The New Federal Reserve Bank Law

Wash., July 21—For the convenience of member banks the Federal Reserve Board has prepared and transmits herewith a compilation of the Federal Reserve Act and all of the various amendments thereto. In order however, that the change made in the law by the most recent amendment, the Act approved June 21, 1917, may be more easily considered by member banks, the Board has prepared the following synopsis:

W. P. G. Harding, Governor.
H. Parker Willis, Secretary.

SYNOPSIS OF ACT APPROVED JUNE 21, 1917.

1. Branches of Federal Reserve Banks.

Section 3 of the Federal Reserve Act is amended so as to authorize the Board to permit or require Federal Reserve Banks to establish branch banks within its districts and provides that the number of directors of such branches shall at the option of the Board be not more than seven nor less than three.

2. Assistants to Federal Reserve Agents.

Section 4 of the Federal Reserve Act is amended so as to provide for the appointment of assistants to the Federal Reserve Agent who shall have power to act in his name and stead during his absence or disability. The office of Deputy Federal Reserve Agent formerly held by one of the class C directors is abolished.

3. Membership of State Banks and Trust Companies.

Section 9 of the Federal Reserve Act relating to the admission of State banks and trust companies of the Federal Reserve System is amended so as to provide that, subject to the provisions of the Federal Reserve Act and to the regulations of the Board made pursuant thereto, any State bank or trust company which becomes a member of the Federal Reserve System shall retain its full charter and statutory right and may continue to exercise all corporate powers granted to it by the State in which it was created and shall be entitled to all the privileges of member banks: Provided, however, That no Federal Reserve Bank may discount for such a member bank any note, draft, or bill of exchange of any one borrower who is liable to the member bank for more than 10 per cent if its capital and surplus.

State banks and trust companies which are member banks are made subject to examinations made by direction of the Federal Reserve Board or of the Federal Reserve Bank by examiners selected or approved by the Federal Reserve Board. Examinations by State authorities when approved by the directors of the Federal Reserve Bank may be accepted in lieu of examinations by examiners approved by the Federal Reserve Board. Reports of condition and of payments of dividends must be made to the Federal Reserve Bank instead of the Comptroller of the Currency as in the past. State banks and trust companies which have become member banks are authorized to withdraw from the Federal Reserve System after six months' written notice.

4. Clearing and Collection for Nonmember Banks.

Section 13 of the Federal Reserve Act is amended so as to authorize Federal Reserve Banks soley for purposes of exchange or of collection, to receive deposits of currency, checks, drafts, and maturing notes or bills from any nonmember banks or trust company which maintains with the Federal Reserve Bank a balance sufficient to offset the items in transit held for its account by the Federal Reserve Bank. This section also authorizes any member bank to make reasonable charges to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per hundred dollars or fraction thereof for the collection or payment of checks and drafts and remission therefor by exchange or otherwise. Federal Reserve Banks, however, are not subject to these charges.

5. Acceptances by Member Banks.

Section 13 is further amended so as to authorize the Federal Reserve Board to permit member banks to accept drafts and bills of exchange drawn against shipments of goods or against warehouses receipts covering readily marketable staples up to 100 per cent of the capital and surplus of the accepting bank.

6. Foreign Agencies of Federal Reserve Banks.

Section 14, subsection (e), of the Federal Reserve Act is amended so as to authorize the Federal Reserve Board to give its consent to or require reserve banks to open and maintain accounts in foreign countries, etc., and also to provide for participation accounts.

7. Issue of Federal Reserve Notes Against Gold.

Section 16 of the Federal Reserve Act is amended so as to authorize the issue of Federal Reserve notes upon the security of gold or gold certificates and so as to provide that gold or gold certificates held by the Federal Reserve Agent as collateral security shall be counted as part of the gold reserve which the Federal Reserve Bank is required to maintain against its notes in actual circulation. This section is amended also to authorize the issue of Federal Reserve notes on the security of the 15-day notes of member banks secured by eligible commercial paper or by bonds or notes of the United States.

8. Deposits of Gold with the Treasurer or Assistant Treasurer.

Section 16 of the Federal Reserve Act is amended so as to authorize the Treasurer or any assistant Treasurer of the United States to receive deposits of gold or gold certificates when tenrered by any Federal Reserve Bank or Federal Reserve Agent for credit to its or his account with the Federal Reserve Board.

9. Deposits of Government Bonds with the Treasurer.

Section 17 of the Federal Reserve Act is amended so as to repeal any provision of law requiring any national bank to maintain a minimum deposit of bonds with the Treasurer of the United States.

10. Reserve.

Section 19 of the Federal Reserve Act is amended so as to provide for an immediate transfer of all reserves to Federal Reserve Banks. Under this section, as amended, the total amount of reserves to be maintained by a member bank must be carried with the Federal Reserve Bank of its distict. The amount of these reserves is as follows:

	Demand deposits.	Time deposits.
	Per cent	Per cent
Country Banks	7	3
Reserve city banks	10	3
Central reserve city banks	13	3

Member banks are no longer required to maintain any reserves in their own vaults.

11. Salaries or Fees of Directors, Officers, or Employees.

Section 22 of the Federal Reserve Act, relating to the ialaries of fees paid to officers, directors, or employees of member banks, is amended by the addition of provisos to the effect that directors, officers, employees, or attorneys shall not be prohibited from receiving the same rates of interest paid to other depositors of the bank, and that notes, drafts, bills or other evidences of debts executed or indorsed by directors or attorneys of the bank may be discounted with such bank on the same terms and conditions as other notes, drafts, or bills, or other evidences of debt upon the affirmative vote or written assent of a majority of the members of the board of directors of such member bank.

Picnic Leaves Reminders

Portland, Ore., Aug. 14—Sunburned arms and legs and arms that still protest against baseball playing and races are today presistent, but withall pleasant, reminders of the picnic yesterday of the Portland Transportation Club at Bonneville. Seattle, Spokane and Sa Francisco railroads men were represented at the picnic.

Loganberry Juice for Victoria

Victoria, B. C., Aug. 14—Victoria may get a loganberry juice factory. H. S. Gile, of the Pheasant Fruit Juice company of Salem, Ore., has been in close touch with Industrial Commissioner Armstrong here for some time relative to the establishment of a plant.

The Oregon concern has shipped large quantities of loganberry products to Canada, paying a large import duty. The company now proposes to encourage loganberry growing on Vancouver island and establish a plant in or near Victoria.

Loganberry juice is becoming exceedingly popular in the dominion.