

purchase bills of exchange payable at sight or on demand which grow out of the domestic shipment or the exportation of nonperishable, readily marketable agricultural and other staples and are secured by bills of lading or other shipping documents conveying or securing title to such staples: *Provided*, That all such bills of exchange shall be forwarded promptly for collection, and demand for payment shall be made with reasonable promptness after the arrival of such staples at their destination: *Provided further*, That no such bill shall in any event be held by or for the account of a Federal reserve bank for a period in excess of ninety days. In discounting such bills Federal reserve banks may compute the interest to be deducted on the basis of the estimated life of each bill and adjust the discount after payment of such bills to conform to the actual life thereof.

(Dec. 23, 1913, ch. 6, § 13 (par.), as added Mar. 4, 1923, ch. 252, title IV, § 402, 42 Stat. 1479; amended May 29, 1928, ch. 884, 45 Stat. 975; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

Editorial Notes

CODIFICATION

Section is comprised of the fourth par. of section 13 of act Dec. 23, 1913, as amended. The act of Mar. 4, 1923, split the second par. of section 13, as amended in 1916 (39 Stat. 752), into two pars., the first of which constitutes the first par. of section 343 of this title and the second as this section, making it the third par. of section 13. However, the third par. became the fourth par. when act July 21, 1932, added a new par. to follow the second par. For further details, see Codification note set out under section 343 of this title. For classification to this title of other pars. of section 13, see Codification note set out under section 342 of this title.

AMENDMENTS

1928—Act May 29, 1928, amended part of first sentence preceding proviso.

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

Section 203(a) of act Aug. 23, 1935, changed name of Federal Reserve Board to Board of Governors of the Federal Reserve System.

§ 345. Rediscount of notes, drafts, and bills for member banks; limitation of amount

The aggregate of notes, drafts, and bills upon which any person, copartnership, association, or corporation is liable as maker, acceptor, indorser, drawer, or guarantor, rediscounted for any member bank, shall at no time exceed the amount for which such person, copartnership, association, or corporation may lawfully become liable to a national banking association under the terms of section 84 of this title: *Provided, however*, That nothing in this section shall be construed to change the character or class of paper now eligible for rediscount by Federal reserve banks.

(Dec. 23, 1913, ch. 6, § 13 (par.), 38 Stat. 264; Mar. 3, 1915, ch. 93, 38 Stat. 958; Sept. 7, 1916, ch. 461, 39 Stat. 752; Apr. 12, 1930, ch. 140, 46 Stat. 162.)

Editorial Notes

CODIFICATION

Section is comprised of the fifth par. of section 13 of act Dec. 23, 1913, as amended. The fifth par. constituted the third par. of section 13 in 1916 (39 Stat. 752), became the fourth par. in 1923 (42 Stat. 1478), and became the fifth par. in 1932 (47 Stat. 715). For further details, see Codification notes set out under sections 343 and 344 of this title. For classification to this title of other pars. of section 13, see Codification note set out under section 342 of this title.

AMENDMENTS

1930—Act Apr. 12, 1930, among other changes, inserted proviso.

§ 346. Discount of acceptances

Any Federal reserve bank may discount acceptances of the kinds hereinafter described, which have a maturity at the time of discount of not more than ninety days' sight, exclusive of days of grace, and which are indorsed by at least one member bank: *Provided*, That such acceptances if drawn for an agricultural purpose and secured at the time of acceptance by warehouse receipts or other such documents conveying or securing title covering readily marketable staples may be discounted with a maturity at the time of discount of not more than six months' sight exclusive of days of grace.

(Dec. 23, 1913, ch. 6, § 13 (par.), 38 Stat. 264; Mar. 3, 1915, ch. 93, 38 Stat. 958; Sept. 7, 1916, ch. 461, 39 Stat. 752; Mar. 4, 1923, ch. 252, title IV, § 403, 42 Stat. 1479.)

Editorial Notes

REFERENCES IN TEXT

Words "hereinafter described" are from the sixth par. of section 13 of the Federal Reserve Act, see Codification note below. Reference could be to acceptances described in the remaining paragraphs of section 13, which are contained in sections 82, 347, 347c, and 372 of this title, or to acceptances described in subsequent sections of the Federal Reserve Act, sections 14 et seq. of act Dec. 23, 1913.

CODIFICATION

Section is comprised of the sixth par. of section 13 of act Dec. 23, 1913, as amended. The sixth par. constituted the fourth par. of section 13 in 1916 (39 Stat. 752), became the fifth par. in 1923 (42 Stat. 1478), and became the sixth par. in 1932 (47 Stat. 715). For further details, see Codification notes under sections 343 and 344 of this title. For classification to this title of other pars. of section 13, see Codification note set out under section 342 of this title.

§ 347. Advances to member banks on their notes

Any Federal reserve bank may make advances for periods not exceeding fifteen days to its member banks on their promissory notes secured by the deposit or pledge of bonds, notes, certificates of indebtedness, or Treasury bills of the United States, or by the deposit or pledge of debentures or other such obligations of Federal intermediate credit banks which are eligible for purchase by Federal reserve banks under section 350 of this title, or by the deposit or pledge of bonds issued under the provisions of subsection (c) of section 1463¹ of this title; and any Federal

¹ See References in Text note below.

reserve bank may make advances for periods not exceeding ninety days to its member banks on their promissory notes secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this chapter, or secured by such obligations as are eligible for purchase under section 355 of this title. All such advances shall be made at rates to be established by such Federal reserve banks, such rates to be subject to the review and determination of the Board of Governors of the Federal Reserve System. If any member bank to which any such advance has been made shall, during the life or continuance of such advance, and despite an official warning of the reserve bank of the district or of the Board of Governors of the Federal Reserve System to the contrary, increase its outstanding loans secured by collateral in the form of stocks, bonds, debentures, or other such obligations, or loans made to members of any organized stock exchange, investment house, or dealer in securities, upon any obligation, note, or bill, secured or unsecured, for the purpose of purchasing and/or carrying stocks, bonds, or other investment securities (except obligations of the United States) such advance shall be deemed immediately due and payable, and such member bank shall be ineligible as a borrower at the reserve bank of the district under the provisions of this section for such period as the Board of Governors of the Federal Reserve System shall determine: *Provided*, That no temporary carrying or clearance loans made solely for the purpose of facilitating the purchase or delivery of securities offered for public subscription shall be included in the loans referred to in this section.

(Dec. 23, 1913, ch. 6, § 13 (par.), as added Sept. 7, 1916, ch. 461, 39 Stat. 753; amended May 19, 1932, ch. 191, § 6, 47 Stat. 160; May 12, 1933, ch. 25, title II, § 28, 48 Stat. 46; June 16, 1933, ch. 89, § 9, 48 Stat. 180; Jan. 31, 1934, ch. 7, § 16(a), 48 Stat. 348; Apr. 27, 1934, ch. 168, § 7(a), 48 Stat. 646; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 87-353, § 3(c), Oct. 4, 1961, 75 Stat. 773; Pub. L. 90-505, § 3(a), Sept. 21, 1968, 82 Stat. 856.)

Editorial Notes

REFERENCES IN TEXT

Section 1463 of this title, referred to in text, was repealed by Pub. L. 89-554, § 8(a), Sept. 6, 1966, 80 Stat. 648.

This chapter, referred to in text, was in the original "this Act", meaning act Dec. 23, 1913, ch. 6, 38 Stat. 251, known as the Federal Reserve Act. For complete classification of this Act to the Code, see References in Text note set out under section 226 of this title and Tables.

CODIFICATION

Section is comprised of the eighth par. of section 13 of act Dec. 23, 1913, as amended. The eighth par. constituted the sixth par. of section 13 in 1916 (39 Stat. 752, 753), became the seventh par. in 1923 (42 Stat. 1478), and became the eighth par. in 1932 (47 Stat. 715). For further details, see Codification notes under sections 343 and 344 of this title. For classification to this title of other pars. of section 13, see Codification note set out under section 342 of this title.

AMENDMENTS

1968—Pub. L. 90-505 added promissory notes of members banks secured by such obligations as are eligible

for purchase under section 355 of this title to the list of types of promissory notes of member banks on which the Federal reserve bank may make advances for periods not exceeding 90 days.

1961—Pub. L. 87-353 struck out provision authorizing any Federal reserve bank to make advances to its member banks on their promissory notes secured by the deposit or pledge of Federal Farm Mortgage Corporation bonds issued under the Federal Farm Mortgage Corporation Act.

1934—Act Apr. 27, 1934, inserted first phrase preceding the semicolon in first sentence.

Act Jan. 31, 1934, inserted second phrase preceding the semicolon in first sentence.

1933—Act June 16, 1933, amended section generally.

Act May 12, 1933, added Federal farm-loan bonds as security for advances.

1932—Act May 19, 1932, inserted clause in first sentence which begins "or by the deposit or pledge of debentures".

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

Section 203(a) of act Aug. 23, 1935, changed name of Federal Reserve Board to Board of Governors of the Federal Reserve System.

§ 347a. Advances to member bank groups; inadequate amounts of eligible and acceptable assets; liability of individual banks in group; distribution of loans among banks of group; rate of interest; notes accepted for advances as collateral security for Federal reserve notes; foreign obligations as security for advances

Upon receiving the consent of not less than five members of the Board of Governors of the Federal Reserve System, any Federal reserve bank may make advances, in such amount as the board of directors of such Federal reserve bank may determine, to groups of five or more member banks within its district, a majority of them independently owned and controlled, upon their time or demand promissory notes, provided the bank or banks which receive the proceeds of such advances as herein provided have no adequate amounts of eligible and acceptable assets available to enable such bank or banks to obtain sufficient credit accommodations from the Federal reserve bank through rediscounts or advances other than as provided in section 347b¹ of this title. The liability of the individual banks in each group must be limited to such proportion of the total amount advanced to such group as the deposit liability of the respective banks bears to the aggregate deposit liability of all banks in such group, but such advances may be made to a lesser number of such member banks if the aggregate amount of their deposit liability constitutes at least 10 per centum of the entire deposit liability of the member banks within such district. Such banks shall be authorized to distribute the proceeds of such loans to such of their number and in such amount as they may agree upon, but before so doing they shall require such recipient banks to deposit with a suitable trustee, representing the entire group, their individual notes made in favor of the group protected by such collateral security as may be agreed upon. Any Federal reserve

¹ See References in Text note below.