BANKING AND CURRENCY BILL

COMPARATIVE PRINT
SHOWING
H. R. 7837
AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF FEDERAL RESERVE BANKS, TO FURNISH AN ELASTIC CURRENCY, TO AFFORD MEANS OF REDISCOUNTING COMMERCIAL PAPER, TO ESTABLISH A MORE EFFECTIVE SUPERVISION OF BANKING IN THE UNITED STATES, AND FOR OTHER PURPOSES

AS PASSED BY THE HOUSE, AS PASSED BY THE SENATE, AND AS AGREED TO IN CONFERENCE

SECOND PRINT.
SUBMITTED BY MR. OWEN.

IN THE SENATE OF THE UNITED STATES, December 18, 1913.

Ordered, That there be printed as a Senate document, in document type and in three parallel columns, a comparative print of the banking and currency bill (H. R. 7837), "An act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," showing the bill as passed by the House, the bill as passed by the Senate, and the bill as agreed to in conference, and that 5,000 additional copies be printed for the use of the Senate document room.

Attest:

JAMES M. BAKER, Secretary.
AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF FEDERAL RESERVE BANKS, TO FURNISH AN ELASTIC CURRENCY, TO AFFORD MEANS OF REDISCOUNTING COMMERCIAL PAPER, TO ESTABLISH A MORE EFFECTIVE SUPERVISION OF BANKING IN THE UNITED STATES, AND FOR OTHER PURPOSES.

SECTION 1.

FEDERAL RESERVE DISTRICTS.

SEC. 2. That within ninety days after the passage of this Act, or as soon thereafter as practicable, the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency,
not less than two other members of the
Federal Reserve Board, hereinafter
provided for, to be assigned by the
President, acting as "The Reserve
Bank Organization Committee,"...
serve cities designated by the organization committee shall be not less than twelve, and the organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigations as may be deemed necessary by the said committee for the purpose of determining the reserve cities to be designated and organizing the reserve districts hereinbefore provided.

Every national bank located within a given district shall be required to subscribe to the capital stock of the Federal reserve bank of that district a sum equal to twenty per centum of the capital stock of such national bank fully paid in and unimpaired, one-fourth of such subscription to be paid in cash and one-fourth within sixty days after said subscription is made. The remainder of the subscription or any part thereof shall become a liability of the member bank, subject to call and payment thereof whenever necessary to meet the obligations of the Federal reserve bank under such terms and in accordance with such regulations as the board of directors of said Federal reserve bank may prescribe: Provided, That no

number of reserve cities designated by the organization committee shall be less than twelve, and the organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigations as may be deemed necessary by the said committee for the purpose of determining the reserve cities to be designated and organizing the reserve districts hereinbefore provided.

Every national bank located within a given district shall be required to subscribe to the capital stock of the Federal reserve bank of that district a sum equal to twenty per centum of the capital stock of such national bank fully paid in and unimpaired, one-fourth of such subscription to be paid in cash and one-fourth within sixty days after said subscription is made. The remainder of the subscription or any part thereof shall become a liability of the member bank, subject to call and payment thereof whenever necessary to meet the obligations of the Federal reserve bank under such terms and in accordance with such regulations as the board of directors of said Federal reserve bank may prescribe: Provided, That no

Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in determining the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization, in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required and every eligible bank in the United States and every trust company incorporated under an Act of Congress approved October first, eighteen hundred and ninety-one, is hereby authorized to signify in writing, Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in determining the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required and every eligible bank in the United States is hereby required, and every eligible bank in the United States and every trust company within the District of Columbia incorporated under an Act of Congress approved October first, eighteen hundred and ninety-one, is hereby authorized to signify in writing,
within sixty days after the passage of this Act, its acceptance of the terms and provisions hereof. [When a Federal reserve bank shall have been organized.] When the organization committee shall have designated the cities in which Federal reserve banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required, [and every eligible bank may be permitted] within thirty days after notice from the organization committee, to subscribe, to the capital stock thereof of such Federal reserve bank in a sum equal to six per centum of the paid up capital stock and surplus of such bank, one sixth of the subscription to be payable on call of the organization committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board, said payments to be in gold or gold certificates.

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this Act.

Any national bank failing to signify its acceptance of the terms of this Act within the sixty days aforesaid shall cease to act as a reserve agent, upon thirty days' notice, to be given within the discretion of the said organization committee or of the Federal Reserve Board.

Should any national banking association in the United States now organized fail, within one year after the passage of this Act, to become a member bank under the provisions hereinbefore stated, or fail to comply with any of the provisions of this Act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank Act, or under the provisions of this Act, shall be thereby forfeited. Any non-compliance...
compliance with or violation of this Act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal Reserve Board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this Act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment in and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than $10,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such amount of said stock as said
SECTION 2—Continued.

The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

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The Federal Reserve Board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock and the exercise of the voting power thereon.

No Federal reserve bank shall commence business with a paid-up and unimpaired capital less in amount than $2,000,000.

The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

Federal reserve bank shall commence business with a paid-up and unimpaired capital less in amount than $5,000,000.

The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.
SECTION 3.

STOCK ISSUES.

Sec. 3. That the capital stock of each Federal reserve bank shall be divided into shares of $100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock or as additional banks become members, and shall be decreased as member banks reduce their capital stock or cease to be members. Each Federal reserve bank may establish branch offices under regulations of the Federal Reserve Board at points within the Federal reserve district in which it is located: Provided, That the total number of such branches shall not exceed one for each $500,000 of the capital stock of said Federal reserve bank.

SECTION 4.

FEDERAL RESERVE BANKS.

Sec. 4. The national banks in each Federal reserve district uniting to form the Federal reserve bank therein, hereinbefore provided for, shall under their seals, make an organization certificate, which shall specifically state the name of such Federal reserve bank so organized, the territorial extent of the district over which the operations of said Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the names and places of doing business of each of

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BRANCH OFFICES.

Section 3 was stricken out and the following inserted:

Sec. 3. That the capital stock of each Federal reserve bank shall be divided into shares of $100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock or as additional banks become members, and shall be decreased as member banks reduce their capital stock or cease to be members. Each Federal reserve bank may establish branch offices under regulations of the Federal Reserve Board at points within the Federal reserve district in which it is located and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be operated by a board of directors under rules and regulations approved by the Federal Reserve Board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the reserve bank and three by the Federal Reserve Board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal Reserve Board. The reserve bank shall designate one of the directors as manager.
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the makers of said certificate and the number of shares held by each of them, and the fact that the certificate is made to enable such banks to avail themselves of the advantages of this Act.

the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this Act.

When the minimum amount of capital stock prescribed by this Act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank, and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this Act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record, and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank so formed shall become a body corporate, and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this Act.

When the minimum amount of capital stock prescribed by this Act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this Act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record, and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.
Every Federal reserve bank shall be conducted under the supervision and control of a board of directors, whose powers shall be the same as those conferred upon the boards 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.

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the amount of the capital stock of such Federal reserve bank.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this Act.

Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors, elected as hereinafter provided, such officers as are not otherwise provided for in this Act, to define their duties, require bonds of them and fix the penalty thereof, to dismiss such officers or any of them as may be appointed by them at pleasure, and to appoint others to fill their places.

Sixth. To prescribe by its board of directors 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.

Seventh. To exercise by its 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.

Eighth. Upon deposit with the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the amount of the capital stock of such Federal reserve bank. But no Federal reserve bank shall
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Such boards of directors shall be constituted and elected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and representative of the stock-holding banks.

Class B shall consist of three members, who shall be representative of the general public interests of the reserve district.

Class C shall consist of three members, who shall be designated by the Federal Reserve Board.

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

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal Reserve Board, 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.

Such board of directors shall be constituted and elected, as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and represent the stock-holding banks.

Class B shall consist of three members, who shall be representative of the general public interests of the reserve district; at the time of their election shall be actively engaged in their district in commerce, in agriculture, or in some other industrial pursuit.

Class C shall consist of three members, who shall be designated by the Federal Reserve Board.

When the necessary subscriptions to the capital stock have been obtained for the organization of any Federal reserve bank, the Federal Reserve Board shall appoint the class C directors herein provided for and shall designate one of such directors as chairman of the board to be selected.

Pending designation of such chairman the organization committee shall, as provided in this section, exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

No Senator or Representative in Congress shall be a member of the Federal Reserve Board, a director of a Federal Reserve Bank, or an officer or director of any member bank.

No director of class B or of class C shall be an officer, director, employee, or stockholder of any bank.
It shall be the duty of the chairman of the board of directors of the Federal reserve bank of the district in which each such bank is situated to classify the member banks of the said district into three general groups or divisions. Each such group shall contain as nearly as may be one-third of the aggregate number of said member banks of the said district and shall consist, as nearly as may be, of banks of similar capitalization. The said groups shall be designated by number at the pleasure of the chairman of the board of directors of the Federal reserve bank. 

At a regularly called directors' meeting of each member bank in the Federal reserve district aforesaid, the board of directors of such member bank shall elect by ballot one of its own members as a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The said chairman shall establish lists of the district reserve electors, class A, thus named by banks in each of the aforesaid three groups and shall transmit one list, to each such elector in each group.

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

At a regularly called directors' meeting of the board of directors of each member bank in the Federal reserve district aforesaid, the board of directors of each member bank shall elect by ballot one of its own members as a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The said chairman shall establish lists of the district reserve electors, class A, thus named by banks in each of the aforesaid three groups and shall transmit one list to each such elector in each group. Every elector shall, within fifteen days of the receipt of the said list, select and certify to the said chairman from among the names on the list pertaining to his group, transmitted to him by the chairman, one name, not his own, as representing his choice for Federal reserve director, class A. The name receiving the greatest number of votes, not less than a majority, shall be designated by said chairman as Federal reserve director for the group to which he belongs. In case no candidate shall receive a majority of all votes cast in any group, the chairman aforesaid shall establish an eligible list, consisting of the three names receiving the greatest number of votes on the
Every elector shall, within fifteen days of the receipt of the said list, select and certify to the chairman from among the names on the list pertaining to his group, transmitted to him by the chairman, one name, not his own, as representing his choice for Federal reserve director, class A. The name receiving the greatest number of votes, not less than a majority, shall be designated by said chairman as Federal reserve director for the group to which he belongs. In case no candidate shall receive a majority of all votes cast in any group, the chairman aforesaid shall establish an eligible list, consisting of the three names receiving the greatest number of votes on the first ballot, and shall transmit said list to the electors in each of the groups of banks established by him. Each elector shall at once select and certify to the said chairman from among the persons submitted to him his choice for Federal reserve director, class A, and the name receiving the greatest number of such votes shall be declared by the chairman as Federal reserve director, class A. If no candidate shall have a majority of all votes cast in the first ballot, and there shall be added together the votes cast by the electors for such candidates in the second column to the votes cast for the several candidates in the first column. If any candidate then have a majority of the votes cast, he shall be declared elected. If no candidate have a majority of the votes cast when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

Every elector shall, within fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of class A and class B, respectively, upon a preferential ballot, on a form furnished by the chairman as Federal reserve director, class A, except that they must be selected from a list of names furnished one by each member bank, and such names shall in no case be those of officers or directors of any bank or banking association.

Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column to the votes cast for the several candidates in the first column. If any candidate then have a majority of the votes cast, he shall be declared elected. If no candidate have a majority of the votes cast when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate having the highest number of votes shall be declared elected. An immediate report of election shall be declared.
time and in the same manner prescribed for directors of class A, except that they must be selected from a list of names furnished, one by each member bank, and such names shall in no case be those of officers or directors of any bank or banking association. They shall not accept office as such during the term of their service as directors of the Federal reserve bank. They shall be fairly representative of the commercial, agricultural, or industrial interests of their respective districts. The Federal Reserve Board shall have power at its discretion to remove any director of class B in any Federal reserve bank, if it should appear at any time that such director does not fairly represent the commercial, agricultural, or industrial interests of his district.

Three directors belonging to class C shall be chosen directly by the Federal Reserve Board, and shall be residents of the district for which they are selected, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed and shall be designated as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed, he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board, which shall be situated on the premises of the Federal reserve bank of the district. He shall make regular reports to the Federal Reserve Board, and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated.

Three directors belonging to class C shall be chosen appointed directly by the Federal Reserve Board, and shall have been for at least two years residents of the district for which they are selected appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed and shall be designated as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed, he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board, which shall be situated on the premises of the Federal reserve bank of the district. He shall make regular reports to the Federal Reserve Board, and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated. One of the directors of class C who shall be a person of tested banking experience shall be appointed by the Federal Reserve Board as deputy chairman and deputy Federal reserve agent to exercise the powers of the chairman of the board and Federal reserve agent in case of the absence or disability of his principal.
Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors for members of such boards shall be subject to review by the Federal Reserve Board.

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

At the first meeting of the full board of directors of each Federal reserve bank after organization it shall be the duty of the directors of classes A and B, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years; but the chairman of the board of directors of such bank, as hereinbefore described, shall be removable at the pleasure of the said board without notice, and his successor shall hold office during the unexpired term of the director in whose place he was appointed. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors for members of such boards shall be subject to review and subsequent readjustment at any time by the Federal Reserve Board.

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

At the first meeting of the full board of directors of each Federal reserve bank after organization it shall be the duty of the directors of classes A, B, and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years; but the chairman of the board of directors of each Federal reserve bank designated by the Federal Reserve Board, as hereinbefore described, shall be removable at the pleasure of the said board, without notice, and his successor shall hold office during the unexpired term of the director in whose place he was appointed. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.
Sec 5. That shares of the capital stock of Federal reserve banks shall not be transferable, nor be hypothecated. In case a member bank increases its capital, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to twenty per centum of the bank's own increase of capital, one-half of said subscription to be paid in cash in the manner hereinbefore provided for original subscription, and one-half to become a liability of the member bank according to the terms of the original subscription.

A bank applying for stock in a Federal reserve bank at any time after the formation of the latter must subscribe for an amount of the capital of said Federal reserve bank equal to twenty per centum of the capital stock of said subscribing bank, paying therefor its par value in accordance with the terms prescribed by section two of this Act when a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to twenty-six per centum of the paid-up capital stock and surplus of said subscribing applicant bank, paying therefor its par value in accordance with the terms prescribed by section two of this Act plus one-half of one per centum a month from the period of the last dividend.

Sec 5. That shares of the capital stock of each Federal reserve bank shall be divided into shares of $100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members.

When the capital stock of any Federal reserve bank has been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall make and execute a certificate to the Comptroller of the Currency showing said increase in capital, the amount paid in, and by whom paid. In case a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital and by whom paid. In case a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital
of said Federal reserve bank, and in case a member bank goes into voluntary liquidation it shall surrender all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called.

In either case the shares surrendered shall be canceled and such member 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 surrendered and one-half of one per centum per month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.

SECTION 6.

Sec. 6. That if any member bank shall become insolvent and a receiver be appointed, the stock held by it in said Federal reserve bank shall be canceled and the balance, after deducting from the amount of its cash paid subscriptions all debts due by such insolvent bank to said Federal reserve bank, shall be paid to the receiver of the insolvent 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 any such member bank, the board of directors shall make and execute a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.
SECTION 7.

DIVISION OF EARNINGS.

SEC. 7. That after the payment of all necessary expenses and taxes of a Federal reserve bank, the member banks shall be entitled to receive an annual dividend of five per centum on the paid-in capital stock, which dividend shall be cumulative. One-half of the net earnings, after the aforesaid dividend claims have been fully met, shall be paid into a surplus fund until such fund shall amount to twenty per centum of the paid-in capital stock of such bank, and of the remaining one-half sixty per centum shall be paid to the United States and forty per centum to the member banks in the ratio of their average balances with the Federal reserve bank for the preceding year. Whenever and so long as the surplus fund of a Federal reserve bank amounts to twenty per centum of the paid-in capital stock, the member banks shall have received the dividends at the rate of five per centum per annum hereinbefore provided for, sixty per centum of all excess earnings shall be paid to the United States and forty per centum to the member banks in proportion to their annual average balances with such Federal reserve bank; and such Federal reserve bank—viz., all as a franchise tax, and fifty per centum shall be paid to the United States, as a trustee for the benefit of depositors in all failed member banks in the United States, and failed member trust companies in the District of Columbia, the money to be kept in and losses from failures to be paid from it as a depositors’ insurance fund under a division of the Treasury to be constituted and managed under such regulations as may be prescribed by the Secretary of the Treasury.

Whenever the Secretary of the Treasury, out of said fund, shall pay any amounts due to depositors of failed member banks, the Secretary of the Treasury shall be subrogated to all the rights of said depositors and in the settlement of the affairs of any such bank all dividends that would have been due to such depositors shall be paid to the Secretary of the Treasury, and the same shall be by him paid into and become a part of said depositors’ insurance fund, except that one-half of such net earnings shall be paid into a surplus fund until such fund shall amount to forty per centum of the paid-in capital stock of such bank.
SECTION 7—Continued.

HOUSE BILL.

All net earnings derived by the United States from Federal reserve banks shall constitute a sinking fund to be held for the reduction of the outstanding bonded indebtedness of the United States, said reduction to be accomplished under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, the surplus fund of said bank, after the payment of all debts and dividend requirements as hereinafter provided for, shall be paid to and become the property of the United States.

Every Federal reserve bank incorporated under the terms of this Act and the capital stock therein held by member banks shall be exempt from Federal, State, and local taxation, except in respect to taxes upon real estate.

SEC. 8. That any national banking association heretofore organized may upon application at any time within one year after the passage of this Act, and with the approval of the Comptroller of the Currency, be granted, as herein provided, all the rights, and be subject to all the liabilities, of national banking associations organized subsequent to the passage of this Act: Provided, That such application on the part of such associations shall be authorized by the consent in writing of stockholders owning not less than a majority of the capital stock of the association. Any national banking association now organized which shall not, within one year after the passage of this Act, become a national banking association under the provisions hereinbefore stated, or which shall fail to comply with any of the provisions of this Act applicable thereto, shall be dissolved; but such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have previously been incurred.

CONFERENCE AGREEMENT.

Sec. 8. That any national banking association heretofore organized may upon application at any time within one year after the passage of this Act, and with the approval of the Comptroller of the Currency, be granted, as herein provided, all the rights, and be subject to all the liabilities, of national banking associations organized subsequent to the passage of this Act: Provided, That such application on the part of such associations shall be authorized by the consent in writing of stockholders owning not less than a majority of the capital stock of the association. Any national banking association now organized which shall not, within one year after the passage of this Act, become a national banking association under the provisions hereinbefore stated, or which shall fail to comply with any of the provisions of this Act applicable thereto, shall be dissolved; but such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have previously been incurred.
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SEC. 9. That any bank or banking association incorporated by special law of any State or of the United States, or organized under the general laws of any State or the United States, and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of existing laws, may, by the consent in writing of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or 15 banking association, and with the approval of the Comptroller of the Currency, become a national banking association under its former name or by any name approved by the comptroller.

The directors thereof may continue to be the directors of the association so organized until others are elected or appointed in accordance with the provisions of the law.

When the comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by this Act or by the national banking Act for associations originally organized as national banking associations.

SECTION 9.

PASSED BY SENATE.

SEC. 9 8. That any section fifty-one hundred and fifty-four, United States Revised Statutes, be amended to read as follows:

"Any bank or banking association incorporated by special law of any State or of the United States, or organized under the general laws of any State or of the United States, and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of existing laws, may, by the consent in writing of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, and with the approval of the Comptroller of the Currency, become a national banking association, under its former name or by any name approved by the Comptroller of the Currency.

The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors thereof may continue to be the directors of the association so organized until others are elected or appointed in accordance with the provisions of the law statutes of the United States.

When the comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by this the Federal reserve Act or and by the national banking Act for associations originally organized as national banking associations."

CONFEREE AGREEMENT.

SEC. 8. That section fifty-one hundred and fifty-four, United States Revised Statutes, is hereby amended to read as follows:

"Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency, be converted into a national banking association, with any name approved by the Comptroller of the Currency:

Provided, however, That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock stockholders owning not less than fifty-one per centum of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors thereof may continue to be the directors of the association so organized until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal Reserve Act and by the national banking Act for associations originally organized as national banking associations.}
No such applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to enable it to become a national banking association in the place where it is situated, under the provisions of the national banking Act, and conform to the provisions of the national banking Act.

SEC. 10. That from and after the passage of this Act any bank or banking association or trust company incorporated by special law of any State, or organized under the general laws of any State or the United States, may make application to the Federal Reserve Board for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applying bank is located.

The Federal Reserve Board, under such rules and regulations as it may prescribe, shall receive and consider, subject to the provisions of this section, any application for the right to subscribe to the stock of any Federal reserve bank, and, upon its sanctioning of an application, shall permit the applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located, upon payment of the required stock subscription as hereinbefore provided for.

It shall be the duty of the Federal Reserve Board to establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies hereinbefore referred to for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve requirements and submit to the inspection and examination provided for in the national banking Act, and conform to the provisions of the national banking Act.
If at any time it shall appear to the Federal Reserve Board that a banking association or trust company organized under the laws of any State or of the United States has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such banking association or trust company to surrender its stock in the Federal reserve bank in which it holds stock upon receiving from such Federal reserve bank the cash-paid subscriptions to the said stock.

If at any time it shall appear to the Federal Reserve Board that a banking association or trust company organized under the laws of any State or of the United States and having become a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such banking association or trust company to surrender its stock in the Federal reserve bank; in which it holds stock upon receiving from such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock in current funds with interest at the rate of one-half of one per centum per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal reserve bank, except the subscription liability.
in current funds, and said Federal reserve bank shall upon notice from the Federal Reserve Board be required to suspend said banking association or trust company from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided.

The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

Sec. 11. That there shall be created a Federal Reserve Board, which shall consist of seven members, including the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, who shall be members ex officio, and four members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the four appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of different geographical divisions of the country. The four members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of $10,000, together with an allowance for actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of said Federal Reserve Board, shall, in addition to the salary now paid him as comptroller, receive the sum of $5,000 annually for his services as a member of said board. Of the four members thus appointed by the President not more thereof, less any liability to said Federal Reserve Board, except the subscription liability not previously called, which shall be canceled, and said Federal Reserve Bank shall, upon notice from the Federal Reserve Board be required to suspend said banking association or trust company from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided.

The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

Sec. 11. A Federal Reserve Board is hereby created which shall consist of seven members, including the Secretary of the Treasury, and the Comptroller of the Currency, who shall be members ex officio, and six members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the six appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country. The six members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of $10,000, payable monthly, together with actual necessary traveling expenses and the Comptroller of the Currency, as ex officio member of said Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller, receive the sum of $5,000 annually for his services as a member of said board.
SECTION 11—Continued.

The members of said board, the Secretary of the Treasury, the Assistant Secretary of the Treasury, and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment conferred by any member bank.

The members of said board, the Secretary of the Treasury, the Assistant Secretary of the Treasury, and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment conferred by any member bank.

Of the four persons thus appointed, one shall be designated by the President as manager and one as vice manager of the Federal Reserve Board. The manager of the Federal Reserve Board, subject to the supervision of the Secretary of the Treasury and Federal Reserve Board, shall be the active executive officer of the Federal Reserve Board.

Of the four persons thus appointed, one shall be designated by the President to serve for two, one for four, one for six, and one for eight years, respectively, and thereafter each member so appointed shall serve for a term of eight years unless sooner removed for cause by the President.

Of the four persons thus appointed, one shall be designated by the President to serve for two, one for four, one for six, and one for eight years, respectively, and thereafter each member so appointed shall serve for a term of eight years unless sooner removed for cause by the President.

Of the six members thus appointed by the President, not more than two shall be of the same political party, and at least one of whom shall be a person experienced in banking. One shall be designated by the President to serve for two, one for four, one for six, and one for eight years, respectively, and thereafter each member so appointed shall serve for a term of eight years unless sooner removed for cause by the President.

Of the six members thus appointed by the President, not more than two shall be of the same political party, and at least one of whom shall be a person experienced in banking or finance. One shall be designated by the President to serve for two, one for four, one for six, and one for eight years, respectively, and thereafter each member so appointed shall serve for a term of eight years unless sooner removed for cause by the President.

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock, an assessment sufficient to pay its estimated expenses for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal Reserve Board shall within fifteen days after notice of appointment make and subscribe to the oath of office.

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.
S E C T I O N  1 1 — C o n t i n u e d .

The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, at a date to be fixed by the Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank or banking institution or Federal reserve bank nor hold stock in any bank or banking institution; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the four members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate, by granting commissions which shall expire at the end of the next session of the Senate.

Nothing in this Act contained shall be construed as taking away any powers herefore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this Act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal Reserve Board shall annually make a report of its fiscal operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

The Federal Reserve Board shall annually make a full report of its fiscal operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.
Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows:

"There shall be in the Department of the Treasury a bureau charged, except as in this Act otherwise provided, with the execution of all laws passed by Congress relating to the issue and regulation of currency issued by or through banking associations, the chief officer of which bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general direction of the Secretary of the Treasury, acting as the chairman of the Federal Reserve Board." Provided, however, That nothing herein contained shall be construed to affect any power now vested by law in the Comptroller of the Currency or the Secretary of the Treasury.
HOUSE BILL.

SEC. 12. That the Federal Reserve Board hereinbefore established shall be authorized and empowered:

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of such Federal reserve banks, single and combined, and shall furnish full information regarding the character of the lawful money held as reserve and the amount, nature, and maturities of the paper owned by Federal reserve banks.

(b) To permit or require, in time of emergency, Federal reserve banks to rediscount the discounted prime paper of other Federal reserve banks, at least five members of the Federal Reserve Board being present when such action is taken and all present consenting to the requirement. The exercise of this compulsory rediscount power by the Federal Reserve Board shall be subject to an interest charge to the accommodated bank of not less than one nor greater than three per centum above the higher of the rates prevailing in the districts immediately affected.

(c) To suspend for a period not exceeding thirty days (and to renew such suspension for periods not to exceed fifteen days) any and every reserve requirement specified in this act: Provided, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this act may be permitted to fall below the level herein after specified, such tax to be uniform in its application to all banks; but said board

\section{SECTION 12.}

\section{PASSED BY SENATE.}

SEC. 11. That the Federal Reserve Board hereinbefore established shall be authorized and empowered:

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of such the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the lawful money held as reserve and the amount, nature, and maturities of the paper and other investments owned or held by Federal reserve banks.

(b) To permit or require, in time of emergency, Federal reserve banks to rediscount the discounted prime paper of other Federal reserve banks, at least five members of the Federal Reserve Board being present when such action is taken and all present consenting to the requirement. The exercise of this compulsory rediscount power by the Federal Reserve Board shall be subject to an interest charge to the accommodated bank of not less than one nor greater than three per centum above the higher of the rates prevailing in the districts immediately affected at rates of interest to be fixed each week or oftener by the Federal Reserve Board.

(c) To suspend for a period not exceeding thirty days (and from time to time to renew such suspension for periods not to exceed fifteen days), any and every reserve requirement specified in this Act: Provided, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this Act may be permitted to fall below the level herein after specified: such tax to be uniform in its application to all banks; but said
shall not suspend the reserve requirements with reference to Federal reserve notes.

Section 12—Continued.

To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.
(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

(h) To suspend, for cause relating to violation of any of the provisions of this Act, the operations of any Federal reserve bank and appoint a receiver therefor, take possession thereof and administer the same during the period of suspension.

(i) To require bonds of Federal reserve agents, perform the duties, functions, or services specified or implied in this Act, and to make all rules and regulations necessary to enable said board effectively to perform the same.

(j) To exercise general supervision over said Federal reserve banks.

(k) To authorize member banks to use, as reserves, Federal reserve notes, or bank notes based on United States bonds, to the extent that said board may find necessary.

(l) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

(m) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to properly conduct the business of such board, and to accomplish the purposes of this Act. All salaries, allowances, and expenses of those employed to be fixed in advance by said board and to be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees to be appointed without regard to the provisions of the Act of January sixth, eighteen hundred and eighty-three (Twenty-second Revised Statutes, four hundred and three), and amendments thereto, or any rule or regulation made in pursuance thereof: Provided, That nothing herein shall prevent the President from placing said employees in the classified service.
SEC. 13. There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal Reserve districts. Each Federal Reserve bank by its board of directors shall annually select from its own Federal Reserve district one member of said council, who shall receive no compensation for his services, but may be reimbursed for actual necessary expenses.

The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies shall serve for the unexpired term.

The Federal Advisory Council shall have power (1) to meet and confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for complete information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may in addition to the meetings above provided for hold such other meetings in Washington, District of Columbia, or elsewhere, as it may deem necessary, may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies shall serve for the unexpired term.

The Federal Advisory Council shall have power, by itself or through its officers, (1) to meet and confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for complete information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.
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REDISCOUNTS.

Sec. 14. That any Federal reserve bank may receive from any member bank deposits of current funds in lawful money, national bank notes, Federal reserve notes, or checks and drafts upon solvent banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national bank notes, or checks and drafts upon solvent banks, payable upon presentation.

Upon the indorsement of any member bank any Federal reserve bank may discount notes and bills of exchange arising out of commercial transactions; that is, notes and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or may be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act; nothing herein contained shall be construed to prohibit such notes and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes or bills issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities. Notes and bills admitted to discount under the terms of this paragraph must have a maturity of not more than ninety days.

Sec. 14. That any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent banks of the Federal reserve system, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Upon the indorsement of any of its member banks, with a waiver of demand notice and protest by such bank any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or may be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act; nothing herein contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days: Provided, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board.

CONFERENCE AGREEMENT.

Sec. 13. Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent member banks of the Federal reserve system, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.
25 Upon the indorsement of any member bank any Federal reserve bank may discount the paper of the classes hereinbefore described having a maturity of more than ninety and not more than one hundred and twenty days, when its own cash reserve exceeds thirty-three and one-third per cent of its total outstanding demand liabilities exclusive of its outstanding Federal reserve notes by an amount to be fixed by the Federal Reserve Board; but not more than fifty per cent of the total paper so discounted for any member bank shall have a maturity of more than ninety days.

Upon the indorsement of any member bank any Federal reserve bank may discount acceptances of such banks which are based on the importation or exportation of goods and which mature in not more than six months and bear the signature of at least one member bank in addition to that of the acceptor. The amount so discounted shall at no time exceed one-half the capital stock of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

26 Any national bank may, at its discretion, accept drafts or bills of exchange drawn upon it having not more than six months sight to run and growing out of transactions involving the importation or exportation of goods; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half the face value of its paid-up and unimpaired capital.
tion shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.
Second. Moneys deposited with or collected by the association.
Third. Bills of exchange and drafts drawn against money actually on deposit to the credit of the association, or due thereo.
Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.
Fifth. Liabilities incurred under the provisions of sections two, five, and fourteen of the Federal Reserve Act.

Every Federal reserve bank shall have power (a) to deal in gold coin and bullion both at home and abroad, to make loans thereon, and to contract for loans of gold coin or bullion, giving therefor, association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.
Second. Moneys deposited with or collected by the association.
Third. Bills of exchange and drafts drawn against money actually on deposit to the credit of the association, or due thereo.
Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.
Fifth. Liabilities incurred under the provisions of sections two, five, and fourteen of the Federal Reserve Act.

SEC. 14. Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, prime bankers' bills, and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, and cable transfers.

Every Federal reserve bank shall have power (a) to deal in gold coin and bullion both at home and abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.
Second. Moneys deposited with or collected by the association.
Third. Bills of exchange and drafts drawn against money actually on deposit to the credit of the association, or due thereo.
Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.
Fifth. Liabilities incurred under the provisions of sections two, five, and fourteen of the Federal Reserve Act.

Every Federal reserve bank shall have power (a) to deal in gold coin and bullion both at home and abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor,
when necessary, acceptable security, including the hypothecation of
United States bonds; (b) to invest in United States bonds, and bonds
issued by any State, county, district, or municipality;

(c) to purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinafter defined, payable in foreign countries; but such bills of exchange must not exceed ninety days to run and must bear the signature of two or more responsible parties.

(d) to establish each week, or as much oftener as required, subject to review and determination of the Federal Reserve Board, a rate of discount to be charged by such Federal Reserve bank for each class of paper, which shall be fixed with a view of accommodating the commerce of the country; and

(e) to establish accounts with other Federal Reserve banks for exchange purposes and, with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such countries whereupon it may deem best for the purpose of purchasing, selling, and collecting foreign bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, prime foreign bills of exchange arising out of actual commercial transactions which have not exceeding ninety days to run and which bear the signature of two or more responsible parties.
HOUSE BILL.

GOVERNMENT DEPOSITS.

SEC. 16. That all moneys now held in the general fund of the Treasury except the five per centum fund for the redemption of outstanding national-bank notes shall be deposited in Federal reserve banks, which shall act as fiscal agents of the United States; and thereafter the revenues of the Government shall be regularly deposited in such banks, and disbursements may be made by checks drawn against such deposits.

SEC. 15. That all moneys now held in the general fund of the Treasury except the five per centum fund for the redemption of outstanding national-bank notes and the funds provided in this Act for the redemption of Federal reserve notes shall be deposited in Federal reserve banks, which shall act as fiscal agents of the United States; and thereafter the revenues of the Government shall be regularly deposited in such banks, and disbursements may be made by checks drawn against such deposits.

The Secretary of the Treasury shall, subject to the approval of the Federal Reserve Board, apportion the funds of the Government among the said Federal reserve banks, as far as practicable, equitably between different sections, and may, at their joint discretion, charge interest thereon and fix, from month to month, a rate which shall be regularly paid by the banks holding such deposits: Provided, That no Federal reserve bank shall pay interest upon any deposits except those of the United States.

No Federal reserve bank shall receive or credit deposits except from the Government of the United States, its own member banks, and, to the extent permitted by this Act, from other Federal reserve banks. All domestic transactions of the Federal reserve banks involving loans made by such banks, rediscount operations or the creation of deposit accounts shall be confined to the Government and the depositing and Federal reserve banks, with the exception of the purchase or sale of Government or State securities or of gold coin or bullion.
SECTION 17.

NOTE ISSUES.

SEC. 17. That Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable for all taxes, customs, and other public dues. They shall be redeemed in gold or lawful money on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or at any Federal reserve bank.

Any Federal reserve bank may, upon vote of its directors, make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may deem best. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of section 14 of this Act, and the Federal reserve agent shall each day notify the Federal Reserve Board of issues and withdrawals of notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board shall be authorized at any time to call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

WHENEVER ANY FEDERAL RESERVE BANK SHALl PAY OUT OR DISBURSE FEDERAL RESERVE NOTES ISSUED TO IT AS HEREAFTER PROVIDED IT SHALL AGGREGATE IN ITS OWN VAULTS AND SHALL CARRY TO A SPECIAL RESERVE ACCOUNT ON ITS BOOKS RE-

CONFERENCE AGREEMENT.

NOTE ISSUES.

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold or lawful money on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

Any Federal reserve bank may, upon vote of its directors, make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may deem best. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of section 14 of this Act, and the Federal reserve agent shall each day notify the Federal Reserve Board of issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board shall be authorized at any time to call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.
Whenever any Federal reserve bank shall pay out or disburse Federal reserve notes issued to it as hereinbefore provided, it shall segregate in its own vaults and shall carry to a special reserve account on its books gold or lawful money equal in amount to thirty-three and one-third per centum of the reserve notes so paid out by it, such reserve to be used for the redemption of said reserve notes as presented; but any Federal reserve bank so using any part of such reserve to redeem notes, shall immediately carry to said reserve account an amount of gold or lawful money sufficient to make said reserve equal to thirty-three and one-third per centum of its outstanding Federal reserve notes.

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and Federal reserve notes in actual circulation, but the amount of gold in the Federal reserve bank together with the amount deposited by it in the Treasury, shall be at least equal to forty per centum of the Federal reserve notes issued to said bank and in actual circulation and not offset by gold or lawful money deposited with the Federal reserve agent.

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes in actual circulation, but the amount of gold in the Federal reserve bank together with the amount deposited by it with the Treasury, shall be at least equal to forty per centum of the Federal reserve notes issued to said bank and in actual circulation and not offset by gold or lawful money deposited with the Federal reserve agent.

Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for redemption to the Federal reserve bank through which they were originally issued, or shall be charged against Government deposits and returned to the Treasury of the United States, or shall be presented to the said Treasury for redemption.

No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes.
The Federal Reserve Board shall have power, in its discretion, to require Federal reserve banks to maintain on deposit in the Treasury of the United States a sum in gold equal to five per centum of such amount of Federal reserve notes as may be issued to them under the provisions of this Act; but such five per centum shall be counted and included as part of the thirty-three and one-third per centum reserve hereinbefore required.
The said board shall also have the right to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent and in the amount that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, deposit Federal reserve notes with the bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, which rate shall not be less than one-half of one per centum per annum, and the amount of such Federal reserve notes so issued to any such bank shall, upon delivery, become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by the deposit of Federal reserve notes, whether issued to such bank or to some other reserve bank, or lawful money of the United States, or gold bullion with any Federal reserve agent or with the Treasurer of the United States, and such reduction shall be accompanied by a corresponding reduction in the required reserve fund of lawful money set apart for the redemption of said notes and by the release of a corresponding amount of the collateral security deposited with the local Federal reserve agent.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of
Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of Federal reserve notes deposited with it and shall at the same time substitute other collateral of equal value approved by the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.

In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $1, $2, $5, $10, $20, $50, $100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this Act.

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and 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 for.
It shall be the duty of every Federal reserve bank to receive on deposit, at par and without charge for exchange or collection, checks and drafts drawn upon any of its depositors or by any of its depositors upon any other depositor and checks and drafts drawn by any member bank to the credit of any depositor in said Federal reserve bank last mentioned, nothing herein contained to be construed as prohibiting member banks from making reasonable charges to cover actual expenses incurred in collecting and remitting funds for their patrons.

Every Federal reserve bank shall receive on deposit from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or
S E C T I O N 1 7 — Continued.

P A S S E D B Y S E N A T E.

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds at par among Federal reserve banks, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

S E C T I O N 1 8 .

Sec. 17. [That so much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twelfth, eighteen hundred and eighty-two, and section eight of the Act of July twelfth, eighteen hundred and eighty-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds be, and the same is hereby, repealed.] is hereby, repealed.

Sec. 18. That so much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twelfth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and seventy-four, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds be, and the same is hereby, repealed.
SEC. 19. That upon application the Secretary of the Treasury shall exchange the two per centum bonds of the United States bearing the circulation privilege deposited by any national banking association with the Treasurer of the United States as security for circulating notes for three per centum bonds of the United States without the circulation privilege, payable after twenty years from date of issue, and exempt from Federal, State, and municipal taxation both as to income and principal.

No national bank shall, in any one year, present two per centum bonds for exchange in the manner hereinbefore provided to an amount exceeding five per centum of the total amount of bonds on deposit with the Treasurer by said bank for circulation purposes. Should any national bank fail in any one year to so exchange its full quota of two per centum bonds under the terms of this Act, the Secretary of the Treasury may permit any other national bank or banks to exchange bonds in excess of the five per centum aforesaid, in an amount equal to the deficiency caused by the failure of any one or more banks to make exchange in any one year, allotment to be made to applying banks in proportion to their holdings of bonds. At the expiration of twenty years from the passage of this Act every holder of United States two per centum bonds then outstanding shall receive payment at par and accrued interest. After twenty years from the date of the passage of this Act national-bank notes still remaining outstanding shall be recalled and redeemed by the national banking associations issuing the same within a period and under regulations to be prescribed by the Federal Reserve Board, and notes still remaining in circulation at the end of such period shall be secured by an equal amount of lawful money to be deposited in the Treasury of the United States by the banking associations originally issuing such notes. Meanwhile every national bank may continue to apply for and receive circulating notes from the Comptroller of the Currency based upon

The Federal reserve banks purchasing such bonds shall be required to take out an amount of circulating notes equal to the amount of national-bank notes outstanding against such bonds.

Upon the deposit with the Treasurer of the United States bonds so purchased, or any bonds with the circu-

CONFERENCE AGREEMENT.

REFUNDING BONDS.

Sec. 18. After two years from the passage of this Act, and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period, furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve Board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made. Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall thereupon deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

The Federal reserve banks purchasing such bonds shall be required to take out an amount of circulating notes equal to the amount of national-bank notes outstanding against such bonds.

Upon the deposit with the Treasurer of the United States bonds so purchased, or any bonds with the circu-

Section 18 stricken out and the following substituted:

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Upon the deposit with the Treasurer of the United States bonds so purchased, or any bonds with the
the deposit of two per centum bonds or of any other bonds bearing the circulation privilege; but no national bank shall be permitted to issue other circulating notes except such as are secured as in this section provided or to issue or to make use of any substitute for such circulating notes in the form of clearing-house loan certificates, cashier's checks, or other obligation.

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<th>HOUSE BILL.</th>
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<td>SECTION 19—Continued.</td>
<td>circulating privilege acquired under section four of this Act, any Federal reserve bank making such deposit in the manner provided by existing law shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national-bank notes. United States bonds bought by a Federal reserve bank against which there are no outstanding national-bank notes may be exchanged at the Treasury for one-year gold notes bearing three per centum interest. Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary of the Treasury may issue, in exchange for United States two per centum gold bonds bearing the circulation privilege, but against which no circulation is outstanding, one year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the two per centum bonds so tendered for exchange, and thirty year three per centum gold bonds without the circulation privilege for the remainder of the two per centum bonds so tendered, provided that at the time of such exchange the Federal reserve bank obtaining such one year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such one year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of one year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of one year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the two per centum United States gold bonds; said obligation to purchase at maturity such notes shall continue in force for a period not to exceed thirty years. For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may</td>
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SECTION 19—Continued.

HOUSE BILL. PASSED BY SENATE. CONFERENCE AGREEMENT.

prescribe in denominations of one hundred dollars, or any multiple thereof, bearing interest at the rate of three per centum per annum, payable quarterly,—such Treasury notes to be payable not more than one year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this Act, as well as from taxes in any form by or under State, municipal or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing three per centum interest payable thirty years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States three per centum bonds without the circulation privilege now issued and outstanding.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary may issue at par such three per centum bonds in exchange for the one year gold notes herein provided for.

SECTION 20.

BANK RESERVES.

Sec. 20. That from and after the date when the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the fact that a Federal reserve bank has been established in any designated district, every banking association within said district which shall have subscribed for stock in such Federal reserve bank shall be required to establish and maintain reserves as follows:

(a) If a country bank as defined by existing law, it shall hold and maintain a reserve equal to twelve per centum of the aggregate amount of its deposits, not including savings

Sec. 19. Demand liabilities within the meaning of this Act shall comprise all liabilities maturing or payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, and all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment.

When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to twelve per centum of the aggregate amount of its demand

Sec. 19. Demand liabilities within the meaning of this Act shall comprise all liabilities maturing or payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, and all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment.

When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to twelve per centum of the aggregate amount of its demand
SECTION 20—Continued.

HOUSE BILL.

Liabilities and five percent of its time deposits, as follows:
In its vaults for a period of twenty-four months after said date four-twelveths thereof.

In the Federal reserve bank of its district, for a period of six months after said date, two-twelveths, and for each succeeding six months an additional one-twelveth, until five-twelveths have been so deposited, which shall be the amount permanently required.

For a period of twenty-four months after said date the balance of the reserve may be held in the reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at its option.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen percent of the aggregate amount of its demand liabilities and five percent of its time deposits, as follows:
In its vaults six-fifteenths thereof.

In the Federal reserve bank of its district for a period of six months after the date aforesaid at least three-twelveths, and for each succeeding six months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

In its vaults for a period of thirty-six months after said date the balance of the reserve may be held in the reserve bank, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen percent of the aggregate amount of its demand liabilities and five percent of its time deposits, as follows:
In its vaults for a period of thirty-six months after said date six-fifteenths thereof, and permanently thereafter.

In the Federal reserve bank of its district for a period of six months after the date aforesaid at least three-twelveths and for each succeeding six months an additional one-twelveth, until six-twelveths have been so deposited, which shall be the amount permanently required.

For a period of twenty-four months thirty-six months after said date the balance of the reserve may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said twenty-four months' period said reserves, other than those hereinbefore required to be held in the reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at its option.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen percent of the aggregate amount of its demand liabilities and five percent of its time deposits, as follows:
In its vaults for a period of thirty-six months after said date six-fifteenths thereof, and permanently thereafter.

In the Federal reserve bank of its district for a period of six months after the date aforesaid at least three-twelveths, and for each succeeding six months an additional one-fifteenth, until six-twelveths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserve may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.
From and after a date thirty-six months subsequent to the date fixed by the Secretary of the Treasury as hereinbefore provided, the said remainder of the eighteen per centum reserve required of each reserve city bank shall consist either in whole or in part of reserve money in the bank's own vaults or of credit balance with the Federal reserve bank of its district.

(c) If a central reserve city bank as defined by existing law, it shall hold and maintain for a period of sixty days from the date fixed by the Secretary of the Treasury as hereinbefore provided a reserve equal to twenty per centum of the aggregate amount of its deposits, not including savings deposits hereinafter provided for, and permanently thereafter eighteen per centum. At least one-half of such reserve shall consist of money which national banks may under existing law count as legal reserve, held actually in the bank's own vaults. After sixty days from the date aforesaid, and thereafter for a period of one year, at least three-eighths and permanently thereafter at least five-eighths of such reserve shall consist of a credit balance with the Federal reserve bank of its district. The remainder of the eighteen per centum reserve required of each central reserve city bank shall consist either in whole or in part of reserve money actually held in its own vaults or of credit balance with the Federal reserve bank of its district.

If a State bank or trust company is required by the law of its State to keep its reserves either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any non-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 non-member bank in applying for or receiving discounts from a Federal reserve bank.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to eighteen per centum of the aggregate amount of its demand liabilities and five per centum of its time deposits, as follows:

In its vaults six-eighteenths thereof.
In the Federal reserve bank for a period of six months after the date aforesaid at least three-eighths, and permanently thereafter six-eighteenths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank at its option.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section fourteen properly indorsed and acceptable to the said reserve bank.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to eighteen per centum of the aggregate amount of its demand liabilities deposits and five per centum of its time deposits, as follows:

In its vaults six-eighteenths thereof.
In the Federal reserve bank for a period of six months after the date aforesaid at least three-eighths, and permanently thereafter six-eighteenths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank, at its option.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section fourteen properly indorsed and acceptable to the said reserve bank.
SECTION 20—Continued.

HOUSE BILL.

Sec. 21. That so much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, be, and the same is hereby, repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

CONFERENCE AGREEMENT.

Sec. 21. That so much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, be, and the same is hereby, repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.
SECTION 22.

The Senate amendment proposed to eliminate this section.

Sec. 22. That every Federal reserve bank shall at all times have on hand in its own vaults, in gold or lawful money, a sum equal to not less than thirty-three and one-third per centum of its outstanding demand liabilities.

The Federal Reserve Board may notify any Federal reserve bank whose lawful reserve shall be below the amount required to be kept on hand, to make good such reserve; and if such bank shall fail for thirty days thereafter so to make good its lawful reserve, the Federal Reserve Board may appoint a receiver to wind up the business of said bank.

SECTION 23.

BANK EXAMINATIONS.

Sec. 23. That the examination of the affairs of every national banking association authorized by existing law shall take place at least twice in each calendar year and as much oftener as the Federal Reserve Board shall consider necessary in order to furnish a full and complete knowledge of its condition. The Secretary of the Treasury may, however, at any time direct the holding of a special examination.

The person assigned to the making of such examination of the affairs of any national banking association shall have power to call together a quorum of the directors of such association, who shall, under oath, state to such examiner the character and circumstances of such of its loans or discounts as he may designate; and from and after the passage of this Act all bank examiners shall receive fixed salaries, the amount whereof shall be determined by the Federal Reserve Board and annually reported to Congress. But the expense of the examinations herein provided for shall be assessed by the Federal Reserve Board upon the associations examined in proportion to assets or resources held by such associations upon a date during the year in which such examinations are held to be established by the Federal Reserve Board. The Comptroller of the Currency shall so arrange the duties of national-bank examiners that no two successive examinations of any association are held to be established by the Federal Reserve Board.

The Comptroller of the Currency, who shall examine every member bank to the Comptroller of the Currency at least twice in each calendar year and as much oftener as the Federal Reserve Board shall consider necessary, in order to furnish a full and complete knowledge of its condition. The Secretary of the Treasury. The Federal Reserve Board may authorize examinations by the State authorities to be accepted in the case of State banks and trust companies and may, however, at any time direct the holding of a special examination. The person assigned to the making of such examination of the affairs of any national banking association member bank shall have power to call together a quorum of the directors of such association bank, who shall, under oath, state to such examiner the character and circumstances of such of its loans or discounts as he may designate; and from and after the passage of this Act all bank examiners shall receive fixed salaries, the amount whereof shall be determined by the Federal Reserve Board.

The Federal Reserve Board shall fix the salaries of all bank examiners and annually report make report thereof to Congress. But the expense of the examinations herein provided for shall be assessed by authority of the Federal Reserve Board upon the associations examined in proportion to assets or resources held by such associations upon a date during the year in which such examinations are held to be established by the Federal Reserve Board. The Comptroller of the Currency shall so arrange the duties of national-bank examiners that no two successive examinations of any association are held to be established by the Federal Reserve Board.

The Comptroller of the Currency, who shall examine every member bank to the Comptroller of the Currency at least twice in each calendar year and as much oftener as the Federal Reserve Board shall consider necessary, in order to furnish a full and complete knowledge of its condition. The Secretary of the Treasury. The Federal Reserve Board may authorize examinations by the State authorities to be accepted in the case of State banks and trust companies and may, however, at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member 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 Federal Reserve Board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the
The Federal Reserve Board shall as often as it deems best, and in any case not less frequently than four times each year, order an examination of national banking associations in reserve cities. Such examinations shall show in detail the total amount of loans made by each bank on demand, on time, and the different classes of collateral held to protect the various loans, and the lines of credit which are being extended by them. 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.
HOUSE BILL

SECTION 24.

Passed by Senate.

SEC. 24. That no national bank shall hereafter make any loan or grant any gratuity to any examiner of such bank. Any bank offending against this provision shall be deemed guilty of a misdemeanor and shall be fined not more than $5,000, and a further sum equal to the money so loaned or gratuity given; and the officer or officers of a bank making such loan or granting such gratuity shall be likewise deemed guilty of a misdemeanor and each shall be fined not to exceed $5,000.

Any examiner accepting a loan or gratuity from any bank examined by him shall be deemed guilty of a misdemeanor and shall be fined not more than $5,000, and a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office.

SEC. 22. No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner of such bank. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

No officer or director of a national bank shall receive or be beneficiary, either directly or indirectly, of any fee (other than a legitimate fee paid an attorney at law for legal services), commission, gift, or other consideration for or on account of any loan, purchase, sale, payment, exchange, or transaction with respect to stocks, bonds, or other investment securities or notes, bills of exchange, acceptances, bankers' bills, cable transfers or mortgages made by or on behalf of a national bank of which he is such officer or director.

Other than the usual salary or director's fee paid to any officer, director, employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, employee for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank.
SECTION 24—Continued.

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Any person violating any provision of this section shall be punished by a fine of not exceeding $5,000, or by imprisonment not exceeding five years, or both such fine and imprisonment, in the discretion of the court having jurisdiction.

Except so far as already provided in existing laws this provision shall not take effect until six months after the passage of this Act.

Any person violating any provision of this section shall be punished by a fine of not exceeding $5,000 or by imprisonment not exceeding five years one year, or both such fine and imprisonment, in the discretion of the court having jurisdiction.

Except so far as already provided in existing laws this provision shall not take effect until sixty days after the passage of this Act.

SECTION 25.

Sec. 25. That from and after the passage of this Act the stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations shall be liable to the same extent as if they had made no such transfer; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

Any person violating any provision of this section shall be punished by a fine of not exceeding $5,000 or by imprisonment not exceeding one year, or both.

Any person violating any provision of this section shall be punished by a fine of not exceeding $5,000 or by imprisonment not exceeding one year, or both.

Except so far as already provided in existing laws this provision shall not take effect until sixty days after the passage of this Act.

Sec. 23. The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

Section fifty-one hundred and fifty-one, Revised Statutes of the United States, is hereby reenacted except in so far as modified by this section.
SEC. 26.

Passed by Senate.

Loans on Farm Lands.

Sec. 26. That any national banking association not situated in a reserve city or central reserve city may make loans secured by improved and unencumbered farm land, but no such loan shall be made for a longer time than twelve months, nor for an amount exceeding fifty per centum of the actual value of the property offered as security, and such property shall be situated within the Federal Reserve district in which the bank is located. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

CONFERENCE AGREEMENT.

Loans on Farm Lands.

Sec. 24. Any national banking association not situated in a reserve city or central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal Reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding fifty per centum of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.
S E C T I O N  2 7.

The Senate eliminated this section and the House conferees agreed.

H O U S E  B I L L.

S A V I N G S  D E P A R T M E N T.

SEC. 27. That any national banking association may, subsequent to a date one year after the organization of the Federal Reserve Board, make application to the Comptroller of the Currency for permission to open a savings department. Such application shall set forth that the directors of said national bank have by a majority vote apportioned a specified percentage of their paid-in capital and surplus to said savings department and to that end have segregated specified assets for the uses of said department, or that the capital for the said savings department has been obtained by subscription to additional issues of the capital stock of said national bank: Provided, That the capital thus set apart for the uses of the proposed savings department aforesaid shall in no case be less than $15,000, or than a sum equal to twenty per centum of the paid-up capital and surplus of the said national bank.

In making the application aforesaid any national banking association may further apply for power to act as trustee for mortgage loans subject to the conditions and limitations herein prescribed or to be established as hereinafter provided.

Whenever the Comptroller of the Currency shall have approved any such application as hereinbefore provided for the said national bank, and thereafter it shall be authorized to receive savings deposits as so defined, and the organization and business conducted or possessed by said bank at the time of making said application, except such as has been specifically segregated for the savings department, and subsequent expansions thereof shall be known as the commercial department of the said bank. The said departments shall, to all intents and purposes, be separate and distinct institutions save and except as hereinafter expressly provided. The capital, surplus, deposits, securities, investments, and other property, effects, and assets of each of said departments shall, in no event, be mingled with those of the other department, or used, either in whole or in part, to pay any of the deposits of the other department until all of the deposits of its own department have been fully paid and satisfied. National banks may increase or diminish their capital stock in the manner now provided by law, but whenever such general increase or reduction of the capital stock of any national bank operating upon the provisions of this section shall be made such increase or reduction shall be apportioned between the commercial and savings departments of the said bank as its board of directors shall prescribe, notice of such increase or reduction, and of the apportionment thereof, being forthwith given to the Comptroller of the Currency; and any such national bank may increase or diminish the capital already apportioned to either its savings or commercial department to an extent not inconsistent with the provisions of this section, notifying the Comptroller of the Currency as hereinbefore provided. The savings department for which authority has been solicited and granted shall have control of the cash or assets apportioned to it as hereinbefore provided, and shall be organized under rules and regulations to be prescribed by the Comptroller of the Currency.

Both the savings and commercial departments so created shall, however, be under the control and direction of a single board of directors and of the general officers of said bank.

All business transacted by the commercial department of any such national bank shall be in every respect subject to the limitations and requirements provided in the national banking Act as modified by this Act, and such business shall henceforward be known as commercial business.

The savings department of each such national bank shall be authorized to accumulate and loan the funds of its depositors, to receive deposits of current funds, to purchase securities authorized by the Federal Reserve Board, to loan any funds in its possession upon real estate or other authorized security, and to collect the same with interest, and to declare and pay dividends or interest upon its deposits. The Federal Reserve Board is hereby authorized to exempt the savings departments of national banking associations from any and every restriction upon classes or kinds of business laid down in the national banking Act, and it shall be the duty of the said board within one year after its organization to prepare and publish rules and regulations for the conduct of business by such savings departments. The said regulations shall require every national bank which shall conduct a savings department and a commercial department to segregate in its own vaults the cash and assets belonging to such departments respectively and shall prescribe the general forms of separate books of account to be used by each such department for its exclusive and individual use. The regulations aforesaid shall further specify the period of notice for the withdrawal of deposits made in the said savings department and shall forbid the acceptance of deposits by one department of such national bank from the other department of such bank. The Federal Reserve Board shall make and publish at its discretion lists of securities, paper, bonds, and other forms of investment, which the savings departments of national banks shall be authorized to buy or loan upon; and said lists need not be uniform throughout the United States, but shall be adapted to the conditions of business in different sections of the country.

It shall be the duty of every national bank to maintain, with respect to all deposit liabilities of its savings department, a reserve in money which may under existing law be counted as reserve, equal to not less than five per centum of the total deposit liabilities of such department, and every national bank authorized to make and maintain any reserve exempted from the reserve requirements of the national banking Act and of this Act in respect to the said deposit liabilities of its savings department, except as in this section provided. Every regulation made in pursuance of this section shall be duly published, and also posted in every member bank having a savings department.

Every officer, director, or employee of any member bank who shall knowingly or willfully violate any of the provisions of this section, or any of the regulations of the Federal Reserve Board, or of the Comptroller of the Currency, made under and by virtue of the provisions of this section shall be guilty of a felony, and on conviction thereof shall be punished by a fine not exceeding $5,000 or by imprisonment not exceeding two years, or both, in the discretion of the court.
FOREIGN BRANCHES.

Sec. 28. That any national banking association possessing a capital of $1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such circumstances as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries for the furtherance of the foreign commerce of the United States and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the foreign country or countries or dependencies of the United States where the banking operations proposed to be carried on and the amount of capital set aside by the said banking association filing such application for the conduct of its foreign business at the branches proposed by it to be established in foreign countries. The Federal Reserve Board shall have power to approve or to reject such application, if in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish branches in foreign countries shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each such branch as a separate item.
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51  Sec. 29. That all provisions of law inconsistent with or superseded by any of the provisions of this Act be, and the same are hereby, repealed: Provided, That nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred, entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes."

CONFERENCE AGREEMENT.

Sec. 28. All provisions of law inconsistent with or superseded by any of the provisions of this Act are to that extent and to that extent only hereby repealed: Provided, Nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred, entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for such purposes, or the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds or for one-year notes bearing interest at a rate of not to exceed three per centum per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

NEW SECTIONS.

Sec. 29. The provisions of the Act of May thirtieth, nineteen hundred and eighty, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifty-three, and sections fifty-one hundred and ninety-one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May twentieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act: Provided, however, That section nine of said Act is hereby amended so as to change so much of the tax rates fixed in said section by making the portion applicable thereto read as follows:

Sec. 27. The provisions of the Act of May thirtieth, nineteen hundred and eighty, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifty-three, and sections fifty-one hundred and seventy-two, fifty-one hundred and ninety-one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May twentieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act: Provided, however, That section nine of said Act first referred to in this section is hereby amended so as to change so much of the tax rates fixed in said section by making the portion applicable thereto read as follows:
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Sec. 30. That the right to amend, alter, or repeal this Act is hereby expressly reserved.

Passed the House of Represent-atives September 18, 1913.

Attest:

SOUTH TRIMBLE
Clerk.