificate, or a duplicate of same, by the bank or by an officer, agent or employee thereof, and the presentation by the bank or by an officer, agent or employee thereof shall not be considered an actual presentation within the meaning of this act. A deposit made by one bank in another shall not in any case be considered a 'time certificate of deposit' within the meaning of this act.

"The term 'postal savings deposits' as used in this act shall mean deposits of postal savings funds in banks under the terms of the postal savings act approved June 25, 1919, as amended.

"The term 'open account time deposits' as used in this act shall mean deposits not evidenced by certificates of deposits or savings pass books, in respect to which a written contract is entered into with the depositor at the time the deposit is made providing that neither the whole or any part of such deposit may be withdrawn, by check or otherwise, except on a given date

more than thirty days after the date of the deposit, or on written notice which must be given by the depositor a certain specified number of days in advance, in no case less than thirty days. In order for deposits to be classified as 'open account' time deposits' the bank in which such deposits are made must actually require such written notice before permitting withdrawals to be made.

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X-5090-b

An Act to Amend Section 19 of the Federal Reserve Act, As Amended.

BE IT ENACTED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the eighth paragraph of Section 19 of the Federal Reserve Act, as amended, is further amended and reenacted to read as follows:

In estimating the reserve balances required by this Act, member banks may deduct from the amount of their gross demand deposits the amounts of balances due from other banks (except Federal Reserve Banks and foreign banks), cash items with Federal Reserve Banks and other banks in process of collection, checks on other banks in the same place, and exchanges for clearing house.

## A BILL

To amend Section 19 of the Federal Reserve Act.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the first paragraph of Section 19 of the Federal Reserve Act, as amended, be further amended and re-enacted to read as follows:

"Bank Reserves."

"Sec. 19. The term 'demand deposits' within the meaning of this act shall include all deposits of public moneys of the United States, all certified checks, cashier's checks, treasurer's checks, demand letters of credit, and travellers' checks outstanding, and all other deposits except 'time deposits' and 'bank deposits' as hereinafter defined.

"The term 'time deposits' within the meaning of this act shall include all 'savings accounts', 'time certificates of deposit', 'postal savings deposits' and 'open account time deposits' as hereinafter defined, except that whenever, by the lapse of time or the giving of notice of an intended withdrawal, savings accounts, time certificates of deposit, and open account time deposits become payable in less than 30 days, such deposits shall be considered demand deposits.

"The term 'savings accounts' shall mean deposits of individuals and religious, charitable or similar corporations, in respect to which-

- (1) A pass book, certificate or other similar form of receipt, delivered to and retained by the depositor or his assignee, must actually be presented to the bank whenever a withdrawal is made;
- (2) The depositor or his assignee may at any time be required by the bank to give notice of an intended withdrawal not less than thirty days before a withdrawal is made; and
- (3) The bank's printed regulations, accepted by the depositor include the above requirements.

"Deposits which are permitted to be withdrawn by check or otherwise, without the actual presentation of the pass book, certificate, or other similar form of receipt whenever a withdrawal is made, shall not be considered 'savings accounts' within the meaning of this act. The retention of



the pass book, certificate or other similar form of receipt or a duplicate of same, by the bank or by an officer, agent or employee thereof, and the presentation of same by the bank, or by an officer, agent or employee thereof, shall not be considered an actual presentation within the meaning of this act. A deposit made by one bank in another or a deposit of a business corporation or firm shall not in any case be considered a 'savings account' within the meaning of this act.

"The term 'time certificate of deposit' shall mean a deposit evidenced by written instrument delivered to and retained by the depositor evidencing the deposit with a bank, either with or without interest, of a certain sum specified on the face of the certificate, payable in whole or in part to the depositor or on his order-

- (1) On a certain date, specified on the certificate, more than thirty days after the date of the deposit; or
- (2) After the lapse of a certain time subsequent to the date of the certificate, in no case less than thirty days; or
- (3) After written notice which the bank may at its option require to be given a certain specified number of days, not less than thirty days before the date of repayment; and
- (4) In all cases only upon the actual presentation of the certificate at each withdrawal for proper endorsement or surrender.

"The retention of the certificate, or a duplicate of same, by the bank or by an officer, agent or employee thereof, and the presentation of same by the bank or by an officer, agent or employee thereof shall not be considered an actual presentation within the meaning of this act. A deposit made by one bank in another shall not in any case be considered a 'time certificate of deposit' within the meaning of this act.

"The term 'postal savings deposits' as used in this act shall mean deposits of postal savings funds in banks under the terms of the postal savings act approved June 25, 1919, as amended.

"The term 'open account time deposits' as used in this act shall mean deposits not evidenced by certificates of deposits or savings pass books, in respect to which a written contract is entered into with the depositor at the time the deposit is made providing that neither the whole or any part of such deposit may be

withdrawn, by check or otherwise, except on a given date, more than thirty days after the date of the deposit, or on written notice which must be given by the depositor a certain specified number of days in advance, in no case less than thirty days. In order for deposits to be classified as 'open account time deposits' the bank in which such deposits are made must actually require such written notice before permitting withdrawals to be made.

"The term 'bank deposits' shall include all deposit balances due to other banks, bankers, and trust companies in the United States and foreign countries.

"Every bank, banking association, and trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain a reserve consisting of an actual net balance with the Federal reserve bank of its district equal to not less than thirteen per centum of the aggregate amount of its bank deposits, three per centum of the aggregate amount of its time deposits, and the following per centum of the aggregate amount of its net demand deposits:

Banks in central reserve cities, 13 per centum;

Banks in reserve cities, 9 per centum; and

Other banks, 7 per centum;

"PROVIDED, HOWEVER, That, upon the affirmative vote of five members of the Federal Reserve Board, any bank located in an outlying district of a central reserve city may be permitted to maintain a reserve balance equal to not less than seven or nine per centum of its net demand deposits, and any bank located in an outlying district of a reserve city may be permitted to maintain a reserve balance equal to not less than seven per centum of its net demand deposits; AND PROVIDED FURTHER, That, in computing the amounts of net demand deposits against which reserves must be maintained, all member banks may deduct from the amount of their gross demand deposits, all balances due to them from other banks (except Federal reserve banks and foreign banks), all cash items deposited by them with Federal reserve banks and other banks in process of collection, all exchanges for the clearing house, and all checks in other banks in the same place.

"The Federal Reserve Board shall have authority to prescribe regulations governing the maintenance of the reserves required by this section and further defining the various classes of deposits herein mentioned.

"No member bank shall keep on deposit with any State bank or trust company which is not a member bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this Act, except by permission of the Federal Reserve Board.

"The required balance carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: PROVIDED, HOWEVER, That no bank shall at any time make new loans or shall pay any dividends unless and until the total balance required by law is fully restored.

"National banks, or banks organized under local laws, located in Alaska or in a dependency or insular possession or any part of the United States outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall in that event take stock, maintain reserves, and be subject to all the other provisions of this Act."

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70th CONGRESS  
1st Session

CALENDAR NO. 346

S 1 9 8 9 -

(Report No. 535)

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IN THE SENATE OF THE UNITED STATES

January 4, 1928.

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

February 16(calendar day, February 20), 1928.

Reported by Mr. Edwards, with amendments

(Omit the part struck through and insert the part  
printed in italic)

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A B I L L

To amend the third paragraph of section 13 of the Federal Reserve Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third paragraph of section 13 of the Federal Reserve Act be amended and reenacted to read as follows: "Upon the indorsement of any of its member banks, which shall be deemed a waiver of demand, notice, and protest by such bank as to its own indorsement exclusively, and subject to regulations and limitations to be prescribed by the Federal Reserve Board, any Federal reserve bank may discount or purchase bills of exchange payable at sight or on demand which ~~are drawn to finance~~ grow out of the domestic shipment or the exportation of nonperishable, readily marketable agricultural and other staples and are secured by bills of lading or other shipping documents conveying or securing title to such staples: Provided,

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That all such bills of exchange shall be forwarded promptly for collection, and demand for payment shall be made with reasonable promptness after the arrival of such staples at their destination: Provided further, That no such bill shall in any event be held by or for the account of a Federal reserve bank for a period in excess of ninety days. In discounting such bills Federal reserve banks may compute the interest to be deducted on the basis of the estimated life of each bill and adjust the discount after payment of such bills to conform to the actual life thereof".

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A BILL

To amend section 12 of the Act entitled "An Act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes," approved February 13, 1925, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that section 12 of the Act entitled "An Act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes," approved February 13, 1925, be amended and reenacted to read as follows:

"Sec. 12. That no district court shall have jurisdiction of any action or suit by or against any corporation upon the ground that it was incorporated by or under an Act of Congress: Provided, That this section shall not apply to any suit, action, or proceeding brought by or against a Federal Land Bank, Joint Stock Land Bank, Federal reserve bank or any corporation incorporated by or under an Act of Congress wherein the Government of the United States is the owner of more than one-half of its capital stock."

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X-5090-f

A BILL

To amend section 4 of the Federal Reserve Act and for other purposes.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the fourth subdivision of the fourth paragraph of section 4 of the Federal Reserve Act be amended to read as follows:

"Fourth. To sue and be sued, complain and defend, in any court of law or equity; but no attachment, injunction or execution, shall be issued against such bank or its property before final judgment in any suit, action, or proceeding in any State, county, municipal or United States court."

A BILL

To amend section 13 of the Federal Reserve Act, and for other purposes.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the seventh paragraph of section 13 of the Federal Reserve Act, as amended, be amended and reenacted to read as follows:

"Any Federal reserve bank may make advances for periods not exceeding fifteen days to its member banks on their promissory notes secured by the deposit or pledge of bonds or notes of the United States or of bonds of the War Finance Corporation, or when authorized by the Federal Reserve Board and subject to such conditions, regulations, limitations, and restrictions as the said board may prescribe, may make advances for periods not exceeding ninety days to its member banks on their promissory notes secured by such notes, drafts, bill of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this Act. All such advances shall be made at rates of interest to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board."



70th CONGRESS  
1st Session

H. R. 6491

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IN THE SENATE OF THE UNITED STATES

February 1 (calendar day, February 2), 1928

Read twice and referred to the Committee on Banking and Currency

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AN ACT

To amend section 8 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended.

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

That the last proviso of the second paragraph of section 8 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," found in title 15, chapter 1, section 19, United States Code, approved October 15, 1914, as amended, is amended to read as follows:

"And provided further, That nothing in this Act shall prohibit any private banker from being an officer, director, or employee of not more than two banks, banking associations, or trust companies, or prohibit any officer, director, or employee of any bank, banking association, or trust company, or any Class A director of a Federal reserve bank, from

being an officer, director, or employee of not more than two other banks, banking associations, or trust companies, whether organized under the laws of the United States or any State, if in any such case there is in force a permit therefor issued by the Federal Reserve Board; and the Federal Reserve Board is authorized to issue such permit if in its judgment it is not incompatible with the public interest, and to revoke any such permit whenever it finds, after reasonable notice and opportunity to be heard, that the public interest requires its revocation."

Passed the House of Representatives February 1, 1928.

Attest:

WM. TYLER PAGE,

Clerk.

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A BILL

To amend Section 4 of the Federal Reserve Act and for other purposes.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That Section 4 of the Act approved December 23, 1913, known as the Federal Reserve Act, as amended, be further amended by striking out that part of said section which reads as follows:

"No director of Class B shall be an officer, director or employee of any bank.

"No director of Class C shall be an officer, director, employee or stockholder of any bank."

And by substituting therefor the following:

"No director of Class B shall be an officer, director, or employee of any bank, other than a mutual savings bank not having a capital stock represented by shares.

"No director of Class C shall be an officer, director, employee or stockholder of any bank, other than a mutual savings bank not having a capital stock represented by shares."

A BILL

To amend section 9 of the Federal Reserve Act and for other purposes.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the second paragraph of section 9 of the Federal Reserve Act be amended by changing the period at the end thereof to a comma and by adding the following words:

"provided, however, that the establishment or operation of any branch or branches in a foreign country or dependency or insular possession of the United States shall not affect the right of any such State bank to retain or acquire stock in a Federal reserve bank."

A BILL

To amend Section 6 and Section 9 of the Federal Reserve Act and for other purposes.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That Section 6 of the Act of December 23, 1913, known as the "Federal Reserve Act" be amended and re-enacted to read as follows:

"Sec. 6. If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of one per centum per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank.

"If any national bank which has not gone into liquidation as provided in Section 5220 of the Revised Statutes and for which a receiver has not already been appointed for other lawful cause, shall discontinue its banking operations for a period of 60 days the Comptroller of the Currency may, if he deems it advisable, appoint a receiver for such bank. The stock held by the said national bank in the Federal reserve bank of its district shall thereupon be canceled and said national bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash paid subscriptions on the shares canceled and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such national bank to the Federal reserve bank.

"Whenever the capital stock of a Federal reserve bank is reduced either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank or on account of the appointment of a receiver for a national bank following discontinuance of its banking operations as provided in this section, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank."

Sec. 2. That the eighth paragraph of Section 9 of the Federal Reserve Act as amended be amended and re-enacted to read as follows:

"If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board made pursuant thereto, or has ceased to exercise banking functions without a receiver or liquidating agent having been appointed therefor, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank

and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section."

A BILL

To amend Sections 9 and 21 of the Federal Reserve Act and Section 5240 of the Revised Statutes.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the sixth and seventh paragraphs of Section 9 of the Federal Reserve Act, as amended, be further amended to read as follows:

"As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

"Whenever the Federal Reserve Board shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: PROVIDED, HOWEVER, That when it deems it necessary the Federal Reserve Board may order special examinations by examiners of its own selection and shall in all cases approve the form of the report. The expenses of all examinations, other than those made by State authorities, may, in the discretion of the Federal Reserve Board, be assessed against the banks examined and, when so assessed, shall be paid by the banks examined. Copies of the reports of such examinations may, in the discretion of the Federal Reserve Board, be furnished to the State authorities having supervision of such banks, to officers, directors or receivers of such banks, and to any other proper persons.

"Sec. 2. That Section 21 of the Federal Reserve Act be amended to read as follows:

"BANK EXAMINATIONS.

"Sec. 21. Section fifty-two hundred and forty, United States Revised Statutes, is amended to read as follows:

"The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every national bank at least twice in each calendar year and oftener if considered necessary. The examiner making the examination of any national bank shall have power to make a thorough examination of all the affairs of the bank, and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

"The Comptroller of the Currency shall fix the salaries of all national bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

"In addition to the examinations of national banks made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal Reserve Board, provide for special examination of member banks within its district. The expense of such examinations may, in the discretion of the Federal Reserve Board, be assessed against the banks examined, and, when so assessed, shall be paid by the banks examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

"No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress, or of either House duly authorized.

"The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank."