## THE ALDRICH MONETARY COMMISSION BILL

### THE FEDERAL RESERVE ACT

### COMPARATIVE STATEMENT

<table>
<thead>
<tr>
<th>MONETARY COMMISSION BILL</th>
<th>FEDERAL RESERVE ACT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SECTION 1.</strong></td>
<td></td>
</tr>
<tr>
<td>National Reserve Assoc.</td>
<td>Not over twelve Federal Reserve Banks.</td>
</tr>
<tr>
<td>United States.</td>
<td></td>
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<tr>
<td><strong>Term of 50 years.</strong></td>
<td>Term of 50 years.</td>
</tr>
<tr>
<td><strong>Capital authorized:</strong></td>
<td>Six per cent of paid in capital and surplus.</td>
</tr>
<tr>
<td>Equal in amount to 20% of paid in and unimpaired capital of all banks eligible for membership.</td>
<td></td>
</tr>
<tr>
<td><strong>Before commencing business:</strong></td>
<td>No Federal reserve bank to commence business with subscribed capital less than 4 millions; one-sixth payable on call, etc; one-sixth within 3 months and one-sixth within 6 months thereafter; remainder or any part subject to call of Federal Reserve Board. S.2:L.29:p.3. All capital payments to be in gold. S.2:L.13:p.3.</td>
</tr>
<tr>
<td>(a) 200 millions to be subscribed,</td>
<td></td>
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<tr>
<td>(b) 100 millions paid in.</td>
<td></td>
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<tr>
<td><strong>Shares $100 each.</strong></td>
<td>Shares $100 each. S.5:L.43:p.7.</td>
</tr>
<tr>
<td><strong>Stock to be increased or decreased:</strong></td>
<td>Substantially the same. S.5:L.43:p.7.</td>
</tr>
<tr>
<td>(a) As subscribing banks increase or reduce their capital,</td>
<td></td>
</tr>
<tr>
<td>(b) As additional banks become members, or as subscribing banks leave the association by liquidation,</td>
<td></td>
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<tr>
<td>Washington, D. C.</td>
<td></td>
</tr>
<tr>
<td><strong>SECTION 2.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Powers:</strong></td>
<td>Same:S.4:L.43:p.4.</td>
</tr>
<tr>
<td>1. To adopt and use corporate seal,</td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Description</td>
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<tr>
<td>---------</td>
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</tr>
<tr>
<td>4.</td>
<td>To sue, be sued, complain and defend, in any court of law or equity, as fully as natural persons.</td>
</tr>
<tr>
<td>5.</td>
<td>To elect or appoint directors and officers in manner hereinafter provided, and define their duties.</td>
</tr>
<tr>
<td>6.</td>
<td>Board of Directors to adopt by-laws not inconsistent with Act regulating manner in which its property shall be transferred, its general business conducted and the privileges granted to it by law exercised and enjoyed.</td>
</tr>
<tr>
<td>7.</td>
<td>To purchase, acquire, hold, and convey real estate as hereinafter provided.</td>
</tr>
<tr>
<td>8.</td>
<td>To exercise by its Board of Directors of duly authorized committees, officers or agents, subject to law, all powers and privileges conferred upon the National Reserve Association by this Act.</td>
</tr>
</tbody>
</table>

**SECTION 3.**

<table>
<thead>
<tr>
<th>Who may subscribe to stock:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. All national banks.</td>
</tr>
<tr>
<td>Amount equal to 30% of paid-in and unimpaired capital of the subscribing bank and not more nor less.</td>
</tr>
</tbody>
</table>
### Local Associations:

Each subscribing bank to become member of a local association as herein after provided.

### Payment of Subscriptions:

50% to be fully paid in. Remainder subject to call and payment whenever necessary to meet obligations of National Reserve Association under terms and conditions and in accordance with regulations prescribed by the Directors.

One-sixth payable on call, etc.; one-sixth within 3 months, and one-sixth within 6 months thereafter; remainder or any part subject to call of Federal Reserve Board. S.2:L.29:p.3.

### State, etc., Bank and Trust Company Subscriptions:

#### Conditions:

(a) **If a Bank:**

To have paid-in and unimpaired capital not less than required for a national bank in same locality.


(b) **If a Trust Company:**

1. **(a) Unimpaired surplus of not less than 20% of its capital.**


2. **(b) If located in place having population:**

<table>
<thead>
<tr>
<th>Population</th>
<th>Capital Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,000 people</td>
<td>$50,000</td>
</tr>
<tr>
<td>6 to 50,000 people</td>
<td>100,000</td>
</tr>
<tr>
<td>50 to 200,000 people</td>
<td>200,000</td>
</tr>
<tr>
<td>200,000 to 300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>300,000 to 400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Over 400,000 people</td>
<td>500,000</td>
</tr>
</tbody>
</table>

No such provision expressed.

#### 2. Reserves

(a) **Demand deposits.**

State banks and trust companies: same amount as national member banks. S.9:L.14:p.10.

As to character of reserve Quaero.
Provided;
Deposits with any subscribing national bank, State bank or trust company in a Reserve or Central Reserve City to count as reserve as similar deposits of a national bank with national banks in such cities.

Substantially the same, but limited to 3 years after Secretary of Treasury has officially announced establishment of its Federal reserve bank. S.19:Q.3:p. 33.

3. Other classes of deposits. Reserves required by this Act. See infra.

To submit to the examinations and regulations prescribed by Organization Committee or by Federal Reserve Board. S.9:Q.15:p.10.

Federal Reserve Board may authorize examination by State authorities to be accepted in the case of State banks and trust companies. S.21:Q.3:p.24.

4. To submit to such examinations as are required by law and to comply with the requirements and conditions imposed by this Act and regulations made in conformity therewith.

To submit to the examinations and regulations prescribed by Organization Committee. S.1:Q.10:p.1.

Terms "Member bank" to mean any national bank, State bank, or trust company, which has become a member of one of the reserve banks created by this Act. S.1:Q.10:p.1.

Terms "Bank" to include State bank, banking association and trust company, except where national banks or Federal reserve banks are specifically referred to. S.1:Q.4:p.1.

Definitions
Words "Subscribing banks" to refer to such national banks, and banks or trust companies chartered by any State of United States or of District of Columbia as shall comply with the requirements for membership herein defined.

Term "Member bank" to mean any national bank, State bank, or trust company, which has become a member of one of the reserve banks created by this Act. S.1:Q.10:p.1.

Term "Bank" to include State bank, banking association and trust company, except where national banks or Federal reserve banks are specifically referred to. S.1:Q.4:p.1.

SECTION 4.

Organization Committee:
Secretary of the Treasury,
Secretary of Commerce and Labor,
Comptroller of the Currency.

Organization Committee:
Secretary of the Treasury,
Secretary of Agriculture,
Comptroller of the Currency.

Expenses paid out of Treasury on vouchers approved by the members of said Committee.

Expenses paid out of Treasury on vouchers approved by the members of said Committee.

May appoint assistants and incur such expenses in carrying out Act as it may deem necessary. S.2:Q.35:p.3.

$100,000 appropriated for its expenses. S.2:Q.40:p.3.

No provision for reimbursing Treasury.

Treasury to be reimbursed by National Reserve Association.
With 60 days after passage of Act, Subscription books to be opened by Committee, in such places as Committee may designate.


Resolutions of Board of Directors to be filed with Organization Committee or after organization with National Reserve Association. (a) Accepting all provisions and liabilities of Act. (b) Authorizing President or Cashier to Subscribe.

Resolution to be in application blank authorizing subscription. S.4:L.11:p.4. Also certificate of Organization to be filed with Comptroller. S.4:L.20:p.4.

SECTION 5.

See infra.

A careful comparison of the division of the Aldrich plan into 15 districts with a branch in each district, with the division of the Organization Committee under the Federal Reserve Act, discloses that they are substantially the same, the points of difference being:-

1. The Aldrich plan has 15 districts and branches.
   The Federal Reserve plan has 12 districts and Federal Reserve Banks.

2. The Aldrich plan puts each State in a district.
   The Federal Reserve plan divides up the following States, putting part in one and part in another district:-

<table>
<thead>
<tr>
<th>New Jersey</th>
<th>Kentucky</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania</td>
<td>Louisiana</td>
</tr>
<tr>
<td>West Virginia</td>
<td>Missouri</td>
</tr>
<tr>
<td>Michigan</td>
<td>Mississippi</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Tennessee</td>
</tr>
<tr>
<td>Illinois</td>
<td>Oklahoma</td>
</tr>
<tr>
<td>Indiana</td>
<td>New Mexico</td>
</tr>
<tr>
<td>Arizona</td>
<td></td>
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</tbody>
</table>
3. The Federal Reserve Organization Committee was criticized:
(a) for dissipating Eastern banking strength by setting apart New England as a separate district.
Answer: So does the Aldrich plan.
(b) for not consolidating New York and Philadelphia.
Answer: Neither does the Aldrich plan.
The Aldrich plan allowed two districts and two branches for New York, New Jersey, Pennsylvania, and Delaware.
The Federal Reserve Organization Committee also allowed two districts and two Federal Reserve Cities for the same States. It merely took out Western Pennsylvania and added it to the Cleveland district.
(c) The Aldrich plan allowed 4 districts and branches for the Southern and South Western States.
Answer: The Federal Reserve plan allows only 3 districts and 3 Federal Reserve Cities; it, however, divided West Virginia, Tennessee, Mississippi, Louisiana, Oklahoma, New Mexico, and Arizona, putting part of these States in other districts.
(1) West Virginia was divided between Richmond and Cleveland.
(2) Tennessee was divided between Atlanta and St. Louis.
(3) Mississippi was divided between Atlanta and St. Louis.
(4) Louisiana was divided between Atlanta and Dallas.
(5) Oklahoma was divided between Kansas City and Dallas.
(6) New Mexico was divided between Kansas City and Dallas.
(7) Arizona was divided between Dallas and San Francisco.
(d) The Federal Reserve Act also provides for branches of the Federal Reserve Banks.

The Federal Reserve Act thus provides - especially through its branch banks - better banking facilities for the South than does the Aldrich plan. e.g. Under Aldrich plan there could be in the South and South West only 4 branches, while under the Federal Reserve Act
there are provided Richmond, Atlanta and Dallas, and some of the Southern states are in part placed under St. Louis, Kansas City, and San Francisco. In addition, the Federal Reserve plan authorizes additional branches of the Federal Reserve banks.

<table>
<thead>
<tr>
<th>COMPARISON</th>
<th>ALDRICH PLAN</th>
<th>FEDERAL RESERVE ACT</th>
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</thead>
<tbody>
<tr>
<td><strong>District</strong></td>
<td><strong>No. Districts</strong></td>
<td><strong>Total Districts</strong></td>
</tr>
<tr>
<td>New England States.</td>
<td>1 Branch</td>
<td></td>
</tr>
<tr>
<td>Eastern States. New York</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td>New Jersey</td>
<td>2 Branches</td>
<td></td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td>Delaware</td>
<td>)</td>
<td></td>
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<tr>
<td>Southern States. District of Columbia</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td>Maryland</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>)</td>
<td></td>
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<tr>
<td>West Virginia</td>
<td>)</td>
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<tr>
<td>North Carolina</td>
<td>)</td>
<td></td>
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<tr>
<td>South Carolina</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td>Tennessee</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>4 Branches</td>
<td></td>
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<tr>
<td>Florida</td>
<td>)</td>
<td></td>
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<tr>
<td>Alabama</td>
<td>)</td>
<td></td>
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<tr>
<td>Mississippi</td>
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<td>Louisiana</td>
<td>)</td>
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<tr>
<td>Texas</td>
<td>)</td>
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<tr>
<td>Arkansas</td>
<td>)</td>
<td></td>
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<tr>
<td>Kentucky</td>
<td>)</td>
<td></td>
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<tr>
<td>Middle West States. Ohio</td>
<td>)</td>
<td></td>
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<tr>
<td>Indiana</td>
<td>)</td>
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<tr>
<td>Illinois</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td>Michigan</td>
<td>4 Branches</td>
<td></td>
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<tr>
<td>Wisconsin</td>
<td>)</td>
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<tr>
<td>Minnesota</td>
<td>)</td>
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<tr>
<td>Iowa</td>
<td>)</td>
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<tr>
<td>Missouri</td>
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<td></td>
</tr>
</tbody>
</table>

2. New York ) |
3. Philadelphia : 4. ) 3 Cleveland |
4. Richmond ) |
5. " ) |
7. " ) |
8. " 8. St. Louis ) |
10. Dallas ) |
11. St. Louis ) |
12. Cleveland. 8. St. Louis ) |
<table>
<thead>
<tr>
<th>States</th>
<th>Districts</th>
<th>Total Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska</td>
<td>9. Minneapolis</td>
<td>10. Kansas City</td>
</tr>
<tr>
<td>Colorado</td>
<td>12. &quot;</td>
<td>11. &quot;</td>
</tr>
<tr>
<td>California</td>
<td>San Francisco</td>
<td>12. &quot;</td>
</tr>
<tr>
<td>New Mexico</td>
<td>12. &quot;</td>
<td>12. &quot;</td>
</tr>
<tr>
<td>Washington</td>
<td>Dallas</td>
<td>San Francisco</td>
</tr>
<tr>
<td>Oregon</td>
<td>San Francisco</td>
<td>12.</td>
</tr>
<tr>
<td>Idaho</td>
<td>12. &quot;</td>
<td>12. &quot;</td>
</tr>
<tr>
<td>Utah</td>
<td>11. Dallas</td>
<td>12. San Francisco</td>
</tr>
<tr>
<td>Arizona</td>
<td>12. San Francisco</td>
<td>12. San Francisco</td>
</tr>
<tr>
<td>Nevada</td>
<td>12. San Francisco</td>
<td>12. San Francisco</td>
</tr>
</tbody>
</table>

**TOTALS** : 15

**Districts** : 18

When branch cities selected, Organization Committee to divide country into 15 districts, One branch in each district.

**Districts to be apportioned with due regard to convenience and customary course of business and not necessarily along State lines.**


Distances may be readjusted and new districts and branches may from time to time be created by directors whenever, in their opinion, the business of the country requires.

Distances may be readjusted and new districts created by Federal Reserve Board, not to exceed 12 in all. S.2:L.28:p.1.

**SECTION 6.**

Local Associations.

Subscribing banks in each district, Grouped by Organization Committee, Or after organization by National Reserve Association, Into local associations, 1. Not less than 10 banks.

Not provided for by Federal Reserve Act.
3. Aggregate capital and surplus of at least $5,000,000.

3. Territory in each association to be contiguous.

4. In apportioning due regard to be had for customary course of business and for convenience of banks forming the association.

5. In apportioning territory to local associations comprising a district, every bank and all the territory within said district shall be located within the boundaries of same local association.

6. Every subscribing bank to become a member only of local association in which it is situated.

Bank uniting to form a local association.

To execute certificate, etc.

Setting forth -
(a) Name of Association,
(b) Banks comprising it,
(c) Principal place of business,
(d) Territorial limits,
(e) Purposes for which organized.

Copies to be filed:
1 with Comptroller of Currency,
1 with National Reserve Association,
1 with branch of National Reserve Association of the district in which local association is included.

Upon filing certificate:
(a) Local association to become a body corporate,
(b) By name so designated may sue and be sued,
(c) May exercise powers of a body corporate for purposes mentioned in Act and not otherwise.

Directors of National Reserve Associations:
(a) May readjust local associations in each district,
(b) May authorize new associations.
SECTION 7.

Local Associations:

To have Board of Directors - number determined by by-laws of local association.

Election of Directors:

1. 3/5ths elected by ballot.
   (a) Cast by representatives of banks that are members of the local association,
   (b) Each bank to have one representative,
   (c) Each representative to have one vote for each of positions to be filled, regardless of number of shares held by the bank in the National Reserve Association.

2/5ths elected by ballot,
   (a) By the same representatives,
   (b) Each representative entitled to as many votes as his bank holds shares in National Reserve Association.

Proviso:
   (a) If 40% of stock of any subscribing bank is owned directly or indirectly by any other subscribing bank.
   (b) If 40% of stock in each of two or more subscribing banks being members of the same local association is owned directly or indirectly by same person, persons, copartnership, voluntary associations, trustee, or corporation.

Then either in (a) or (b),

Neither of such banks shall vote separately, as a unit,

Or upon its stock.

See infra.
Election of Directors of Federal Reserve Banks.
Except:

Such banks acting together,

As one unit,

Entitled to one vote,

For directors of local associations,

No voting by proxy,

Voting representatives to be President, Vice President or Cashier.

Duties of Directors:

Oath of office
(a) Diligently and honestly administer affairs,
(b) Will not knowingly violate any provision of Act,
(c) Will not willingly permit violation of any provision of Act.

Terms of Office:

(a) Original election. Until 2nd Tuesday in February immediately following election.
(b) Thereafter all directors elected annually on that date and to hold office for term of one year.

By-laws:

May make by-laws not inconsistent with law,
By-laws subject to approval of National Reserve Association.

SECTION 8.


Each branch to have Board of Directors, Some analogy between these Branches and Federal Reserve Banks.
Number to be fixed by by-laws of branch, Not less than 12 in addition to ex-officio members.

Directors of National Reserve Association to be elected:
1. Directors of each local association to elect by ballot a voting representative,
2. One-half -
   (a) Elected by representatives,
   (b) Each having one vote for each position.
   (c) Regardless of number of shares his bank holds in National Reserve Association.
3. One third -
   (a) Elected by representatives,
   (b) Each to have number of votes in National Reserve Association.
   (c) Held by all the banks of the local association he represents.
4. One-sixth -
   (a) Chosen by directors already elected,
   (b) To fairly represent the agricultural, commercial, industrial and other interests of the district,
   (c) Shall not be officers of banks, trust companies, insurance companies or other financial institutions,
   (d) Nor, while serving, directors of same.

Manager of Branch.
(a) To be ex-officio a member of Board of directors of the branch.
(b) To be chairman of the Board.


Member banks classified into 3 groups of similar capitalization. S.4:L.7:p.6
Each member bank to elect by ballot a district reserve elector. S.4:L.15:p.6

The electors to be classified into 3 groups represented by the banks grouping which elected them. S.4:L.21:p.6.

Each member bank may nominate one candidate for Class A and one for Class B. S.4:L.22:p.6.

The candidates nominated for Class A & B by each group of banks, to be sent to each elector in each group. S.4:L.21:p.6

Each elector to certify his 1st, 2d and other choices for directors of Class A and class B in his group.

1. Candidates having majority of votes in column of 1st choice to be declared elected.
2. If no candidate has such majority; Add votes in 2d column to those in 1st.
   Any candidate having majority of 1st and 2d column to be declared elected.
3. If no candidate has such majority; Third column votes to be added to 1st and second.
   Candidate having highest number of votes to be declared elected.
Oath of Directors:
Same as for local association directors.

First meeting of Board,

Members except ex-officio members,

Divided into three classes.

Terms of Office:

(a) One-third until first Tuesday in March immediately following election.

(b) One-third for additional period of one year after said first Tuesday.

(c) One-third for an additional period of two years after said first Tuesday.

(d) After first election all directors elected for three years.

Substantially the same as to Directors of Federal Reserve Banks, except first date is January 1 following date of meeting.

Directors themselves make the classification as to the first terms, S.4:L.31:p.7.

Vacancies:

By-laws of National Reserve Association to provide for manner of filling vacancies in Board of Directors of Branches.

Vancancies in Directors to be filled in manner provided for original selection. S.4:L.36:p.7.

By-laws:

Branch Boards of Directors may make by-laws not inconsistent with law. Subject to approval of National Reserve Association.

Federal Reserve Banks may, by their Boards of Directors, prescribe by-laws not inconsistent with law, etc. S.4:L.1:p.5.

Organization Committee or Federal Reserve Board to establish by-laws governing conduct in acting upon applications of State banks, etc. S.9:L.10:p.10.

SECTION 9.

Directors of National Reserve Association.

1. (a) 15 to be elected.

Only analogy is Federal Reserve Board members.
(b) One by Board of Directors of each Branch.

(c) If number of districts be increased each additional district entitled to elect an additional director of this class.

3. (a) 15 additional Directors to be elected,

(b) One by Board of Directors of each Branch,

(c) Who shall fairly represent agricultural, commercial, industrial and other interests of the district,

(d) Shall not be officers of banks, trust companies, insurance companies or other financial institutions,

(e) Nor Directors of same while serving.

(f) If number of districts increased each additional district entitled to elect an additional director of this class.

3. (c) 9 additional directors to be elected,

(b) By voting representatives chosen by Boards of Directors of the various branches,

(c) Each to cast votes equal to shares in National Reserve Association held by banks in branch which he represents,

(d) Not more than one of directors of this class to be chosen from one district.
Directors of each of above three classes to be residents of District from which elected.

4. 7 Ex-officio members of Board of Directors:

(1) Governor of National Reserve Association.
(2) Two Deputy Governors,
(3) Secretary of the Treasury,
(4) Secretary of Agriculture,
(5) Secretary of Commerce & Labor
(6) Comptroller of the Currency.

The Governor shall be Chairman of the Board.

No member of any National or State legislature to be a Director of National Reserve Association nor of any of its branches, nor of any local association.

Board of Directors at first meeting to be divided - except the ex-officio members - into three classes:

(a) 1/3 to hold office until first Tuesday in April immediately following the election,
(b) 1/3 to hold for additional period of one year from said first Tuesday in April,
(c) 1/3 to hold for additional period of two years from said first Tuesday.

All elections to be held on first Tuesday of April of each year,

After first election all Directors to serve for 3 years.

Secretary of the Treasury and Comptroller of the Currency are Ex-officio members of Federal Reserve Board. S.10:L.7:p.11

Secretary of the Treasury. S.10:L.51:p.11.

No member of the Federal Reserve Board shall be an officer of director of any bank, banking institution, trust company or Federal reserve bank, nor hold stock in any bank, banking institution or trust company. S.10:L.52:p.11.

See Supra, note to Section 8 for election of directors of Federal reserve banks.
All directors of Local Associations, Branches and of National Reserve Association shall serve until their successors have qualified.

Vacancies in Directors of National Reserve Association to be filled as provided in by-laws of National Reserve Association.

Cath of Directors of National Reserve Association same as oath of Directors of Local Associations and Branches.

By-laws.

Board of Directors of National Reserve Association may make by-laws, not inconsistent with law, as to conducting business of Association and exercise and enjoyment of privileges granted it by law.

Federal Reserve Banks, by their Boards of Directors, may prescribe by-laws not inconsistent with law regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed. S.4:L.1:p.5.

SECTION 10.

Executive officers of National Reserve Association.

1. Governor,
2. Two Deputy Governors,
3. Such subordinate officers as may be provided by by-laws.

Governor
Vice Governor
S.10:L.34:p.11.

1. Selection of Governor.

By President of United States from list of not less than 3 submitted to him by Board of Directors.

Person so selected to be appointed by Board as Governor.

Designated by President from among the 5 appointed members.
S.10:L.33:p.11.

Term of Office.

Ten years, subject to removal for cause by 2/3 vote of Board.

Presumably at pleasure of President.
### Deputy Governors.

| Two to be elected by Board. | Vice Governor designated by President. S.10:L.33:p.11. |

### Term of Office.

| Seven years, subject to removal for cause by majority vote of Board. | At pleasure of President. |

### Vacancies.

| Successors to be elected to fill unexpired term. |
| In absence of Governor or inability to act, senior Deputy in point of service shall act as Governor. |
| Board of Directors to appoint such officers as provided for by by-laws. |

### Stock subscription.

| Directors to call for 50% on organization. |
| Certificate to be filed with Secretary of State when 100 millions paid in showing said payment. |
| Certificate to be filed with Comptroller of Currency showing: |
| (a) Title of each bank which has subscribed, |

### SECTION 11.

| One-sixth payable on call of Organization Committee or Fed. Res. Board; one-sixth with 3 months and one-sixth within 6 months thereafter; remainder or any part subject to call by Fed. Res. Board. S.2:L.13:p.2. |
| Not to commence business until capital subscribed of not less than 4 millions. S.2:L.29:p.3 |
| Application blank which shall contain Resolution of Board authorizing subscription. S.4:L.10:p.4. Certificate of organization filed with Comptroller:- |
(b) Location of same,
(c) Number of shares subscribed by each bank,
(d) Amount paid thereon.

SECTION 12.

Shares of Capital Stock:
(a) Not transferable,
(b) Can not be hypothecated,
(c) Only to be owned by subscribing banks,
(d) Only to be owned in proportions herein provided

Additional Stock:
1. Where subscribing bank increases its capital must subscribe to additional amount of capital of National Reserve Association.
   (a) Equal to 20% of said increase,
   (b) Paying therefor its then book value as shown by last published statement of said association.

2. A bank applying for membership after formation of National Reserve Association
   (a) Must subscribe for amount equal to 20% of capital of subscribing bank.
   (b) Paying therefor its then book value as shown by last published statement of said association.

(a) Name.
(b) Territorial extent of district.
(c) City and State.
(d) Amount of capital stock.
(e) Number of shares.
(f) Name and place of doing business.
(g) All banks which have subscribed.
(h) Number of shares held by each.
(i) Fact that certificate is made, etc.


May be owned by United States and public if stock not sufficiently subscribed for,
S.2:L.3:p.3.
S.2:L.17:p.3.


Its par value plus 1/2 of 1% per month from period of its last dividend.
In both 1 and 2 Directors to file certificate in office of Comptroller of Currency, showing:

(a) Increase in capital,
(b) Amount paid in,
(c) By whom paid,

Reduction of Stock:

1. Where subscribing bank reduces its capital shall surrender proportionate amount of its holdings in the capital of said association.

2. Voluntary liquidation shall surrender all its holdings.

In both 1 and 2,

(a) Surrendered shares shall be cancelled
(b) Association shall pay sum equal to their then book value as shown by last published statement of said association.

3. Insolvency of any member and appointment of receiver.

(a) Stock held by it to be cancelled
(b) Balance after paying all debts due to association to be paid to receiver.

All debts of member banks to National Reserve Association to be a first lien upon the paid-in capital stock.

Board of Directors to file certificate in office of Comptroller showing in either 1, 2 or 3:-

A sum equal to its cash paid subscription on shares surrendered and one-half of 1% per month from period of last dividend not to exceed book value thereof, less any liability, etc., to the Federal Reserve Bank. S.5:L.22:p.8.
Same. But addition - "without impairment of its liability."
All cash paid subscriptions with 1/2 of 1% per month from period of last dividend, not to exceed book value thereof, to be first applied to all debts to Federal Reserve Bank, and balance to receiver. S.6:L.29:p.8.
(a) The reduction in capital stock,

(b) Amount repaid to each bank.

SECTION 13:

Taxation.

Federal Reserve Banks, including capital stock, surplus, and income therefrom, exempt from Federal, State and local taxation, except taxes upon real estate. S.7:L.9:p.9.

SECTION 14:

Executive Committee

Annually elected by Directors from their number as the by-laws may provide.

Nine members.

Governor of National Reserve Association to be ex-officio Chairman.

The two Deputy Governors and the Comptroller of Currency to be ex-officio members.

Not more than one of elected members shall be chosen from any one district.

Power of Executive Committee:

All authority vested in Board of Directors, except:

(a) Power of nomination, appointment and removal of the Governor and Deputy Governors.

(b) Powers specifically delegated by the Board to other Committees or to the Executive officers.

Nothing in Federal Reserve Act as to Committees. Board of Directors given such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by the Act. S.4:L.7:p.5.
(c) Powers specifically reserved or retained by the Board.

Other Committees:

Directors may elect from their number such other Committees as the by-laws of National Reserve Association may provide.

SECTION 15.

Examinations.

Board of Examination to be elected annually by Board of Directors among their number, excluding the members of the Executive Committee.

Secretary of Treasury to be ex-officio Chairman of Board of Examination.

Duties.

(a) To carefully examine the condition and business of National Reserve Association and of its branches.

(b) To make a public statement of result of such examination at least once each year.

See Note above.

Directors may prescribe by-laws, not inconsistent with law, regulating the manner in which its general business may be conducted, etc. S.4:1:1:p.5.

Examinations.

1. Member banks

(a) By Comptroller

Comptroller, with approval of Secretary of Treasury, to appoint examiners who shall examine every Member bank, at least twice in each calendar year and oftener if necessary. S.21:1:52:p.23.

Federal Reserve Board, on recommendation of Comptroller, to fix salaries of all bank examiners and report thereof to Congress. S.21:1:14:p.24

Expense of examinations to be assessed by Comptroller in proportion to assets and resources held by the banks upon the dates of examinations. S.21:1:19:p.24.

(b) By Federal Reserve Board.

Federal Reserve Board may examine, at its discretion, the accounts, books, and affairs of each Federal Reserve Bank, and of each Member bank, and may require such statements and reports as it may deem necessary. S.11:1:38:p.12.
In addition to examinations made and conducted by Comptroller, every Federal Reserve Bank may, with approval of Federal Reserve Agent, or of Federal Reserve Board, provide for special examination of member banks within its district. S.21:L.24:p.24.


To be conducted so as to inform the Federal Reserve Bank of the condition of its member banks and of lines of credit extended by them. S.21:L.26:p.24.

Every Federal Reserve Bank shall at all times furnish to Federal Reserve Board such information as may be demanded concerning condition of any member bank within district of said Federal Reserve Bank. S.21:L.28:p.24.

(2) Federal Reserve Banks:
Federal Reserve Board to order an examination of each Federal Reserve Bank at least once each year. S.21:L.38:p.24.


Federal Reserve Board to publish a statement once each week showing condition of each Federal Reserve Bank, and a consolidated statement for all Federal Reserve Banks. Such statements to show in detail -
(a) Assets and liabilities of the Federal Reserve Banks;
(b) Information regarding character of money held as reserve;
(2) Amount, nature and maturities of the paper and other investments owned or held by Federal Reserve Banks. S.11: L.40: p.12.

(3) **State Banks and Trust Companies:**
By-laws of Federal Reserve Board to require applying banks not organized under Federal law to submit to the examinations, etc., prescribed by the Organization Committee or by the Federal Reserve Board. S.9: L.15: p.10.

Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies. S.21: L.4: p.24.

Federal Reserve Board may, at any time, direct holding of a special examination of State banks or trust companies that are stockholders in any Federal Reserve Bank. S.21: L.4: p.24.

Examiner making the investigation to have power to make a thorough examination of all the affairs of the bank. S.21: L.8: p.24.

(4) **Foreign Branches:**

**SECTION 16.**

**Branch Bank Officers:**

Manager and Deputy Manager appointed from district by Governor of National Reserve Association with approval of:

(a) Executive Committee of National Reserve Association,

Nearest analogy in Federal Reserve Act is the branches of Federal Reserve Banks.

Manager to be designated by the directors of the Federal Reserve Bank. S.3: L.54: p.3.
(b) Board of Directors of branch, subject to removal by Governor, with approval of Executive Committee of National Reserve Association.

Powers and Duties:

Of Manager, Deputy Manager and the various Committees of the branches,

To be prescribed by by-laws of National Reserve Association.

SECTION 17.

Officers of Local Association:

President, Vice President and an Executive Committee to be annually elected by the directors.

Powers and Duties:

To be determined by by-laws of local association, subject to approval of National Reserve Association.

SECTION 18.

List of banks and shareholders

To be kept at head office by National Reserve Association.

Open to inspection of all shareholders

Copy to be transmitted to Comptroller of Currency on first Monday of July each year.

Four selected by Federal Reserve Bank and 3 by Federal Reserve Board.

To hold office during the pleasure of Directors to possess same qualifications as directors of Federal Reserve Bank.

S.3:L.44:p.3.

Branches to be operated by Board of Directors under rules and regulations approved by the Federal Reserve Board.

Nothing in Federal Reserve Act as to this.

Contained in Organization certificate filed with Comptroller. S.4:L.21:p.4;

Also in certificate filed with Comptroller showing increase or decrease of capital stock. S.5:L.12:p.8.

No such provision in Federal Reserve Act.
SECTION 19.

Disposition of Earnings:

After payment of:

(a) All expenses

(b) Other taxes not provided for in this section.

Shareholders entitled to receive an annual cumulative dividend of 4% on paid-in capital.

Further annual net earnings to be disposed of:

1. Contingent fund to be maintained at amount equal to 1% on paid-in capital
   Not to exceed 2, millions of dollars,
   To be used to meet any possible losses,
   To be paid, upon final dissolution of National Reserve Association to United States.
   Not to be included in book value of the stock,
   Not to be paid to the shareholders.

2. 1/2 of additional net earnings to be paid into the surplus fund of National Reserve Association until it amounts to 20% of paid-in capital.
   One-half of the net earnings after expenses and dividends paid, to be paid into a surplus fund until it amounts to 40% of paid-in capital of said Federal Reserve Bank.
   Remainder of net earnings to be paid to United States as a franchise tax.

1/4 to be paid to United States as a franchise tax

1/4 to be paid to the shareholders until their dividend shall amount to 5% per annum on paid-in capital.

No such provision in Federal Reserve Act, but stockholders entitled to 6%.

Provided:

No such dividends in any one year, exclusive of the cumulative dividends above provided for, shall at any time be paid in excess of 5\%.

1/2 of additional earnings to be added to surplus fund and 1/2 paid to United States as a franchise tax,

(a) Whenever and so long as contingent fund has been provided for,

(b) And whenever and so long as the 5\% dividend has been paid to shareholders.

All excess earnings to be paid to United States as a franchise tax whenever and so long as,

(a) The surplus fund amounts to 20\% of the paid-in capital

(b) And the shareholders shall have received dividends not exceeding 5\%

SECTION 20.
Guaranty of Commercial Paper:

Any member of a local association may apply to such association for a guaranty of the commercial paper, which it desires to rediscount at branch of National Reserve Association in its district.

Commissions:

Any such bank receiving a guaranty to pay a commission to local association.
To be fixed by its Board of Directors.

Expenses and losses in excess of commissions,

To be met by assessment of members of local association

In proportion to ratio which their capital and surplus bears to aggregate capital and surplus

Of the members of the local association,

Assessment to be made by its Board of Directors,

The commission received for such guaranty, after payment of expenses and losses, to be distributed among the several banks of the local association in the same proportion,

Local association to have authority:

(a) To require security from any bank offering paper for guaranty

(b) To decline to grant the application

Total amount of guaranties by a local association to the National Reserve Association not at any time to exceed aggregate capital and surplus of the banks forming the Guaranty Association.

SECTION 21.

Clearing House:

Any local Association may assume and exercise

Such of functions of a clearing house as are not inconsistent with the purposes of this Act.

(a) By vote of 3/4 of its members

Federal Reserve Board may in its discretion exercise the functions of a clearing house for the Federal Reserve Banks. S.16:1.53:p.19.

Or it may designate a Federal Reserve Bank to exercise such functions. S.16:1.54:p.19.
(b) With approval of National Reserve Association.

National Reserve Association may require any local association
To perform such services
In facilitating the domestic exchanges of the National Reserve Association
As the public interests may require

Or it may require each Federal Reserve Bank to exercise functions of a clearing house for its member banks. S.16:L.1:p.20.

Federal Reserve Board shall, by rule, (a) fix charges to be collected by member banks from its patrons whose checks are cleared through the Federal Reserve Banks.
(b) The charge which may be imposed for the service of clearing or collection rendered by the Federal Reserve Bank.

SECTION 22.

All privileges and advantages
Of National Reserve Association
To be equitably extended
To every bank, etc.
Which shall subscribe to its proportion of stock.
And conform to requirements of Act.

Directors of Federal Reserve Banks, subject to provisions of law and the orders of Federal Reserve Board, to extend to each member bank such discounts, advancements, and accommodations, as may be safely and reasonably made with due regard for the claims and demands of other member banks. S.4:L.31:p.5.

Suspension:

National Reserve Association may suspend a bank
From privileges of membership
(a) For refusal to comply with requirements of Act.
(b) For failure for 30 days to maintain its reserves
(c) Failure to make reports required by Act.
(d) Misrepresentation in any report or examination

Federal Reserve Board, for any violation of the provisions of this Act, may suspend the operations of any Federal Reserve Bank, take possession thereof, administer same during period of suspension, and, when deemed advisable, liquidate or reorganize such bank. S.11:L.32:p.13.
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>23</td>
<td>Fiscal Agents. Federal Reserve Banks to act as Fiscal Agents of the United States when required by Secretary of the Treasury. Foreign branches of National banks to act if required to do so, as fiscal agents of United States.</td>
</tr>
<tr>
<td>24</td>
<td>Depositors. Federal Reserve Bank Deposits. 1. May be received: (a) From U.S. and Member banks. Current funds in lawful money, National bank notes, Federal reserve notes, checks or drafts upon solvent member banks payable upon presentation.</td>
</tr>
</tbody>
</table>

1. As to condition
2. As to character or extent of its assets or liabilities.

National Reserve Association to be the principal fiscal agent of the United States.

Upon organization, Government to deposit its general funds with said association and its branches.

Thereafter, all receipts of Government Exclusive of trust funds

Shall be deposited with such association and its branches.

All disbursements by the Government

To be made through said Association and its branches.

Secretary of the Treasury may deposit in Federal reserve banks the moneys held in the general fund of the Treasury, except (a) The 5% National bank redemption fund (b) Federal reserve note redemption fund. The revenues of the Government or any part thereof may be deposited in such banks.

Disbursements may be made by checks drawn against such deposits. Nothing in Act to be construed to deny right of Secretary of Treasury to use Member banks as depositories.
Limitation of Domestic Transactions:

1. Purchase or sale of Government or State securities.

2. Shall be received on deposit at par.
   (a) From member banks or Federal Reserve Banks.
       Checks and drafts drawn upon any of its depositors.
   (b) From Federal Reserve Banks.
       Checks and drafts drawn by any depositor in any other Federal Reserve Bank or member bank upon funds to credit of said depositor in said reserve bank or member bank.

Depositors:
(a) Government of United States.
(c) Other Federal Reserve Banks, for exchange purposes only. S.13:L.36:p.14.

Limitations of Domestic Transactions:

1. To the United States Government

2. Notes, etc., indorsed by member banks.

Except:

(b) From other Federal Reserve Banks.

Solely for exchange purposes.
Current funds in lawful money, national bank notes, or checks and drafts upon solvent member or other Federal Reserve Banks, payable upon presentation. S.13:L.36:p.14.
2. Securities of Foreign Governments.
3. Gold coin or bullion.

(c) Open Market Powers. S.14:L.50: p.15. (Nothing as to securities of a foreign government)


SECTION 25.

National Reserve Association to pay no interest on deposits.

No such provision in Federal Reserve Act.

SECTION 26.

Rediscounts.

National Reserve Association through a Branch may rediscount for and with the indorsement of any bank having a deposit with it.

Indorsement of a Member bank.
Waiver of demand, notice, and protest by such bank.

Notes and Bills arising out of commercial transactions.

Actual commercial transactions.

That is, notes and bills issued or drawn for agricultural, industrial, or commercial purposes.

Same, but in addition "or the proceeds of which have been or are to be used for such purposes".

Not including notes or bills Issued or drawn For purpose of carrying Stocks, Bonds or other investment securities.

Covering merely investments or issued or drawn for purpose of carrying or trading in stocks, bonds, or other investment securities. Except bonds and notes of Government of United States.

Maturity.

Not more than 28 days.
Must have been made at least 30 days prior to date of rediscount.

At time of discount, not more than 90 days, except agricultural paper, not more than 6 months.
Amount rediscounted
Limited to capital of Banks for which rediscounts are made
Aggregate of such notes and bills

No such limitation except as to discount of Acceptances — limited to 50% of paid-up capital stock and surplus of bank for which made, or to 100% if authorized by Federal Reserve Board. S.13: L.16: p.15.

Liabilities incurred under provisions of Federal Reserve Act excepted from Revised Statutes. See 5202.

Bearing signature or endorsement
Of any one person, company, firm or corporation.
Rediscounted for any one bank
At no time to exceed 10%
Of unimpaired capital and surplus of said bank.

Same provision.

But

Federal Reserve Act adds: This restriction not to apply to discount of Bills of Exchange drawn in good faith against actually existing values. S.13: L.22: p.15.

No such provision in Federal Reserve Act.

SECTION 27.

Commercial paper as above defined.
Having more that 28 days to run
But not exceeding 4 months
May be rediscounted
Through a branch
Paper must be guaranteed
By Local Association
Of which bank asking rediscount
Is a member
SECTION 29.

Power of rediscount and discount:

Granted by sections 26, 27 and 28 of Act.

To be exercised in each case

Through branch in district in which bank making application is located.

SECTION 30.

Discount rates:

To be fixed from time to time

By National Reserve Association

No such provision in Federal Reserve Act.

Except as to open market powers limited to member banks in Federal Reserve District in which Federal Reserve Bank lies. S.13:L.40:p.14.

Established by Federal Reserve Bank, subject to review and determination of Federal Reserve Board. S.14:L.24: p.16.
When so fixed to be published
To be uniform through United States.

SECTION 31.

Acceptances:

National banks

May accept drafts or bills drawn upon them

(a) Having not more than 4 months to run.

(b) Properly secured

(c) Arising out of commercial transactions as hereinbefore defined.

(d) Amount outstanding

Not to exceed 1/2 the capital and surplus

Of the accepting bank

To be subject to the restrictions of United States – Revised Statutes, Section 5200.

No such provision.

No such provision.

Any member bank.

Growing out of transactions involving importation or exportation of goods.

Not more than 6 months' sight to run.

No such provision

No such provision

Same, but amended by Act of March 3, 1915, so that Federal Reserve Board can extend limit not to exceed capital stock and surplus. S.13:L.1:p.32.

No such provision in Federal Reserve Act. Counsel has advised that this section Revised Statutes does not apply to acceptances under Sections 13 and 14, but that if drawer does not furnish funds to acceptor then the transaction takes on the nature of a loan to drawer and is subject to Section 5200 Revised Statutes.

SECTION 32.

Open market powers:

National Reserve Association

Whenever its own condition

And general financial condition
Warrant such investments

May purchase from a subscribing bank

Acceptances of banks

Or of acceptors of unquestioned financial responsibility arising out of commercial transactions

As hereinbefore defined.

Such acceptances:

(a) Not exceeding 90 days to run

(b) Prime bills.

(c) Must bear indorsement of subscribing bank selling same

(d) Which indorsement must be other than that of the acceptor.

SECTION 33.

Open market powers.

National Reserve Association may invest:

(a) In United States bonds

(b) In obligations having not more than 1 year to run

1. Of United States or its dependencies
2. Of any State
3. Of Foreign Governments.

Purchase and sell in open market, at home or abroad, from or to domestic or foreign banks, firms, corporations or individuals, with or without indorsement of a member bank,

Cable transfers and bankers acceptances and bills of exchange of the kinds and maturities by this Act made eligible for rediscount. S.14:L.50:p.15.

Of the kinds and maturities by this Act made eligible for rediscount. S.14:L.2:p.16.

No such provision.

No such provision in Section 14. (Open market powers). Discounts of acceptances under Section 13 must have indorsement of at least one member bank. S.13:L.16:p.15.

No such provision.

At home or abroad, bonds and notes of United States. S.14:L.12:p.16.

Bills, notes, revenue bonds and warrants issued by any State, County, District, Political subdivision, or municipality,

In continental United States Including irrigation, drainage and reclamation districts,

With maturity from date of purchase of not exceeding 6 months.
In anticipation of collection of taxes, or,
(b) In anticipation of receipt of assured revenues,
In accordance with rules and regulations of Federal Reserve Board.
S.14:L.13;p.16.

SECTION 34.

Open market powers:

National Reserve Association to have power at home or abroad

(a) To deal in gold coin or bullion Same. S.14:L.6;p.16.
(b) To make loans thereon Same. S.14:L.7;p.16.
(c) To contract for loans of gold coin or bullion, giving therefor when necessary, accepted security, including hypothecation of its holdings of United States bonds. Same. Additional clause: - "Or other securities which Federal Reserve Banks are authorized to hold." S.14:L.9;p.16.

SECTION 35.

Open market powers:

National Reserve Association to have power Same. S.14:L.21;p.16.

To purchase from subscribing banks Member banks. S.14:L.21;p.16.

And to sell, with or without its indorsement, Same. S.14:L.21;p.16.

Checks or bills Same, except no mention of checks. S.14:L.21;p.16.

Arising out of commercial transactions, Same. S.14:L.21;p.16.

As hereinbefore defined. Same. S.14:L.21;p.16.

Payable in such foreign countries. No such limitation in Federal Reserve Act.
### As Board of Directors may determine

<table>
<thead>
<tr>
<th>Description</th>
<th>Source</th>
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<tbody>
<tr>
<td>These bills of exchange</td>
<td>Same. S.14:L.36:p.16.</td>
</tr>
<tr>
<td>(a) Must have not exceeding 90 days to run</td>
<td></td>
</tr>
<tr>
<td>(b) Must bear signature of 2 or more responsible parties</td>
<td>Same. S.14:L.36:p.16.</td>
</tr>
<tr>
<td>(c) Of which last one to that of a subscribing bank.</td>
<td>No such provision.</td>
</tr>
</tbody>
</table>

### SECTION 36.

**Open market powers.**

**National Reserve Association to have power:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Source</th>
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<tbody>
<tr>
<td>(a) To open and maintain banking accounts in foreign countries.</td>
<td>Same. S.14:L.30:p.16.</td>
</tr>
<tr>
<td>(b) To establish agencies in foreign countries for purpose of purchasing, selling and collecting foreign bills of exchange.</td>
<td>Appoint correspondents and establish agencies, etc. S.14:L.31:p.16.</td>
</tr>
<tr>
<td>(c) To buy and sell</td>
<td></td>
</tr>
<tr>
<td>With or without its indorsement</td>
<td>Same. S.14:L.33:p.16.</td>
</tr>
<tr>
<td>Through such correspondents or Agencies.</td>
<td>Same. S.14:L.33:p.16.</td>
</tr>
<tr>
<td>Checks or prime foreign bills</td>
<td>Same. S.14:L.33:p.16.</td>
</tr>
<tr>
<td>Arising out of commercial transactions</td>
<td>Bills of exchange. S.14:L.34:p.16.</td>
</tr>
<tr>
<td>(a) Having not exceeding 90 days to run</td>
<td>&quot;Actual&quot; commercial transactions, S.14:L.35:p.16.</td>
</tr>
<tr>
<td>(b) Bearing signature of 2 or more responsible parties.</td>
<td>Same. S.14:L.36:p.16.</td>
</tr>
<tr>
<td>Federal Reserve Banks also given power under rules and regulations of Federal Reserve Board, to purchase or sell, at home or abroad, from or to, domestic or foreign banks, firms, corporations or individuals: - Cable transfers, Bankers'acceptances</td>
<td></td>
</tr>
</tbody>
</table>

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SECTION 37.

Transfer of deposits:

Duty of National Reserve Association or any of its branches upon request to transfer any part of deposit balance of any bank to the credit of any other Bank having an account with National Reserve Association.

Transfer of deposit balance from books of one branch: Under regulations of National Reserve Association, may be made by mail, telegraph or otherwise, at rates to be fixed from time to time by manager of branch, at which transaction originates.

SECTION 38.

Power to hold real estate:

National Reserve Association, and bills of exchange, of kinds and maturities by this Act made eligible for rediscount, with or without indorsement of a member bank. S.14:L.50:p.15.

Further powers:

To exchange Federal reserve notes for gold, gold coin or gold certificates.

To establish accounts with other Federal Reserve Banks for exchange purposes. S.14:L.28:p.16.

No such provision in Federal Reserve Act. Only analogy is the Gold Settlement Fund Regulation L, Series, 1915.

Rates for rediscounts between Federal Reserve Banks to be fixed by Federal Reserve Board. S.11:L.49:p.12.

Nothing in Federal Reserve Act as to this.
May purchase, acquire, hold and convey real estate:

1. For immediate accommodation in transaction of business at head office or any branch.
2. Mortgages in good faith as security for debts previously contracted.
3. Conveyances in satisfaction of debts previously contracted in course of its dealings.
4. Purchases at sales under judgments, decrees or mortgages held by said Association.
5. Purchases to secure debts due to it.

Limitation:

Shall not hold possession of any real estate.
(a) Under mortgage
(b) Or title and possession of any real estate purchased to secure debts due to it.

For longer period than 5 years.

SECTION 39.

Reserves:

(a) Deposit balance of any subscribing bank in National Reserve Association
(b) Any notes held of National Reserve Association

May count as whole or any part

Federal Reserve Banks given power to exercise by Board of Directors or duly authorized officers or agents, all powers specifically granted by the provisions of this Act, and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this Act. S.4:L.5:p.5.

May make loans on improved and unencumbered farm lands, if bank is not situated in a central reserve city.

Such loans limited to 5 years and to 50% of actual value of the property. Also limited to 25% of capital and surplus, or to 1/3 of time deposits. S.24:L.37:p.25.

Limitation:

Shall not hold possession of any real estate.
(a) Under mortgage
(b) Or title and possession of any real estate purchased to secure debts due to it for longer period than 5 years.

No such provision.

Reserves:

(a) Balance in Federal Reserve Banks due to member banks may be counted as reserves to extent herein provided. S.19:L.28:p.23.

Ultimately, there must be deposited in Federal Reserve Banks out of the reserves of member banks, -
Of its required reserves.

1. Demand deposits.

National banks in different localities.

To maintain same percentage of reserve

As now required by law.

Same percentage of reserve

Required of all other subscribing banks in same locality.

2. Time deposits:

(a) All time deposits
(b) Monies held in trust payable or maturing within 30 days from date.

(b) Federal Reserve notes and Federal reserve bank notes can not be held as reserve by National member banks; neither can be so held by State member banks if permitted by State law.


The 5% National bank redemption fund no longer to count as part of lawful reserve. S.20:L.38:p.23.

By-laws of Federal Reserve Board to require applying banks not organized under Federal law to comply with reserve requirements prescribed by Organization Committee or by Federal Reserve Board. S.9:L.14:p.10.


Reserve requirements lowered:

1. Country banks from 15% to 12%.
2. Reserve City banks from 25% to 15%

Applies to all subscribing member banks. S.19:L.3:p.22.

Defined:

To comprise
(a) All deposits payable after 30 days.
(b) All savings accounts and certificates of deposit.
To be subject to same reserve requirements
As demand deposits in same locality
If maturing more than 30 days from date
To be subject to same reserve requirements as demand deposits
For the 30 days preceding their maturity.
Except for this period no reserve required
Time deposits and trust moneys
Payable only at a stated time
Not less than 30 days from date of deposit
(a) Must be represented by certificate or instruments in writing
(b) Must not be allowed to be withdrawn before time specified without 30 days notice.

SECTION 40.

Real estate loans.

National banks may loan upon improved and unnumbered real estate.
(a) Not more than 30% of their Time Deposits.
(b) Not to exceed 50% of actual value of the property.
(c) Which property shall be situated in the vicinity or in the territory directly tributary to the bank.

Provided:

Privilege not to be extended to banks acting as reserve agent.

Subject to not less than 30 days notice before payment. S.19:L.51:p.23


Same, except "Farm land".

25% of its capital and surplus or 1/3 of its time deposits.


Not allowed to banks in Central reserve cities, nor in other cities when so determined by Federal Reserve Board.
For banks or trust companies.

SECTION 41.

Reserves. National Reserve Association

All demand liabilities including deposits and circulating notes.

Of National Reserve Association to be covered by reserve of 50%:

(a) In gold (including foreign gold coin and gold bullion)

(b) Or in other money of United States which National banks may now hold as part of their legal reserve.

Tax on deficient reserve:

Whenever and so long as Reserve falls and remains below 50% National Reserve Association to pay special tax upon the deficiency at a rate increasing in proportion to such deficiency as follows:

For each 2-1/2% or fraction

National banks may continue to receive time deposits and pay interest on same. S.24:L.37:p.25.

Federal Reserve Banks.

Against deposits: Not less than 35% in gold or lawful money.


No such provision except reserves against deposits may be in gold or lawful money. S.16:L.26:p.17.

Member bank may check against and withdraw its reserve deposits with a Federal reserve bank, subject to regulations and penalties of Federal Reserve Board, for purpose of meeting existing liabilities but shall not make new loans or pay dividends unless and until total reserve required by law is fully restored. S.19:L.18:p.23.

Federal Reserve Board to establish graduated tax upon amounts by which reserve requirements of Act may be permitted to fall below level hereinafter specified. S.11:L.2:p.13.

When gold reserve against Federal reserve notes falls below 40%, Federal Reserve Board to establish a graduated tax of not more than one per centum, upon deficiency until reserves fall to 32-1/2%. S.11:L.6:p.13.

When gold reserve falls below 32-1/2%, Upon each 2-1/2% or fraction that reserve falls below.
That reserve falls below 50% | 32-1/2%  
---|---  
Tax to be levied | Not less than 1-1/2 per centum, etc.  
At rate of 1-1/2% per annum | S.11:L.7:p.18.  

**Provided:**  
No additional circulating notes to be issued  
Whenever and so long as  
Amount of such reserve  
Falls below 33-1/3% of its outstanding notes.

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<td><strong>Computation of demand liabilities:</strong></td>
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| From amount of demand liabilities  
There shall be deducted  
Sum equal to 1/2 of amount of United States bonds  
Held by National Reserve Association.  
(a) Which have been purchased from National banks, and,  
(b) Which had previously been deposited by such National banks to secure their circulating notes. |

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<td><strong>Reports of National Reserve Association.</strong></td>
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| 1. To Comptroller of Currency.  
Once each week |

Federal Reserve Board to publish once each week a statement: -  
(a) Condition of each Federal reserve bank.  
(b) Consolidated statement for all Federal Reserve banks.
Showing principal items of its balance sheet
To be made public

2. Full reports to the Comptroller of the Currency coincident with the five reports called for each year from National banks

SEC. 44.
Reports of subscribing banks:
Monthly report or oftener if required.

Showing principal items of their balance sheets
To National Reserve Association
Under regulations to be prescribed by said Association.

SEC. 45.
All reports of national bank examiners
In regard to condition of banks.

Such statements to show in detail:
1. Assets and liabilities, single and combined.
2. Character of money held as reserve.
3. Amount, nature, and maturities of paper and other investments owned or held by Federal Reserve banks. S.11:L.38:p.12.

No provision for reports by Federal Reserve Board, to Comptroller.


Also to fix salaries of all bank examiners, on recommendation of Comptroller, and make report thereof to Congress. S.21:L.16:p.24.

No change in National Bank Act as to five reports of condition by national banks.

State banks and trust companies becoming member banks, to make reports of condition and payment of dividends to Comptroller as provided in United States Revised Statutes, Section 5211 and 5212, and to be subject to penalties prescribed in Section 5213 for failure to make such report. S.9:L.35:p.10.

No such provision.
Hereafter to be made in duplicate

One copy to be filed with National Reserve Association

For confidential use of its executive officers and branch managers

Plainly implied, however, that all reports of National bank examiners shall be open to the Federal Reserve and through said Board to the Federal Reserve Agents and Governors.

As to examinations under Federal Reserve Act, see Supra, notes to Section 15 of Aldrich Act.

SECTION 46.

National Reserve Association

1. May accept

(a) Copies of reports of national bank examiners for subscribing national banks

Plainly implied, however, that all reports of National bank examiners shall be open to the Federal Reserve and through said Board to the Federal Reserve Agents and Governors.

As to examinations under Federal Reserve Act, see Supra, notes to Section 15 of Aldrich Act.

(b) Copies of reports of State bank examiners for subscribing State banks and trust companies in States where furnishing such information is not contrary to law.

No such provision, but clearly implied by provision that in addition to examinations by Comptroller any Federal reserve bank may make special examinations of member banks within its district. S.21:24.

See also, note, Supra, to Section 15, Aldrich Act.

These words not in Federal Reserve Act.

Provided:

Standard of such examinations

Both national and State

Meet prescribed requirements of National Reserve Association.

No such provision, but plainly implied in power given to Federal Reserve Board to authorize examination of State authorities to be accepted. S.21:3.

See also, note to Section 15, Aldrich Act.

Federal Reserve Board may examine, at its discretion, the accounts, books, and affairs of each Federal Reserve Bank, and of each member bank, etc. S.11:3.

See also, note to Section 15, Aldrich Act.

Special examinations by Federal Reserve banks of member banks provided for. S.21:24.

2. May examine at any time or cause to be examined by its own representative any subscribing bank.

No such provision, but plainly implied in power given to Federal Reserve Board to authorize examination of State authorities to be accepted. S.21:3.

See also, note to Section 15, Aldrich Act.
3. May make such payments
To national and State examiners
For such services required of them
As directors may consider just and equitable

Expense of such special examinations to be borne by bank examined.

Expense of examinations by regular examiners to be assessed by Comptroller in proportion to assets or resources, etc. S.21:L.16:p.24

The expense for examinations of Federal Reserve banks and member banks made by Federal Reserve Board would seem to fall within power granted to Board to levy a semi-annual assessment upon the Federal Reserve banks "sufficient to pay its estimated expenses," etc. S.10:L.42:p.11.

SECTION 47.

All provisions of law repealed

Requiring national banks To transfer and deliver to Treasurer of United States

Bonds of United States other than those required to secure outstanding

(a) Circulating notes

(b) Government deposits

(a) Similar provision repealing requirements of Section 5159 United States Revised Statutes; Section 4, Act of June 20; Section 8, Act of July 12, 1882. S.17:L.3:p.20.

(b) No such provision.

SECTION 48.

No further issue of circulating notes by any national bank beyond amount now outstanding

National banks may maintain present note issue

But whenever a bank retires

Whole or any part of its existing issue

Its right to reissue the notes so retired.

No such provision, but national bank notes secured by United States bonds purchased by Federal Reserve banks must be cancelled and permanently retired. S.18:L.42:p.20.

Federal Reserve bank notes, however, are not subject to limitation to capital stock of issuing Federal reserve bank, as are national banks. S.4:L.17:p.5.
SECTION 49.

Purchase of Government bonds.

National Reserve Association.

For period of one year from date of its organization to offer to purchase at price not less than Par and accrued interest the 2% Government bonds held by subscribing national banks and deposited to secure their circulating notes.

National Reserve Association to take over bonds so purchased and assume redemption upon presentation of outstanding notes secured thereby.

1. To issue its own notes on terms herein provided as the outstanding national bank notes.

Secured by such bonds, so held shall be presented for redemption.

After two years from passage of Act and at any time during period of 20 years thereafter, any member bank desiring to retire whole or any part of its circulating notes, may file with United States Treasurer an application to sell for its account at par and accrued interest United States bonds securing circulation to be retired.

Treasur er to furnish to Federal Reserve Board a list of such applications at end of each quarterly period.

Federal Reserve Board may in its discretion require the Federal Reserve Banks to purchase such bonds from the banks whose applications have been filed at least 10 days before end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made.

Limitation:

Federal Reserve Banks not permitted to purchase more than 25 millions in any one year including bonds required under Section 4 by the Federal Reserve banks.

Method of allotment of such bonds.

Method of purchase by Federal Reserve banks.

Circulating notes (Federal Reserve Bank notes) may be taken out equal to par value of the bonds purchased. Not limited to capital stock of Federal Reserve bank issuing them.
2. May issue further notes

From time to time

To meet business requirements

It being the policy of the United States,

To retire as rapidly as possible

Consistent with the public interests

Bond secured circulation

And to substitute therefor

National Reserve Association notes

Of a character and secured and rediscounted

In manner provided for in this Act.

Only similar requirement is issue of Federal Reserve notes to Federal Reserve banks. S.16:L.2:p.17.

No limit to amount of Federal Reserve notes which may be issued if gold reserve maintained and also the collateral.

When Federal Reserve banks purchase 2% United States bonds pledged to secure national bank notes, the notes when redeemed must be permanently cancelled and retired. S.18:L.41:p.20.

The Federal Reserve banks may, however, take out Federal Reserve bank notes to par value of bonds so purchased or bonds having circulating privilege but not so pledged, such notes not to be limited to capital stock of Federal Reserve bank issuing them. S.4:L.9:p.5. : : S.18:L.46:p.20.

Federal Reserve notes to be secured by gold reserve of not less than 40% against notes in actual circulation. S.16:L.27:p.17.

SECTION 53.

Note reserves:

To be covered by legal reserves

As required by Section 41 of Act (i.e. 50% reserve in gold)

Including foreign gold coin and gold bullion

Or, 50% reserve in

Other money of United States

Authorized as legal reserves

Of national banks.)

Also by:

Notes or bills

Also by notes and bills accepted for rediscount under Section 13. S.16:L.17:p.17.
Arising out of commercial transactions  

As hereinbefore defined  

Also by additional security if called for by Federal Reserve Agent. 

Or:  

Obligations of United States  

No such provision.

SECTION 51.  

Special tax on notes:  

(a) Any notes in circulation in excess of 900,000,000 million.

Not covered by any equal amount of

1. Lawful money
2. Gold bullion
3. Foreign gold coin

Held by Association
To pay special tax
At rate of 1-1/2% per annum

No tax on Federal Reserve notes, but Federal Reserve Board may fix rate of interest to be charged upon them. 

(b) Any notes in excess of
$1,200,000,000.

Not so covered
To pay special tax
At rate of 5% per annum

Provided:

In computing said amounts, etc.
The aggregate amount
Of any national bank notes then outstanding
Shall be included
SECTION 52.

Circulating notes of National Reserve Association.

To constitute first lien

Upon all its assets

Redemption:

In lawful money

On presentation at head office

Or at any branch

Parity clause:

Duty of National Reserve Association

To maintain at all times

A parity of value

Of its circulating notes

With the standard established by

Act of March 14, 1900, Section 1.

SECTION 53.

Circulating notes of National Reserve Association.

To be received at par

In payment of

(a) Taxes, excises and other dues to

the United States.

(b) Salaries and other debts and
demands

Owing by United States

To individuals, firms, corporations, or associations,
Except:

1. Government obligations specifically payable in gold
   Clearly implied but not specifically mentioned.

2. All debts due from or by one bank or trust company to another
   See (a) above.

3. All obligations due to any bank or trust company
   See (a) above.

SECTION 54:

National Reserve Association
And its branches
Shall at once, upon application
Without charge for transportation
Forward its circulating notes
To any depositing bank
Against its credit balance

Federal Reserve notes are delivered by Federal Reserve Agent at Federal Reserve bank.

The expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal Reserve banks, and the Federal Reserve Board shall include in its estimate of expenses levied against the Federal Reserve banks a sufficient amount to cover the expenses herein provided. S.16:L.10:p.19.

SECTION 55.

Refunding:

Upon application of National Reserve Association
The Secretary of the Treasury
Shall exchange the 2 1/2% United States bonds
Bearing the circulating privilege
Purchased from subscribing bank
For 3% United States bonds.
Without the circulating privilege

Federal Reserve Act provides that after two years from passage of Act and at any time during 20 years thereafter member banks may file with the Treasurer of the United States an application to sell for its account United States bonds securing circulation which they wish to retire. S.18:L.13:p.20.

The Federal Reserve Board may require the Federal Reserve banks to purchase such bonds at par and accrued interest. S.18:L.22:p.20.
Payable after 50 years from date of issue.

National Reserve Association

To hold the 3% bonds so issued

During period of its corporate existence.

Provided

After 5 years from date of its organization

The Secretary of the Treasury

May at his option

Permit the National Reserve Association

To sell annually

Not more than 50 millions of such bonds

Provided further

U. S. reserves right at any time

(a) To pay before maturity

Any of such bonds

(b) To purchase any of them at par

For the trustees of the postal savings

Or otherwise.

No Federal reserve bank can buy more than 25 millions in any one year, including bonds bought under Section 4 of Act. S.18:L.27:p.20.


Banks to be paid by U. S. Treasurer balance due after deducting sufficient sum to redeem outstanding National bank notes, which notes shall be cancelled and permanently retired. S.18:L.39:p.20.

The Federal reserve banks purchasing the bonds may take out Federal reserve bank notes up to par value under same terms and conditions as National bank notes except not limited to amount of capital stock of the Federal reserve bank issuing them. S.18:L.46:p.20.

Secretary of Treasury, upon application approved by Federal Reserve Board, may exchange U. S. 2% gold bonds bearing circulation privilege but against which no circulation is outstanding for

(a) One year gold notes of U. S. without circulation privilege To amount not exceeding 1/2 of the 2% bonds tendered

And,

(b) 30 year 3% gold bonds without circulation privilege for the remainder so tendered. S.18:L.8:p.21.

Federal Reserve Bank obtaining such one year gold notes
1. To contract to purchase from U. S. at their maturity an amount equal to those delivered in exchange for such bonds, if so requested by Secretary of Treasury. S.18:L.18:p.21.

2. At each maturity of one year notes so purchased to purchase from U.S. such an amount of one year notes as Secretary may tender, not to exceed amount issued to such bank in first instance in exchange for said bonds. S.18:L.22:p.21.

3. This obligation to continue in force for a period not to exceed 30 years. S.18:L.28:p.21.

Secretary authorized to issue such one year notes exempt from all taxes and duties of the U. S. save as provided in this Act; also to issue 3% gold bonds. S.18:L.30:p.21.

Such 3% bonds may be issued at par by Secretary in exchange for said one year gold notes upon application of any Federal reserve bank approved by Federal Reserve Board. S.18:L.46:p.21.

SECTION 56.

Special Tax

National Reserve Association

To pay to the Government

A special franchise tax

Of 1-1/2% annually

During period of its charter

Upon an amount

Equal to the par value of U. S. bonds transferred to it

By the subscribing banks.
SECTION 57.

Banking corporations

For carrying on business of banking in foreign countries.

And to act when required

As fiscal agents of United States in such countries

May be formed by any number of persons

Not less than 5

To enter into articles of association

Which shall specify in general terms
Object for which formed

May contain any other provisions

Not inconsistent with provisions of this section

Which the banking corporation

May see fit to adopt

For regulation and conduct
Of its business and affairs

Which regulations

To be signed in duplicate

By the persons uniting to form the banking corporation

One copy to be forwarded to Comptroller of the Currency

One to Secretary of State

To be filed and preserved in their offices

Federal Reserve Act provided for branches of National banks in foreign countries.


Federal Reserve banks also authorized, with consent of Federal Reserve Board.

(a) To open and maintain banking accounts in foreign countries.

(b) To appoint correspondents and establish agencies in such countries.

For purpose of securing authority to establish branches in foreign countries or dependencies of the United States

The persons uniting to form such banking corporation

To make out an organization certificate

Which shall specify:

1. The name, to be subject to approval of Comptroller

2. The foreign country or dependencies or colonies

Or, the dependencies of the United States

Where its banking operations are to be carried on

3. Place of home office in United States

4. Amount of capital stock and number of shares

5. Names and places of residence of shareholders and number of shares held by each

6. Declaration that such certificate is made to enable such persons to avail themselves of the advantages of this section

Limit of capital, 2 million dollars.

Fully paid in before commencing business

Fact of payment to be certified by Comptroller

Copy of his certificate to be filed with Secretary of State

Provided:

Capital may be increased

By vote of 2/3 of shareholders

Application to specify:


No such provision

No such provision
With approval of Comptroller

The capital stock of any bank

Which exceeds 2 million dollars

May be reduced to sum of 2 millions

By vote of shareholders owning 2/3 of its capital

Such banking corporations

To be body corporate

For 20 years from date of execution of its organization certificate

Shall not be authorized

(a) To receive deposits in United States

(b) To transact any domestic business

Not necessarily related

To business being done

In foreign countries

Or in dependencies of United States

Powers granted:

(a) To make acceptances

(b) Buy and sell bills

(c) Or other commercial paper

Relating to foreign business

No such provision.

Power given to Federal reserve banks in open market:

To purchase from member banks and to sell, with or without its endorsement, bills of exchange arising out of commercial transactions as hereinbefore defined. S.14:L.21:p.16.

For purpose of purchasing, selling and collecting bills of exchange.

To buy and sell, with or without its endorsement, through such correspondents or agencies.
(a) To purchase and sell securities

Including

Securities of the United States

Or of any State

---

(b) Bonds and notes of the United States.

(b) Bonds, notes, revenue bonds, and warrants with maturity not exceeding 6 months.

Issued in anticipation of collection of taxes.

Or of receipt of assured revenues

By any State, county, district, political subdivision, or municipality in Continental United States

Including irrigation, drainage and reclamation districts

---

(e) To establish, etc., a branch or branches

For transaction of its business

In foreign countries and their dependencies

Or the dependencies of the United States

At such places

Under such regulations

As its Board of Directors may deem expedient

Bills of exchange arising out of actual commercial transactions which have not more than 90 days to run and which have the signatures of two or more responsible parties. S.14:L.32:p.16.

To buy and sell, under rules and regulations of Federal Reserve Board, at home or abroad,

No such provision similar to (e) in Federal Reserve Act.

The power to national banks to establish foreign branches is limited to "Foreign countries or dependencies of the United States", S.25:L.6:p.26.
Majority of shares to be held and owned

(a) By citizens of United States

(b) Or by corporations of United States or any State

Majority of Board of Directors

To be citizens of United States

Each director to own in own right

At least 100 shares of the banking corporation

Of which he is a director.

Insolvency:

Whenever Comptroller satisfied of insolvency

May appoint receiver

Who shall close up the corporation

As he would a national bank

Disposition of assets of branches

To be subject to any special provisions

Of laws of country under whose jurisdiction

Such assets are located

Annual meeting:

To be held in home office in United States

Books to be kept at home office containing

No provision in Federal Reserve Act as to this; it would be covered, however, by provisions of Act as to insolvent national banks.


National banks to conduct accounts of each foreign branch independently of the accounts of other foreign branches.
1. Names of all stockholders
2. Directors
3. Copies of reports to Comptroller

Exhibiting in detail under appropriate heads.

Its resources and liabilities

Reports to Comptroller

At such times as he may require

Subject to examination by Comptroller

When deemed necessary

Through examiners appointed by him

Compensation of such examiners

To be fixed by Comptroller

Liquidation:

May go into liquidation and be closed

By vote of shareholders

Owning 2/3 of its stock

Who may be stockholders:

Any bank doing business in United States

Owning stock in National Reserve Association

May subscribe to stock

Aggregate of stock held by any one bank.

Not to exceed 10% of capital stock of the subscribing bank
SECTION 58.
Right reserved to alter or amend provisions of this Act
Said right to take effect
At end of any decennial period
From and after the organization
Of the National Reserve Association

SECTION 59.
All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed

The right to amend, alter, or repeal this Act is hereby expressly reserved. S.30: L.36: p.27.

If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered. S.29: L.29: p.27.