

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.

Section 12. That the federal reserve board hereinafter 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 the several institutions, 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 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 hereinafter specified, such tax to be uniform in its application to all banks; but said board shall not suspend the reserve requirements with reference to federal reserve notes.

(d) To supervise and regulate the issue and retirement of federal reserve notes and to prescribe the form and tenor of such notes.

(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 twenty of this act; or to reclassify existing reserve and central reserve cities and to designate the banks therein situated as country banks at its discretion.

(f) To suspend the officials of federal reserve banks and, for cause stated in writing with opportunity of hearing, require the removal of said officials for incompetency, dereliction of duty, fraud, or deceit, such removal to be subject to approval by the president of the United States.

(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.

(i) To perform the duties, functions, or services specified or implied in this act.

FEDERAL ADVISORY COUNCIL

Section 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.

REDISCOUNTS

Section 14. That any federal reserve bank may receive from any of its stockholders or, solely for exchange purposes, from other federal reserve banks deposits of current funds in lawful money, national bank notes, federal reserve 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; 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, nor shall anything herein contained 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. Notes and bills admitted to discount under the terms of this paragraph must have a maturity of not more than ninety days.

Upon the indorsement of any member bank any federal reserve bank may discount the paper of the classes hereinafter described having a maturity of more than sixty 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 exportation or importation 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 amounts so discounted shall at no time exceed one-half the capital 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, com-

pany, 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.

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.

OPEN-MARKET OPERATIONS

Section 15. That any federal reserve bank may, under rules and regulations prescribed by the federal reserve board, purchase and sell in the open market, 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, and to contract for loans of gold coin or bullion, giving therefore, 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 have not exceeding ninety days to run and must bear the signature of two or more responsible parties, of which the last shall be that of a member bank; (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 bank for each class of paper, which shall be fixed with a view of accommodating the commerce of the country; and (e) with the consent of the federal reserve board, to open and maintain banking accounts in foreign countries and establish agencies in such countries wheresoever 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 commercial transactions which have not exceeding ninety days to run and which bear the signature of two or more responsible parties.

GOVERNMENT DEPOSITS

Section 16. That all moneys now held in the general fund of the treasury shall, upon the direction of the secretary of the treasury, within twelve months after the passage of this act, be deposited in federal reserve banks, which banks 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 shall be made by checks drawn against such deposits.

The secretary of the treasury shall, subject to the approval of the federal reserve board, from time to time, apportion the funds of the government among the said federal reserve banks, distributing them, 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 regu-

larly 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 a rediscount operation 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.

NOTE ISSUES

Section 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 treasury notes hereinafter provided for as it may deem best. Such application shall be accompanied with a tender to the local federal reserve agent of collateral security to protect the notes for which application is made equal in amount to the sum of the notes thus applied for. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of sections 14 and 15 of this act, and the federal reserve agents 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 hereinafter 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 treasury notes. 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 through which they were originally issued, or shall be charged off 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 so paid out. Notes presented for redemption at the treasury of the