ELASTIC RESERVE FUND FEATURE OF CURRENCY LAW

Regional Reserve Banks, Dominated by Federal Reserve Board and Acting With Advisory Council, Permitted to Issue Notes Against Commercial Collateral When Found Necessary.

ASHINGTON, Dec. 27.—The full text of the new currency law, features of which are provisions for currency issues, taxable on a sliding scale and based on commercial callateral, and for loans on farm mortgages, is as follows:

Be it enacted by the Senate and House of Representatives of the United States such an immount of said stock as add committee shall be the "Federal Reserve Act."

Wherever the word "bank" is used in this act, the word shall be held to include state Sank, banking association, and trust company, except where National banks pr Federal reserve banks are specifically referred to.

The terms "National bank" and "National banking association" used in this act, the word shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any National banks passociation" used in this act shall be held to mean any National banks passociation" used in this act shall be held to mean any National banks 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 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 Federal reserve board; the term "district" shall be held to mean Federal reserve banks.

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The provide the amount of capital all of the organization committee white shall be constructed as the organization committee shall be constructed as the provide the amount of reserve data to such that are puriously and the transfers of said stock as add committee shall be constructed as the provide the referring the provide Washington, Dec. 27.—The full or more of them, be, in the judgment of the first of the new currency law, of the organization committee, insufficient to provide the committee of the c

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BRIEF OUTLINE OF PROVISIONS OF BILL THAT REVOLUTIONIZES CURRENCY SYSTEM OF UNITED STATES.

Country to be divided into eight to 12 districts, each containing a Federal reserve city in which a reserve bank shall be located. National banks participating in each district are required to subscribe to the capital stock of the Federal reserve bank a sum equal to 6 per cent of its paid-up capital and surplus one-sixth to be paid on call, one-sixth within three months, one-sixth within six months, and the remainder when deemed necessary.

remainder when deemed necessary.

National banks failing to participate within one year will forfeit their charters.

If bank subscriptions to Federal reserve bank stock prove in the judgment of the organization committee to be inadequate, the committee is to offer stock to the public at par. No one other than a member bank shall hold more than \$25,000 of the stock. Stock not held by member banks has no voting power. Federal reserve banks are required to have a subscribed capital of at least \$4,000,000.

Directors of Federal reserve banks are divided into three classes, as follows: A, three chosen by the stockholding banks: B, three actively engaged in commerce, agriculture or some other industrial pursuit: C, three members designated by the Federal Reserve Board.

Members of Congress are prohibited from being members of the Reserve Board or a director or officer of any reserve bank. Directors of Classes A and B are to be chosen by groups. Class C directors are prohibited from holding office in any bank.

Stockholders of Federal reserve banks are entitled to 6 per cent dividends, if earned, on a cumulative basis. After dividends have been met, all the net earnings shall go to the United States as a franchise tax, except that half the net earnings shall go to surplus until a surplus of 40 per cent has been created.

Extensive powers of supervision are given to the Federal Reserve Board. These include the power to

Extensive powers of supervision are given to the Federal Reserve Board. These include the power to examine all books of member banks; to permit or require Federal reserve banks to rediscount the paper of other Federal reserve banks at rates to be fixed by the Board; to suspend the reserve requirements, subject to a graduated tax; to supervise the issuance of Federal reserve notes and to suspend member banks and take possension of them for violations of the act.

A Federal advisory council, of one member from each district, is created, with power to make recommendations and call for information as to discount rates, note issues, reserve conditions, and so forth. Reserve banks are empowered to discount actual business paper, the Reserve Board determining the character of paper thus eligible. Maturity at the time of discount must not be distant more than 90 days, except that agricultural paper of a maturity not exceeding six months may be accepted to a limited proportion, fixed by the Reserve Board.

Federal reserve banks are permitted to deal in the open market, either at home or abroad, in various securities made eligible by the act for rediscount.

Federal reserve notes are to be Issued in discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks. The notes are redeemable in gold on demand and are legal tender of collateral of the full amount. The Board is empowered at any time to call for additional collateral security.

which the same is divided, the same is divided or gold certificates.

The shareholders of every Federal reserve bank shall be held individually seponsible, equally and ratably, and not one for another, for all contracts, the striped of the stitut of the

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speckholder in the Federal reserve bank of the district in which the applying bank is located. Whenever the organization committee or the Federal reserve board shall permit the applying bank to become a stockholder in the Ederal reserve bank and public for under the rules and regulations in this act provided for National banks which become stockholders in Federal reserve banks.

The organization committee or the Federal reserve banks.

The organization committee or the Federal Reserve Hoard shall establish bylaws for the general government of its conduct in acting upon applications made 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 Reserve Hoard.

Any bank becoming a member of a Federal Reserve Board shall any paired capital sufficient to entitle it to become a National banking act.

Federal Laws Extended.

Any bank becoming a member of a Federal reserve bank under the provisions of the National banking act.

Federal Laws Extended.

Any bank becoming a member of a Federal reserve Board of the Congress.

Section 324 of the Revised Statutes of the Federal Reserve Board of the Congress.

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permit the applying bank to become a on the Federal Reserve Board during stockholder in the Federal reserve the recess of the Senate, by granting bank of the district in which the applying bank is located. Whenever the organization committee or the Federal convenes.

cer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal

(h) To suspend, for the violation of any of the provisions of this act, operations of any Federal rese bank, to take possession thereof, ad-minister the same during the period of suspension, and, when deemed advis-