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**THE
FEDERAL RESERVE ACT**

AS AMENDED

TO NOVEMBER 1, 1946



THE
FEDERAL RESERVE ACT

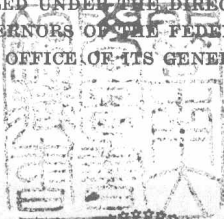
(APPROVED DECEMBER 23, 1913)

AS AMENDED TO NOVEMBER 1, 1946

With an Appendix

Containing provisions of certain other
Acts of Congress which affect
the Federal Reserve System

COMPILED UNDER THE DIRECTION OF THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
IN THE OFFICE OF ITS GENERAL COUNSEL



PREFACE .

This edition of the Federal Reserve Act and related statutes has been compiled in the Office of the General Counsel of the Board of Governors of the Federal Reserve System, under the direction of the Board, to supersede and bring up to date a former edition which was published in 1935. The present edition incorporates all amendments to the Federal Reserve Act and contains in the Appendix provisions of other statutes affecting the Federal Reserve System which have been enacted by Congress up to November 1, 1946.

The style of the present edition follows generally that of the edition published in 1935. The paragraphs of each section of the Federal Reserve Act are numbered consecutively in order to facilitate easy reference; and each paragraph is preceded by a catch line indicative of its subject matter and is followed by an editorial note containing the legislative history of the paragraph, cross references to the United States Code, and other explanatory comments which may be pertinent. A similar arrangement is followed with respect to the statutory provisions published in the Appendix. In this connection, attention is called to the fact that paragraph numbers, catch lines and notes are not a part of the law and should not be regarded as affecting the construction of the law; and also that the captions to sections 1, 6, 8, 10(a), 10(b), 11, 12A, 12B, 13a, 13b, 17, 20, 22, 23, 23A, 24A, 25(b), 26, 27, 28, 29, and 30 of the Federal Reserve Act, were added editorially and likewise should not be regarded as a part of the law.

For convenient reference, there are inserted immediately before the Index four Tables of Statutes listing respectively (1) statutes amending the Federal Reserve Act, (2) statutes amended or referred to by the Federal Reserve Act, (3) statutory provisions published in the Appendix, and (4) sections of U. S. Code containing provisions of the Federal Reserve Act.

TABLE OF CONTENTS

FEDERAL RESERVE ACT:

	Page
Sec. 1. Short title and definitions.....	1
Sec. 2. Federal Reserve Districts and stock of Federal Reserve Banks.....	2
Sec. 3. Branches of Federal Reserve Banks.....	5
Sec. 4. Organization and directors of Federal Reserve Banks.....	6
Sec. 5. Increase and decrease of capital of Federal Reserve Banks..	13
Sec. 6. Insolvency of member banks.....	14
Sec. 7. Earnings of Federal Reserve Banks.....	15
Sec. 8. Conversion of State banks into national banks.....	16
Sec. 9. Membership of State banks.....	17
Sec. 10. Organization of Board of Governors.....	27
Sec. 10(a). Emergency advances to groups of member banks.....	31
Sec. 10(b). Advances to individual member banks.....	32
Sec. 11. Powers of Board of Governors.....	32
Sec. 12. Federal Advisory Council.....	39
Sec. 12A. Federal Open Market Committee.....	40
Sec. 12B. Insurance of bank deposits.....	41
Sec. 13. Collections, discounts and advances by Federal Reserve Banks.....	72
Sec. 13a. Discount of agricultural paper.....	79
Sec. 13b. Industrial loans and discounts.....	80
Sec. 14. Open market operations and relations with foreign banks...	83
Sec. 15. Government deposits.....	86
Sec. 16. Federal Reserve notes.....	87
Sec. 17. Deposits of bonds by national banks.....	94
Sec. 18. Federal Reserve Bank notes.....	94
Sec. 19. Reserves of member banks and interest on deposits.....	98
Sec. 20. Redemption fund for national bank notes.....	103
Sec. 21. Examinations.....	103
Sec. 22. Offenses of member banks, examiners, officers, and directors..	107
Sec. 23. Liability of shareholders of national banks.....	112
Sec. 23A. Relations of member banks with affiliates.....	112
Sec. 24. Real estate loans by national banks.....	114
Sec. 24A. Investments by national banks in bank premises.....	116
Sec. 25. Foreign branches of national banks.....	116
Sec. 25(a). Foreign banking corporations.....	119
Sec. 25(b). Jurisdiction of suits.....	129
Sec. 26. Repeal of conflicting laws.....	132
Sec. 27. Tax on national bank notes.....	132
Sec. 28. Reduction of capital of national banks.....	133
Sec. 29. Saving clause.....	134
Sec. 30. Reservation of right to amend.....	134

APPENDIX CONTAINING PROVISIONS OF OTHER STATUTES (See

Table of Contents to Appendix at page 137).....	135
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TABLES OF STATUTES:

Acts amending Federal Reserve Act.....	267
Acts amended or referred to by Federal Reserve Act.....	268
Acts or parts of Acts published in Appendix.....	269
United States Code sections containing provisions of Federal Reserve Act.....	271

INDEX.....	273
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FEDERAL RESERVE ACT

Approved December 23, 1913 (38 Stat. 251, ch. 6)

As amended to November 1, 1946. [For table of statutes amending the Federal Reserve Act, see p. 267.]

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. SHORT TITLE AND DEFINITIONS

1. Short title

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

[U. S. C., title 12, sec. 226. Part of original Federal Reserve Act; not amended.]

2. Definition of "bank"

Wherever the word "bank" is used in this Act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to.

[U. S. C., title 12, sec. 221. Part of original Federal Reserve Act; not amended.]

3. Definitions of other terms

The terms "national bank" and "national banking association" used in this Act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this Act. The term "board" shall be held to mean Board of Governors of the Federal Reserve System; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

[U. S. C., title 12, sec. 221. Part of original Federal Reserve Act; not amended. For further definitions, see sec. 2 of Banking Act of 1933, approved June 16, 1933 (Appendix, p. 158). Sec. 203 (a) of the Banking Act of 1935, approved August 23, 1935 (49 Stat. 704), provided: "Hereafter the Federal Reserve Board shall be known as the 'Board of Governors of the Federal Reserve System', and the governor and vice governor of the Federal Reserve Board shall be known as the 'chairman' and the 'vice chairman', respectively, of the Board of Governors of the Federal Reserve System." Accordingly, the words "Federal Reserve Board", "governor" and "vice governor", wherever they formerly appeared in the Federal Reserve Act (or in other acts of Congress), have been changed in this edition to read "Board of Governors of the Federal Reserve System", "chairman" and "vice chairman", respectively, notwithstanding the fact that such change has not been made by specific amendment of the law.]

SECTION 2. FEDERAL RESERVE DISTRICTS

1. Establishment of reserve cities and districts

Sec. 2. As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "The Reserve Bank Organization Committee," shall designate not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Board of Governors of the Federal Reserve System when organized: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Board of Governors of the Federal Reserve System, not to exceed twelve in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

[Partly incorporated in U. S. C., title 12, secs. 222 and 223. Part of original Federal Reserve Act; not amended.]

2. Powers of organization committee

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 designating 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."

[Omitted from U. S. Code except part of last sentence which is incorporated in U. S. C., title 12, sec. 225. Part of original Federal Reserve Act; not amended.]

3. Subscription to stock by national banks

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 within the District of Columbia, 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 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 within thirty days after notice from the organization committee, to subscribe to the capital stock 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 Board of Governors of the Federal Reserve System, 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 Board of Governors of the Federal Reserve System, said payments to be in gold or gold certificates.

[Partly incorporated in U. S. C., title 12, sec. 282. Part of original Federal Reserve Act; not amended. For provisions as to stock subscriptions by State banks and trust companies, see this act, sec. 9, pp. 17, 23.]

4. Liability of shareholders of reserve banks

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.

[U. S. C., title 12, sec. 502. Part of original Federal Reserve Act; not amended.]

5. Failure of national bank to accept terms of 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 Board of Governors of the Federal Reserve System.

[Omitted from U. S. Code. Part of original Federal Reserve Act; not amended.]

6. Penalty for violation of Act by national banks

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 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 noncompliance 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 Board of Governors of the Federal

Reserve System, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such non-compliance 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.

[U. S. C., title 12, sec. 501a. Part of original Federal Reserve Act; not amended.]

7. Effect of dissolution

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.

[U. S. C., title 12, sec. 501a. Part of original Federal Reserve Act; not amended.]

8. Stock offered to public

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 and stock liability as provided for member banks.

[Omitted from U. S. Code. Part of original Federal Reserve Act; not amended.]

9. Limitation on amount to one subscriber

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 \$25,000 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.

[U. S. C., title 12, sec. 283. Part of original Federal Reserve Act; not amended.]

10. United States stock

Should the total 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 an amount of said stock as said committee shall determine. Said United States

stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

[Partly incorporated in U. S. C., title 12, sec. 284. Part of original Federal Reserve Act; not amended.]

11. Voting rights

Stock not held by member banks shall not be entitled to voting power.

[U. S. C., title 12, sec. 285. Part of original Federal Reserve Act; not amended.]

12. Transfer of stock

The Board of Governors of the Federal Reserve System is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock.

[U. S. C., title 12, sec. 286. Part of original Federal Reserve Act; not amended.]

13. Minimum capital; status of reserve and central reserve cities

No Federal reserve bank shall commence business with a subscribed capital less than \$4,000,000. The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this Act changes the amount of reserves that may be carried with approved reserve agents located therein. 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.

[Last sentence of this paragraph is omitted from U. S. Code; rest of paragraph is incorporated in U. S. C., title 12, secs. 224 and 281. Part of original Federal Reserve Act; not amended.]

SECTION 3. BRANCH OFFICES

1. Establishment of branches of reserve banks

Sec. 3. The Board of Governors of the Federal Reserve System may permit or require any Federal reserve bank to establish branch banks within the Federal reserve district in which it is located or within the district of any Federal reserve bank which may have been suspended. Such branches, subject to such rules and regulations as the Board of Governors of the Federal Reserve System may prescribe, shall be

operated under the supervision of a board of directors to consist of not more than seven nor less than three directors, of whom a majority of one shall be appointed by the Federal reserve bank of the district, and the remaining directors by the Board of Governors of the Federal Reserve System. Directors of branch banks shall hold office during the pleasure of the Board of Governors of the Federal Reserve System.

[U. S. C., title 12, sec. 521. As amended by Act of June 21, 1917 (40 Stat. 232.)]

2. Discontinuance of branches

The Board of Governors of the Federal Reserve System may at any time require any Federal Reserve Bank to discontinue any branch of such Federal Reserve Bank established under this section. The Federal Reserve Bank shall thereupon proceed to wind up the business of such branch bank, subject to such rules and regulations as the Board of Governors of the Federal Reserve System may prescribe.

[U. S. C., title 12, sec. 521. As added by Act of February 25, 1927 (44 Stat. 1234.)]

SECTION 4. FEDERAL RESERVE BANKS

1. Organization of reserve banks

Sec. 4. When the organization committee shall have established Federal reserve districts as provided in section two of this Act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by 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.

[Omitted from U. S. Code. Part of original Federal Reserve Act; not amended.]

2. Organization certificate

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.

[Omitted from U. S. Code. Part of original Federal Reserve Act; not amended.]

3. Acknowledgment and filing

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.

[Omitted from U. S. Code. Part of original Federal Reserve Act; not amended.]

4. General corporate powers

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.

Second. To have succession after the approval of this Act until dissolved by Act of Congress or until forfeiture of franchise for 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 a president, vice presidents, and such officers and employees as are not otherwise provided for in this Act, to define their duties, require bonds for them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. The president shall be the chief executive officer of the bank and shall be appointed by the board of directors, with the approval of the Board of Governors of the Federal Reserve System, for a term of five years; and all other executive officers and all employees of the bank shall be directly responsible to him. The first vice president of the bank shall be appointed in the same manner and for the same term as the president, and shall, in the absence or disability of the president or during a vacancy in the office of president, serve as chief executive officer of the

bank. Whenever a vacancy shall occur in the office of the president or the first vice president, it shall be filled in the manner provided for original appointments; and the person so appointed shall hold office until the expiration of the term of his predecessor.

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 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 as 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 capital stock of such Federal reserve bank.

[U. S. C., title 12, sec. 341. As amended by Act of February 25, 1927 (44 Stat. 1234), which amended subparagraph "Second"; and by Act of August 23, 1935 (49 Stat. 703), which amended subparagraph "Fifth" effective March 1, 1936. As to issuance of Federal Reserve bank notes and redemption of bonds securing such notes, see section 18, this act, p. 94, and note to paragraph 1 of that section.]

5. Authority to commence business

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.

[U. S. C., title 12, sec. 341. Part of original Federal Reserve Act; not amended.]

6. Board of directors

Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

[U. S. C., title 12, sec. 301. Part of original Federal Reserve Act; not amended.]

7. Duties of directors generally

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.

[U. S. C., title 12, sec. 301. Part of original Federal Reserve Act; not amended.]

8. Administration of affairs; extension of credit

Said board of directors shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and may, subject to the provisions of law and the orders of the Board of Governors of the Federal Reserve System, 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, the maintenance of sound credit conditions, and the accommodation of commerce, industry, and agriculture. The Board of Governors of the Federal Reserve System may prescribe regulations further defining within the limitations of this Act the conditions under which discounts, advancements, and the accommodations may be extended to member banks. Each Federal reserve bank shall keep itself informed of the general character and amount of the loans and investments of its member banks with a view to ascertaining whether undue use is being made of bank credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and, in determining whether to grant or refuse advances, rediscounts or other credit accommodations, the Federal reserve bank shall give consideration to such information. The chairman of the Federal reserve bank shall report to the Board of Governors of the Federal Reserve System any such undue use of bank credit by any member bank, together with his recommendation. Whenever, in the judgment of the Board of Governors of the Federal Reserve System, any member bank is making such undue use of bank credit, the Board may, in its discretion, after reasonable notice and an opportunity for a hearing, suspend such bank from the use of the credit facilities of the Federal Reserve System and may terminate such suspension or may renew it from time to time.

[U. S. C., title 12, sec. 301. As amended by Act of June 16, 1933 (48 Stat. 163).]

9. Number and classes of directors

Such board of directors shall be selected 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.

[U. S. C., title 12, sec. 302. Part of original Federal Reserve Act; not amended.]

10. Class A directors

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

[U. S. C., title 12, sec. 302. Part of original Federal Reserve Act; not amended.]

11. Class B directors

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

[U. S. C., title 12, sec. 302. Part of original Federal Reserve Act; not amended.]

12. Class C directors

Class C shall consist of three members who shall be designated by the Board of Governors of the Federal Reserve System. When the necessary subscriptions to the capital stock have been obtained for the organization of any Federal reserve bank, the Board of Governors of the Federal Reserve System shall appoint the class C directors and shall designate one of such directors as chairman of the board to be selected. Pending the designation of such chairman, the organization committee shall exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

[U. S. C., title 12, sec. 302. Part of original Federal Reserve Act; not amended.]

13. Senator or Representative ineligible

No Senator or Representative in Congress shall be a member of the Board of Governors of the Federal Reserve System or an officer or a director of a Federal reserve bank.

[U. S. C., title 12, sec. 303. Part of original Federal Reserve Act; not amended.]

14. Class B directors as employees of banks

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

[U. S. C., title 12, sec. 303. Part of original Federal Reserve Act; not amended.]

15. Class C directors as employees or stockholders of banks

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

[U. S. C., title 12, sec. 303. Part of original Federal Reserve Act; not amended.]

16. Nomination and election of class A and B directors

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

The Board of Governors of the Federal Reserve System shall classify the member banks of the district into three general groups or divisions, designating each group by number. Each group shall consist as nearly as may be of banks of similar capitalization. Each member bank shall be permitted to nominate to the chairman of the board of directors of the Federal reserve bank of the district one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nomi-

nated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each member bank. Each member bank by a resolution of the board or by an amendment to its by-laws shall authorize its president, cashier, or some other officer to cast the vote of the member bank in the elections of class A and class B directors: *Provided*, That whenever any two or more member banks within the same Federal reserve district are affiliated with the same holding company affiliate, participation by such member banks in any such nomination or election shall be confined to one of such banks, which may be designated for the purpose by such holding company affiliate.

[U. S. C., title 12, sec. 304. As amended by Acts of September 26, 1918 (40 Stat. 968); June 16, 1933 (48 Stat. 163).]

17. Preferential ballot

Within fifteen days after receipt of the list of candidates the duly authorized officer of a member bank shall certify to the chairman his first, second, and other choices for director of class A and class B, respectively, upon a preferential ballot upon a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each such officer shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate. No officer or director of a member bank shall be eligible to serve as a class A director unless nominated and elected by banks which are members of the same group as the member bank of which he is an officer or director.

[U. S. C., title 12, sec. 304. As amended by Act of September 26, 1918 (40 Stat. 968).]

18. Candidates serving more than one member bank

Any person who is an officer or director of more than one member bank shall not be eligible for nomination as a class A director except by banks in the same group as the bank having the largest aggregate resources of any of those of which such person is an officer or director.

[U. S. C., title 12, sec. 304. As added by Act of September 26, 1918 (40 Stat. 968).]

19. Counting the ballots

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 and the votes cast for the several candidates in the first column. The candidate then having a majority of the electors voting and the highest number of combined votes shall be declared elected. If no candidate have a majority of electors voting and the highest number of votes 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 then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

[U. S. C., title 12, sec. 304. As amended by Act of June 26, 1930 (46 Stat. 815).]

20. Class C directors; chairman and Federal reserve agent; deputy chairman

Class C directors shall be appointed by the Board of Governors of the Federal Reserve System. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and 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 he shall be required to maintain, under regulations to be established by the Board of Governors of the Federal Reserve System, a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Board of Governors of the Federal Reserve System 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 Board of Governors of the Federal Reserve System and paid monthly by the Federal reserve bank to which he is designated. One of the directors of class C shall be appointed by the Board of Governors of the Federal Reserve System as deputy chairman to exercise the powers of the chairman of the board when necessary. In case of the absence of the chairman and deputy chairman, the third class C director shall preside at meetings of the board.

[U. S. C., title 12, sec. 305. As amended by Act of June 21, 1917 (40 Stat. 232).]

21. Assistant Federal reserve agents

Subject to the approval of the Board of Governors of the Federal Reserve System, the Federal reserve agent shall appoint one or more assistants. Such assistants, who shall be persons of tested banking experience, shall assist the Federal reserve agent in the performance of his duties and shall also have power to act in his name and stead during his absence or disability. The Board of Governors of the Federal Reserve System shall require such bonds of the assistant Federal reserve agents as it may deem necessary for the protection of the United States. Assistants to the Federal reserve agent shall receive an annual compensation, to be fixed and paid in the same manner as that of the Federal reserve agent.

[U. S. C., title 12, sec. 306. As added by Act of June 21, 1917 (40 Stat. 232).]

22. Compensation and expenses of directors, officers, and employees

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 amounts shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers or employees shall be subject to the approval of the Board of Governors of the Federal Reserve System.

[U. S. C., title 12, sec. 307. Part of original Federal Reserve Act; not amended.]

23. Meetings of directors pending organization

The Reserve Bank Organization Committee may, in organizing Federal reserve banks, 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.

[Omitted from U. S. Code. Part of original Federal Reserve Act; not amended.]

24. Terms of directors; vacancies

At the first meeting of the full board of directors of each Federal reserve bank, 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. 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.

[U. S. C., title 12, sec. 308. Part of original Federal Reserve Act; not amended.]

SECTION 5. STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL**1. Amount of shares; increase and decrease of capital; surrender and cancelation of stock**

Sec. 5. 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. Shares of the capital stock of Federal reserve banks