## THURSDAY, JANUARY 1, 1914.

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### PLATTSMOUTH SEMI-WEEKLY JOURNAL

it may prescribe, subject to the pro- ernor and one as vice governor of the bank shall add an amount equal to visions of this section, may permit [federal reserve board. The governor] said tax to the rates of interest and the applying bank to become a stock- of the federal reserve board, subject discount fixed by the federal reserve holder in the federal reserve bank of to its supervision, shall be the acting board. the district in which the applying executive officer. The secretary of the bank is located. Whenever the organization committee or the federal partment of the treasury for the use reserve board shall permit the apply- of the federal reserve board. Each and retirement of federal reserve ing bank to become a stockholder in member of the federal reserve board notes, and to prescribe rules and reguthe federal reserve bank of the district, stock shall be issued and paid of appointment, make and subscribe be delivered by the comptroller to the for under the rules and regulations in | to the oath of office. this act provided for national banks which become stockholders in federal wer to levy semannually upon the reserve banks.

federal reserve board shall establish sessment sufficient to pay its estimated bylaws for the general government of expenses and salaries of its members its conduct in acting upon applications and employees for the half year sucmade by the state banks and banking associations and trust companies for stock ownership in federal reserve banks. Such bylaws shall require applying banks not organized under federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the federal reserve board. No applying bank shall be admitted to memoership in a federal reserve bank unless it possesses a paid up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking act.

Any bank becoming a member of a federal reserve bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks and the with drawal or impairment of capital or the payment of uncarned dividends and to such rules and regulations as the federal reserve board may in pursuance thereof prescribe.

Such banks and the officers, agents and employees thereof shall also be subject to the provisions of and to the penalties prescribed by sections 5198, 5200, 5201 and 5208 and 5209 of the revised statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller as provided in section 5211 and 5212 of the revised statutes, and shall be subject to the penalties prescribed by section 5213 for the failure to make such report.

under such rules and regulations as designated by the president as gov- by the reserve bank, but the reserve cial purposes of the proceeds of which treasury may assign offices in the de- the bureau under the charge of the shall within fifteen days after notice

The federal reserve board shall have for. federal reserve banks in proportion to The organization committee or the their capital stock and surplus an as ceeding the levying of such assessment. together with any deficit carried forward from the preceding half year. The first meeting of the federal reserve board shall be held in Washington. District of Columbia, as soon as muy 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 nember of the federal reserve board shall be an officer or director of any bank, banking institution, trust company or federal reserve bank nor hold stock in any bank, banking institution or trust company, 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 regularement. Whenever a vacancy shall occur other than by expiration of term among the six 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 he shall hold office for the unexpired term of the member whose place he is selected to fill.

## PRESIDENT TO FILL ALL VACANCIES

The president shall have power to 411 all vacancies that may happen on the federal reserve board during the recess of the senate by granting commissions which shall expire thirty days after the next session of the senate convenes.

Nothing in this act contained shall be construed as taking away any powers | the board. All salaries and fees shall heretofore vested by law in the secre- be fixed in advance by said board and DISCOUNT OBLIGATIONS tary of the treasury which relate to shall be paid in the same manner as

(d) To supervise and regulate through comptroller of the currency the issue federal reserve agents applying there-

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section 20 of this act, or to reclassify existing reserve and central reserve cities or to terminate their designation as such.

(f) To suspend or remove any officer bank, the cause of such removal to be the federal reserve board to the removed officer or director and to said

bank. (g) To require the writing off of books and balance sheets of federal reserve banks.

(h) To suspend, for the violation of any of the provisions of this act, the operations of any federal reserve bank. to take possession thereof, administer the same during the period of suspenliquidate or reorganize such bank. (i) To require bonds of federal re-

serve agents, to make regulations for the safeguarding of all collateral, discounts are made. bonds, federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions or sary to enable said board effectively to perform the same.

(i) To exercise general supervision over said federal reserve banks. (k) To grant by special permit to na- values.

tional banks applying therefor, when not in contravention of state or local scribe.

ployees as may be deemed necessary stock and surplus. to properly conduct the business of

while comm have been used or are to be used for (e) T such purposes, the federal reserve federal board to have the right to determine

or define the character of the paper purpose thus eligible for discount within the federal meaning of this act. Nothing in this maintain countries act contained shall be construed to prohibit such notes, drafts and bills of establish wheresove exchange secured by staple agricullations under which such notes may tural products or other goods, wares purpose of lecting billing, selling and color merchandise from being eligible for such discount, but such definition shall

ment throughthout its indorsenot include notes, drafts or bills covering merely investments or issued or agencies, bil correspondents or which have reial transactions drawn for the purpose of carrying or of actual trading in stocks, bonds or other investment securities except bonds and to run and notes of the government of the United of two or motor the signature States. Notes, drafts and bills admit-

ted to discount under the terms of this GOVERNMENPOSITS paragraph must have a maturity at the time of discount of not more than

ninety days, provided that notes, or director of any federal reserve drafts and bills drawn or issued for agricultural purposes or based on live forthwith communicated in writing by stock and having a maturity not exgeneral fund of ceeding six months may be discounted in an amount to be limited to a pertion of outstandin

centage of the capital of the federal reserve bank, to be ascertained and doubtful or worthless assets upon the fixed by the federal reserve board. Any federal reserve bank may discount acceptances which are based on

tary of the treasury the importation or exportation or dofederal reserve bank mestic shipment of goods and which when required by the have a maturity at time of discount of treasury, shall act as not more than three months and inthe United States, of dorsed by at least one member bank. of the government or sion and when deemed advisable to The amount of acceptances so dismay be deposited in counted shall at no time exceed onedisbursements may be half the paid up capital stock and surdrawn against such deft plus of the bank for which the re-No public funds of Islands or of the postal

The aggregate of such notes and government funds shall bills bearing the signature or indorsein the continental Units ment of any one person, company or any bank not belonging t firm or corporation rediscounted for established by this act: pri services specified in this act and to any one bank shall at no time exceed make all rules and regulations neces- 10 per centum of the unimpaired capiconstrued to depy the rit tal and surplus of said bank, but this secretary of the treasury to restriction shall not apply to the dis- ber banks as depositories.

count of bills of exchange drawn in good faith against actually existing

Any member bank may accept drafts be issued at the discretion or bills of exchange drawn upon it federal reserve board for th law, the right to act as trustee, ex- and growing out of transactions inof making advances to federa ecutor, administrator or registrar of volving the importation or exportation banks through the federal stocks and bonds under such rules and of goods having not more than six regulations as the said board may pre- months sight to run, but no bank shall thorized. The said notes shall accept such bills to an amount equal

(b) To employ such attorneys, ex- at any time in the aggregate to more perts, assistants, clerks or other em- than one-half of its paid up capital

fixed with a view of ac- GOLD DEPOSITS FOR NOTE REDEMPTION

mimerce and business;

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Sec. 15. The

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Note Issues.

Sec. 16. Federal reserve

accounts in foreign correspondents and in such countries such bank, but in no event less than 5 change, and to buy change arising out inbefore required. The bound shall the federal reserve bans. have the right, acting through the fedthan ninety days eral reserve agent, to grant in whole or in part or to reject entirely the ap-

plication of any federal reserve bank for federal reserve notes, but to the extent that such application may be IN BVE BANKS granted the federal reserve board duill, through its local federal reserve

held in the asury, except shall be charged with the amount of such notes and shall pay such rate the redempof laterest on said amount as may be d bank notes established by the federal reserve this act for. board, and the amount of such fedeserve notes eral reserve notes so issued to any the secresuch bank shall upon delivery, together with such notes of such federal remosted in serve bank as muy be issued under di banks section 18 of this act upon security of ry of the United States 2 per centum governgents of revenue t thereof inks and ! hank

Any federal reserve bank may at any y checks time reduce its limbility for outstand ing federal reserve notes by depositing with the federal reserve agent its OF 2113 federal reserve notes, gold, gold cernasited tificates or lawful money of the Unitties in ed States. Federal reserve notes so rstem deposited shall not be reissued exceptever, that nothing in this Jul be upon compliance with the conditions theof an original issue.

The federal reserve agent shall hold such gold, gold certificates or lawfai, momey 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 trensury the federal reserve board shall require the federal reserve agent agents as hereinafter set for 1 to transmit so much of said gold to for no other purpose are here the treasury of the United States as may be required for the exclusive purligations of the United States pose of the relempilon of such notes. shall be receivable by all national Any federal reserve bank may at its member banks and federal rebanks and for all taxes, customs discretion withdraw collateral depositother public dues. They shall be ed with the local federal reserve agent deemed in gold on demand at the trefor the protection of his federal reserve

drawn by any depositor in any other federal reserve bank or member bank upon funds to the credit of said depositor in suid reserve hank or member bank. Nothing herein contained shall

The federal reserve board shall re- be construed as prohibiting a member quire each federal reserve bank to bank from imrging its actual exmaintain on deposit in the trensury of pense in collecting and remitting the United States a sum in gold sume funds or for exchange add to its paclent in the judgment of the secretary trons. The federal reserve board shall of the treasury for the redesuption of by rule fix the charges to be calle-ter. the federal reserve notes based to by the member burles from its petronwhose checks are cleared through the per centum, but such deposit of gold tederal reserve bank and the character shall be counted and included as part which may be imposed for the service of the 40 per centum reserve here- of clearing or collection rendered by

# FUNCTIONS OF A CLEARING HOUSE

The federal reserve board shall make and promulgate from time to time red ulations governing the transfer of the bank so applying, and such bank funds and charges therefor mmong fed eral reserve hanks and their branches and may at its discretion exercise the functions of a clearing house for such federal reserve femles or may desiginte a federal resorve bunk to exercise such functions and may also require each such bank to exercise the functions of a clearing house for its men-

ber hittiks. Sec. 17. So much of the provisions of section 5150 of the revised statutes of the United States and secmount lien on all the assets of such tion 4 of the act of June 25, 1874, and and of may other provisions of existing statutes as require that before any national familing association shall be unthorized to commence bunking business it shall transfer and deliver to the treasurer of the I nited States a stated amount of United States registered bonds he and the same is hereby re-

perfed. Sec. 18. After two years from the passage of this act and at any time during a period of twenty years glaveafter any nember bunt desiring to retire the whole or may part of its circulating noises muy file with the treasurer of the United States an upplication to sell for his account, at par and accrued interest, United States hands securing circulation to be pre-

tired. The treasurer shall at the end of each quarterly period furnish the federal resource hourd with a list of such applications, and the federal reserve bound many in its discretion require the federal reserve banks to purchase such bonds from the banks whose applies tions have been filed while the trensnew at least ten days before the end

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If at any time it shall appear to the federal reserve board that a member bank has failed to comply with the provisions of this section or the regulations of the federal reserve board. it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the federal reserve bank; upon such surrender the federal reserve bank shall pay the cash paid subscriptions to the said stock, 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 of the congress. thereof, less any liability to said federal reserve bank, 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 bank 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.

FEDERAL BOARD OF SEVEN MEMBERS

Sec. 10. 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 five members appointed by the president of the United States, by and with the advice and necessary. The said board shall pubconsent of the senate. In selecting the five appointive members of the federa! 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 five 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 \$12,000, payable monthly, together with actual necessary traveling expenses, and the comptroller of the currency. as ex officio member of the federal reserve board, shall, in addition to the salary now paid him as comptroller of the currency, receive the sum of \$1,000 annually for his services as a member of said board. 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 in any member bank. Of the five members thus appointed by the president at least two shall be persons experienced in banking or finance. One shall be designated by the president to serve for two, one for four, one for six, one for eight, one for ten, and thereafter each member so appointed shall serve for a term of | Insiy of not less than 11/2 per centum ten years unless sooner removed for upon each 21/2 per centum or fraction cause by the president. Of the five thereof that such reserve fails below

the supervision, management and conthe salaries of the members of said trol of the treasury department and board. All such attorneys, experts, bureaus under such department, and assistants, clerks and other employees wherever any power vested by this act shall be appointed without regard to in the federal reserve board or the fedthe provisions of the act of Jan. 16, eral reserve agent appears to conflict 1883 (volume 22, United States statwith the powers of the secretary of utes at large, page 403), and amendthe treasury such powers shall be exments thereto or any rule or regulaercised subject to the supervision and tion made in pursuance thereof. control of the secretary.

The federal reserve board shall annually make a full report of its opera-FEDERAL ADVISORY tions to the speaker of the house of representatives, who shall cause the same to be printed for the information

Sec. 12. There is hereby created a Section 324 of the revised statutes federal advisory council, which shall of the United States shall be amended consist of as many members as there so as to read as follows: "There shall are federal reserve districts. Each be in the department of the treasury a bureau charged with the execution of federal reserve bank by its board of all laws passed by congress relating to directors shall annually select from the issue and regulation of national its own federal reserve district one currency secured by United States member of said council, who shall rebonds and, under the general superviceive such compensation and allowsion of the federal reserve board, of all federal reserve notes, the chief of- ances as may be fixed by his board of ficer of which bureau shall be called directors subject to the approval of the comptroller of the currency and the federal reserve board. The meetshall perform his duties under the genings of said advisory council shall be eral directions of the secretary of the held at Washington, District of Columbia, at least four times each year

FEDERAL RESERVE BOARD'S DUTIES tion to the meetings above provided for hold such other meetings in Washington, District of Columbia, or else-

treasury."

Sec. 11. The federal reserve board where, as it may deem necessary, may shall be authorized and empowered: select its own officers and adopt its (a) To examine at its discretion the own methods of procedure, and a maaccounts, books and affairs of each jority of its members shall constitute federal reserve bank and of each mema quorum for the transaction of busiber bank and to require such stateness. Vacancies in the council shall be ments and reports as it may deem filled by the respective reserve banks. and members selected to fill vacancies lish once each week a statement showshall serve for the unexpired term. ing the condition of each federal re-The federal advisory council shall serve bank and a consolidated statehave power by itself or through its ment for all federal reserve banks. Such statements shall show in detail officers (1) to confer directly with the federal reserve board on general busithe assets and liabilities of the federal reserve banks, single and combined, ness conditions, (2) to make oral or written representations concerning mat-

and shall furnish full information reters within the jurisdiction of said garding the character of the money held as reserve and the amount, naboard, (3) to call for information and ture and maturities of the paper and to make recommendations in regard to other investments owned or held by discount rates, rediscount business, federal reserve banks. note issues, reserve conditions in the (b) To permit or on the affirmative various districts, the purchase and vote of at least five members of the sale of gold or securities by reserve

reserve board to require federal rebanks, open market operations by said serve banks to rediscount the discountbanks and the general affairs of the ed paper of other federal reserve reserve banking system. banks at rates of interest to be fixed

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 exceeding fifteen days, any 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 hereinafter specified; and provided, further, that when the gold ber or other federal reserve banks paynotes falls below 40 per centum, the federal reserve board shall establish a able upon presentation. graduated tax of not more than 1 per Upon the indorsement of any of its centum upon such deficiency until the member banks, with a waiver of dereserves fall to 321/2 per centum, and when said reserve falls below 3212 per centum, a tax at the rate increascount notes, drafts and bills of exOF MEMBER BANKS

Section 5202 of the revised statutes of the United States is hereby amended so as to read as follows: No 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: COUNCIL CREATED

First .- Notes of circulation. Second .- Moneys deposited with or collected by the association.

Third. - Bills of exchange or drafts drawn against money actually on dedue thereto.

Fourth. -- Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth .-- Liabilities incurred under the provisions of this act. The rediscount by any federal reserve bank of any bills receivable and notes issued to If. of domestic and foreign bills of exchange and of acceptances authorized by this act shall be subject to such remoney of not less than 35 per centum strictions, limitations and regulations and oftener if called by the federal re as may be imposed by the federal regold of not less than 40 per centum serve board. The council may in addi- serve board.

## **Open Market Operations.**

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, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this act made eligible for rediscount with or without the indorsement of a member bank.

Every federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange federal reserve notes for gold, gold coin or gold certificates and to contract for loans of shall be paid out of the redemption provided for. gold coin or bullion, giving therefor, fund and returned to the federal rewhen necessary, acceptable security. including the hypothecation of United federal reserve banks are authorized to hold:

bonds and notes of the United States warrants with a maturity from date may receive from any of its member of purchase of not exceeding six posits of current funds in lawful mon- collection of taxes or in anticipation of or gold certificates, and such federal ey, national bank notes, federal reserve the receipt of assured revenues by any notes or checks and draft's upon mem- state, county, district, political subdiber banks, payable upon presentation vision or municipality in the contior solely for exchange purposes may hental United States, including irrigareceive from other federal reserve tion, drainage and reclamation disbanks deposits of current funds in law- tricts, such purchases to be made in acful money, national bank notes or cordance with rules and regulations reserve held against federal reserve, checks and drafts upon solvent mem- prescribed by the federal reserve board:

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising mand notice and protest by such bank. out of commercial transactions as any federal reserve bank may dis- hereinbefore defined;

(d) To establish from time to time. change arising out of actual commer- subject to review and determination cial transactions -that is, notes, drafts of the federal reserve board, rates of turned by the federal reserve accents to and bills of exchange issued or drawn discount to be charged by the federat the comptroller of the currency for

ury department of the United Stanotes deposited with it and shall at In the city of Washington, District the same time substitute therefor oth-Columbia, or in gold or lawful moner like collateral of equal amount with he approval of the federal reserve

at any federal reserve bank. Any federal reserve bank may main ent under regulations to be preapplication to the local federal reservitibed by the federal reserve board. agent for such amount of the federain order to furnish suitable notes reserve notes hereinhefore provided circulation as federal reserve notes for as it may require. Such applica- comptroller of the currency shall, fer the direction of the secretary of tion shall be accompanied with a tentreasury, cause plates and dies to der to the local federal reserve agent manyed in the hest manner to of collateral in amount equal to the sum of the federal reserve notes thus applied for and issued pursuant to such application. The collateral secarity thus offered shall be notes and bills accepted for rediscount under the provisions of section 13 of this act, therat reserve banks. Such notes and the federal reserve agent shall shale in form and tenor as directposit to the credit of the association or each day notify the federal reserve ed the secretary of the treasury board of all issues and withdrawals undine provisions of this net and of federal reserve notes to and by the shallar the distinctive numbers of federal reserve bank to which he is the eral federal reserve banks accredited. The said federal reserve throughlich they are issued.

I against counterfeits and fraudalterations and shall have printtherefrom and numbered such dities of such notes of the de-Pations of \$5, \$10, \$20, \$50, as may be required to supply

Whisuch notes have been preboard may at any time call upon a puredby simil be deposited in the federal reserve bank for additional setreasury in the subtreasury or mint curity to protect the federal reserve of the tod States neurest the place of budge of each federal reserve Every federal reserve bank shall

maintain reserves in gold or lawful such businet to the order of the comptro of the currency for their against its deposits and reserves in delivery, provided by this act. The pla and dies to be procured

against its federal reserve notes in piroller of the currency by the actual circulation and not offset by Ating of such circulating for the gold or lawful money deposited with notes shalomain under his control the federal reserve agents. Notes and directs and the expenses necesso paid out shall bear upon their sarily inculy in executing the inws faces a distinctive letter and certai relating to procuring of such notes number, which shall be assigned by and all oth expenses incidental to the federal reserve board to each fed- their issue a retirement shall be eral reserve bank. Whenever federal reserve notes issued through one fed- the federal reve board shall include be promptly returned for credit or resufficient number to cover the exdemption to the federal reserve bank penses herein neided for.

through which they were originally is-The examinate of plates, dies, last sued. No federal reserve bank shall pieces, and so the, and regulations pay out notes issued through another relating to such a under penalty of a tax of 10 per centum | dies and so for of national hangeupon the face value of notes so paid notes provided fin section 5174, reout. Notes presented for redemption vised statutes, increby extended to at the treasury of the United States include federal

Any appropriation heretofore made serve banks through which they were out of the general mids of the treasoriginally issued, and thereupon such | ury for engraving area and des, the States bonds or other securities which federal reserve bank shall, upon de- purchase of distla mand of the secretary of the treasury, cover any other express in connection now provided by law. They shall be reimburse such redemption fund in with the printing lawful money, or if such federal re- noirs or notes provi serve notes have been redeemed by of May 30, 1908, and any distinctive notes except that they shall not be fimand bills, notes, revenue bonds and the treasurer in gold or gold certifi- paper that may he on and at the time ited to the amount of the capital stork cates then such funds shall be reim- of the pussign of this et may be used bursed to the extent deemed necessary in the discretion of the secretary for them banks and from the United States de- months, issued in anticipation of the by the secretary of the treasury in gold the purposes of this at, and should the appropriations here fore made he insufficient to meet the requirements reserve bank shall, so long as any of of this not in addition to circulating its federal reserve notes remnin outnotes provided for by est-fina standing, maintain with the treasurer the secrectary is horeby bethorized to in gold an amount sufficient in the use so much of any funds in their judgment of the secretary to provide ury not otherwise appropriated ( for all redemptions to be made by the purpose of furnishing the notes treasurer. Federal reserve notes remold: Provided, however, that nothing ceived by the treasury otherwise than in this section contained shall for redemption may be exchanged for strued us excepting mathemat femily gold out of the redemption fund hereinafter provided and returned to the bility to reinfature the United States reserve bank through which they were for any expenses incurred in printing turned to such hank for the credit of and issuing circulating notes, the United- States Federal reserve

Every federal reserve lain's staff renotes unfit for circulation shall be re-

of any quirterly period at which the foliant reserve hourd may direct the purchase to be made:

Provided, that federal reserve banks shall not be permitted to purchase an amount to exceed \$25,000,000 of such bonds in mny one year, and which amount shill include bounds acquired under section 4 of this not by the fedoral reserve hank.

Provided, further, that the federal reserve bound shall allot to each fedemi reserve bank such properties of such bonds as the capital and surplus of such bank shall bear to the asteregate capital and surplus of all the fed eral reserve bonks.

Upon notice from the treasurer of the amount of bonds on sold for its meconint. each member brack shall duly assign and transfer, in writing, such bends to the federal reserve batik purchasing the name, 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 bands bank, a shall be held for the use of any bulance due after deducting a sufficient sum to redeom its outstanding notes secured by such bonds, which notes shall be canceled and permaneutly refired when referened.

> The federal reserve banks purchasing such bonds shall be required to: take out an amount of circulating notes equal to the par value of such Incruels

Upon the deposit with the treasurer of the United States of bonds so parchased, or any bonds with the circulatpubl by the beat reserve bunks, and ing privilege acquired under section. 4 of this act, any federal reserve eral reserve bank shall be received by in its dating of expenses levied bank multing such deposit in the mananother federal reserve bank they shall against the foral reserve banks a ner provided by existing law shall be entitled to receive from the comptrotler of the currency circulating notes in blank, registered and countersigned an provided by law, equal in amount in mination of plates, the pur value of the bunds so deposited. Such notes shall be the obligations of the federal reserve bank precuring the same, and shall be in form prescribed by the secretary of the erve notes herein treasury, and to the snuss tenor and effect an mitional bank notes now provided by inw. They shull be issued and redeemed under the same terms ve paper or to and conditions as noticized hand motes. national bank formed and reductored mader the atthe I for by the act | terms and conditions as unformal bank

> of the federal resorve bank tearing Upon application of any federal reserve hand, approved by the federal reserve band, the servicery of the trensury may issue in eachange for United States 2 per sensing good bounds bearing the circulation privilege, but against which no circulation is supstanding, one year good totes of the United States without the eleculation privilege to an amount not to except one-full of the 2 per century bonds or federal reserve builds from ther Has so tendered for exchanges, and thirty year 3 per centum gold bonds without the circulation privilege for the remainler of the 2 per centum bonds. so tendered; provided, that at the time ceive on deposit at par frem usening of such exchange the federal resorver banks or from federal reserve lambs bank obtaining such one your gold checks and drafts drawn them may of notes shall miner into an obligation

a law.

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(b) To buy and sell at home or abroad

Powers of Federal Reserve Banks. Sec. 13. Any federal reserve bank

