

**Editorial Notes**

## REFERENCES IN TEXT

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

Words “of the Philippine Islands, or” after “No public funds” were deleted on authority of 1946 Proc. No. 2695, which granted independence to the Philippine Islands pursuant to section 1394 of Title 22. Proc. No. 2695 is set out as a note under section 1394 of Title 22, Foreign Relations and Intercourse.

Section is comprised of second par. of section 15 of act Dec. 23, 1913. Par. 1 of section 15 and par. 3 of section 15, as added Mar. 4, 1923, ch. 252, title IV, § 406, 42 Stat. 1480, are classified to sections 391 and 393, respectively, of this title.

**§ 393. Federal reserve banks as depositaries for Farm Credit System**

The Federal Reserve banks are authorized to act as depositaries for and fiscal agents of any Federal land bank, Federal intermediate credit bank, bank for cooperatives, or other institutions of the Farm Credit System.

(Dec. 23, 1913, ch. 6, § 15 (par.), as added Mar. 4, 1923, ch. 252, title IV, § 406, 42 Stat. 1480; amended Pub. L. 92-181, title V, § 5.41, formerly § 5.27(b), Dec. 10, 1971, 85 Stat. 625; renumbered § 5.41(b), Pub. L. 99-205, title II, § 205(a)(2), Dec. 23, 1985, 99 Stat. 1703; renumbered § 5.41, Pub. L. 100-233, title VIII, § 805(ff)(2), Jan. 6, 1988, 101 Stat. 1717.)

**Editorial Notes**

## CODIFICATION

Section is comprised of third par. of section 15 of act Dec. 23, 1913, as added Mar. 4, 1923. Pars. 1 and 2 of section 15 are classified to sections 391 and 392, respectively, of this title.

## AMENDMENTS

1971—Pub. L. 92-181 substituted “Federal land bank, Federal intermediate credit bank, bank for cooperatives, or other institutions of the Farm Credit System” for “national agricultural credit corporation or Federal intermediate credit bank”.

**§ 394. Federal reserve banks as depositaries for and fiscal agents of Home Owners’ Loan Corporation**

The Federal Reserve banks are authorized, with the approval of the Secretary of the Treasury, to act as depositaries, custodians, and fiscal agents for the Home Owners’ Loan Corporation. (Apr. 27, 1934, ch. 168, § 8, 48 Stat. 646.)

**Statutory Notes and Related Subsidiaries**

## ABOLITION OF HOME OWNERS’ LOAN CORPORATION

For dissolution and abolishment of Home Owners’ Loan Corporation, referred to in this section, by act June 30, 1953, ch. 170, § 21, 67 Stat. 126, see note set out under section 1463 of this title.

**§ 395. Federal reserve banks as depositaries, custodians and fiscal agents for Commodity Credit Corporation**

The Federal Reserve banks are authorized to act as depositaries, custodians, and fiscal agents for the Commodity Credit Corporation.

(July 16, 1943, ch. 241, § 3, 57 Stat. 566.)

**Executive Documents**

## TRANSFER OF FUNCTIONS

Administration of program of Commodity Credit Corporation transferred to Secretary of Agriculture by Reorg. Plan No. 3 of 1946, § 501, eff. July 16, 1946, 11 F.R. 7877, 60 Stat. 1100. See Appendix to Title 5, Government Organization and Employees.

## EXCEPTIONS FROM TRANSFER OF FUNCTIONS

Functions of Corporations of Department of Agriculture, boards of directors and officers of such corporations, Advisory Board of Commodity Credit Corporation, and Farm Credit Administration or any agency, officer or entity of, under, or subject to supervision of Administration were excepted from functions of officers, agencies, and employees transferred to Secretary of Agriculture by Reorg. Plan No. 2 of 1953, § 1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.

**SUBCHAPTER XII—FEDERAL RESERVE NOTES****§ 411. Issuance to reserve banks; nature of obligation; redemption**

Federal reserve notes, to be issued at the discretion of the Board of Governors of the Federal Reserve System for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in 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.

(Dec. 23, 1913, ch. 6, § 16 (par.), 38 Stat. 265; Jan. 30, 1934, ch. 6, § 2(b)(1), 48 Stat. 337; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

**Editorial Notes**

## REFERENCES IN TEXT

Phrase “hereinafter set forth” is from section 16 of the Federal Reserve Act, act Dec. 23, 1913. Reference probably means as set forth in sections 17 et seq. of the Federal Reserve Act. For classification of these sections to the Code, see Tables.

## CODIFICATION

Section is comprised of first par. of section 16 of act Dec. 23, 1913. Pars. 2 to 5, 6 (formerly 7), 7 to 10 (formerly 8 to 11, respectively), 12 (formerly 13), 13 (formerly 14), and 14 to 16 (formerly 15, 16, and 18, respectively) of section 16 of act Dec. 23, 1913, are classified to sections 412 to 415, 416, 418 to 421, 360, 248-1, and 467, respectively, of this title.

Former pars. 6 and 17 of section 16 of act Dec. 23, 1913, formerly classified to sections 415 and 467, respectively, of this title, were repealed by Pub. L. 90-269, §§ 5, 7, Mar. 18, 1968, 82 Stat. 50.

Par. 11 (formerly 12) of section 16 of act Dec. 23, 1913, formerly classified to section 422 of this title, was superseded by act June 26, 1934, ch. 756, § 1(a), (b)(3), 48 Stat. 1225.

## AMENDMENTS

1934—Act Jan. 30, 1934, struck out from last sentence provision permitting redemption in gold.

## 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.

**§ 412. Application for notes; collateral required**

Any Federal Reserve bank may make application to the local Federal Reserve agent for such amount of the Federal Reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal Reserve agent of collateral in amount equal to the sum of the Federal Reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under section 92, 342 to 348, 349 to 352, 361, 372, or 373 of this title, or bills of exchange endorsed by a member bank of any Federal Reserve district and purchased under the provisions of sections 348a and 353 to 359 of this title, or bankers' acceptances purchased under the provisions of said sections 348a and 353 to 359 of this title, or gold certificates, or Special Drawing Right certificates, or any obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States or any agency thereof, or assets that Federal Reserve banks may purchase or hold under sections 348a and 353 to 359 of this title or any other asset of a Federal Reserve bank. In no event shall such collateral security be less than the amount of Federal Reserve notes applied for. The Federal Reserve agent shall each day notify the Board of Governors of the Federal Reserve System of all issues and withdrawals of Federal Reserve notes to and by the Federal Reserve bank to which he is accredited. The said Board of Governors of the Federal Reserve System may at any time call upon a Federal Reserve bank for additional security to protect the Federal Reserve notes issued to it. Collateral shall not be required for Federal Reserve notes which are held in the vaults of, or are otherwise held by or on behalf of, Federal Reserve banks.

(Dec. 23, 1913, ch. 6, § 16 (par.), 38 Stat. 265; Sept. 7, 1916, ch. 461, 39 Stat. 754; June 21, 1917, ch. 32, § 7, 40 Stat. 236; Feb. 27, 1932, ch. 58, § 3, 47 Stat. 57; Feb. 3, 1933, ch. 34, 47 Stat. 794; Jan. 30, 1934, ch. 6, § 2(b)(2), 48 Stat. 338; Mar. 6, 1934, ch. 47, 48 Stat. 398; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Mar. 1, 1937, ch. 20, 50 Stat. 23; June 30, 1939, ch. 256, 53 Stat. 991; June 30, 1941, ch. 264, 55 Stat. 395; May 25, 1943, ch. 102, 57 Stat. 85; June 12, 1945, ch. 186, § 2, 59 Stat. 237; Pub. L. 90-349, § 5(a), June 19, 1968, 82 Stat. 189; Pub. L. 95-630, title I, § 113, Nov. 10, 1978, 92 Stat. 3671; Pub. L. 96-221, title I, § 105(b)(1), Mar. 31, 1980, 94 Stat. 140; Pub. L. 106-122, Dec. 6, 1999, 113 Stat. 1638; Pub. L. 108-100, § 19(d), Oct. 28, 2003, 117 Stat. 1193.)

**Editorial Notes**

## CODIFICATION

Section is comprised of second par. of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

## AMENDMENTS

2003—Pub. L. 108-100 inserted “or any other asset of a Federal Reserve bank” before period at end of third sentence and “, or are otherwise held by or on behalf of,” after “in the vaults of” in last sentence.

1999—Pub. L. 106-122 substituted “acceptances acquired under section 92, 342 to 348, 349 to 352, 361, 372, or 373 of this title” for “acceptances acquired under the provisions of sections 92, 342 to 347, 347c, 347d, 361, 372, and 373 of this title”.

1980—Pub. L. 96-221 inserted provisions relating to purchase, etc., of assets by Federal Reserve banks, and eliminating collateral requirement for Federal Reserve notes held in Federal Reserve bank vaults.

1978—Pub. L. 95-630 substituted “any obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States or any agency thereof” of “direct obligations of the United States”.

1968—Pub. L. 90-349 added Special Drawing Right certificates to the types of allowable collateral security which may be tendered for Federal Reserve notes.

1945—Act June 12, 1945, substituted “, or direct obligations of the United States.” for proviso after “gold certificates” in first sentence which limited period during which direct obligations of the United States could be accepted as collateral security.

1943—Act May 25, 1943, substituted “June 30, 1945” for “June 30, 1943,” in proviso.

1941—Act June 30, 1941, substituted “June 30, 1943” for “June 30, 1941” in proviso.

1939—Act June 30, 1939, substituted “June 30, 1941” for “June 30, 1939” in proviso.

1937—Act Mar. 1, 1937, extended until June 30, 1939, period within which direct obligations of the United States may be accepted as collateral security under this section, and struck out provision authorizing President to extend period.

1934—Act Mar. 6, 1934, amended proviso and two sentences immediately following.

Act Jan. 30, 1934, amended portion of third sentence before proviso.

1933—Act Feb. 3, 1933, substituted “March 3, 1934” for “March 3, 1933” wherever appearing.

1932—Act Feb. 27, 1932, inserted proviso and two sentences immediately following.

## 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.

## EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-221 effective on first day of sixth month which begins after Mar. 31, 1980, see section 108 of Pub. L. 96-221, set out as a note under section 248 of this title.

## EFFECTIVE DATE OF 1978 AMENDMENT

Amendment effective upon expiration of 120 days after Nov. 10, 1978, see sec. 2101 of Pub. L. 95-630 set out as an Effective Date note under section 375b of this title.

UNITED STATES OBLIGATIONS AS COLLATERAL;  
EXTENSION OF PERIOD

The period within which direct obligations of the United States could be accepted as collateral security under this section was extended to Mar. 3, 1937, by Proclamation No. 2117, of Feb. 14, 1935, 49 Stat. 3437; extended to June 30, 1939, by act Mar. 1, 1937; extended to June 30, 1941, by act June 30, 1939; extended to June 30, 1943, by act June 30, 1941; and extended to June 30, 1945, by act May 25, 1943. Act June 12, 1945, amended section to remove the time limitation.

**§ 413. Distinctive letter and serial number of notes; cancellation of notes unfit for circulation; accounting; apportionment of credit among Federal Reserve banks**

Federal Reserve notes shall bear upon their faces a distinctive letter and serial number which shall be assigned by the Board of Governors of the Federal Reserve System to each Federal Reserve bank. Federal Reserve notes unfit for circulation shall be canceled, destroyed, and accounted for under procedures prescribed and at locations designated by the Secretary of the Treasury. Upon destruction of such notes, credit with respect thereto shall be apportioned among the twelve Federal Reserve banks as determined by the Board of Governors of the Federal Reserve System.

(Dec. 23, 1913, ch. 6, § 16 (par.), 38 Stat. 266; June 21, 1917, ch. 32, § 7, 40 Stat. 236; Jan. 30, 1934, ch. 6, § 2(b)(3), (4), 48 Stat. 338; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; June 12, 1945, ch. 186, § 1(a), 59 Stat. 237; July 19, 1954, ch. 547, 68 Stat. 495; Pub. L. 89-3, § 1, Mar. 3, 1965, 79 Stat. 5; Pub. L. 89-427, § 3, May 20, 1966, 80 Stat. 161; Pub. L. 90-269, § 3, Mar. 18, 1968, 82 Stat. 50.)

**Editorial Notes**

**CODIFICATION**

Section is comprised of third par. of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

**AMENDMENTS**

1968—Pub. L. 90-269 substituted requirement that Federal Reserve notes bear upon their faces a distinctive letter and serial number which shall be assigned by the Board of Governors to each Federal Reserve bank for former requirement that each Federal Reserve bank maintain reserves in gold certificates of not less than 25 percent against its Federal Reserve notes in actual circulation and former provisions respecting redemption by the Treasury of Federal Reserve notes.

1966—Pub. L. 89-427 substituted provisions that Federal Reserve notes unfit for circulation be canceled, destroyed, and accounted for under procedures prescribed and at locations designated by the Secretary of the Treasury and that credit with respect to the destruction of the notes be apportioned among the twelve Federal Reserve banks as determined by the Board of Governors of the Federal Reserve System for provisions that Federal Reserve notes unfit for circulation be returned by the Federal Reserve agents to the Comptroller of the Currency for cancellation and destruction.

1965—Pub. L. 89-3 struck out requirement that each Federal Reserve bank maintain reserves in gold certificates against deposit liabilities.

1954—Act July 19, 1954, which directed striking out “Whenever Federal reserve notes issued through one Federal Reserve bank shall be received by another Federal Reserve bank, they shall be promptly returned for credit or redemption to the Federal Reserve bank through which they were originally issued or, upon direction of such Federal Reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal Reserve bank shall pay out notes issued through another under penalty of a tax of 10 per centum upon the face value of notes so paid out.”, was executed, to reflect the probable intent of Congress, by striking out the third and fourth sentences, which read as follows: “Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank, they shall be promptly

returned for credit or redemption to the Federal reserve bank through which they were originally issued or, upon direction of such Federal reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. 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.”

1945—Act June 12, 1945, amended first sentence generally by striking out “or lawful money” after “reserves in gold certificates”, substituting “25 per centum” for “35 per centum” and “40 per centum”, respectively.

1934—Act Jan. 30, 1934, amended first, fifth, and sixth sentences.

**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.

**§ 414. Authority of Board of Governors respecting issuance of notes; interest; lien**

The Board of Governors of the Federal Reserve System shall have the right, acting through the Federal Reserve agent, to grant in whole or in part, or to reject entirely the application of any Federal Reserve bank for Federal Reserve notes; but to the extent that such application may be granted the Board of Governors of the Federal Reserve System shall, through its local Federal Reserve agent, supply Federal Reserve notes to the banks so applying, and such bank shall be charged with the amount of the notes issued to it and shall pay such rate of interest as may be established by the Board of Governors of the Federal Reserve System on only that amount of such notes which equals the total amount of its outstanding Federal Reserve notes less the amount of gold certificates held by the Federal Reserve agent as collateral security. Federal Reserve notes issued to any such bank shall, upon delivery, together with such notes of such Federal Reserve bank as may be issued under subchapter XIII<sup>1</sup> of this chapter upon security of United States 2 per centum Government bonds, become a first and paramount lien on all the assets of such bank.

(Dec. 23, 1913, ch. 6, § 16 (par.), 38 Stat. 266; June 21, 1917, ch. 32, § 7, 40 Stat. 237; Jan. 30, 1934, ch. 6, § 2(b)(5), 48 Stat. 338; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; June 12, 1945, ch. 186, § 1(b), 59 Stat. 237; Pub. L. 90-269, § 4, Mar. 18, 1968, 82 Stat. 50.)

**Editorial Notes**

**REFERENCES IN TEXT**

Subchapter XIII of this chapter, referred to in text, was in the original “section 18 of this Act”, meaning section 18 of act Dec. 23, 1913, ch. 6, 38 Stat. 251, known as the Federal Reserve Act. Section 18 of the act was classified generally to subchapter XIII (§ 441 et seq.) of this chapter.

**CODIFICATION**

Section is comprised of fourth par. of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

<sup>1</sup> See References in Text note below.

## AMENDMENTS

1968—Pub. L. 90-269 repealed first sentence provisions that Board of Governors require each Federal Reserve bank to maintain on deposit in the Treasury a sum in gold certificates sufficient, in the judgment of the Secretary of the Treasury, for redemption of Federal Reserve notes issued to such bank, but not less than 5 percent of total amount of notes issued less amount of gold certificates held by the Federal Reserve agent as collateral security, and counting and including such deposit of gold certificates as part of the 25 percent reserve formerly required by section 413 of this title to be maintained against Federal Reserve notes in actual circulation and substituted in the first, formerly second sentence, “Board of Governors of the Federal Reserve System” for “Board”.

1945—Act June 12, 1945, substituted in first sentence “25 per centum reserve required by section 413 of this title to be maintained against Federal Reserve notes in actual circulation” for “40 per centum reserve required by section 413 of this title”.

1934—Act Jan. 30, 1934, amended first sentence.

**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.

**§ 415. Reduction of liability for outstanding notes by depositing notes and collateral and payment of notes of series prior to 1928; reissue of deposited notes**

Any Federal Reserve bank may at any time reduce its liability for outstanding Federal Reserve notes by depositing with the Federal Reserve agent its Federal Reserve notes, gold certificates, Special Drawing Right certificates, or lawful money of the United States. Federal Reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue. The liability of a Federal Reserve bank with respect to its outstanding Federal Reserve notes shall be reduced by an amount paid by such bank to the Secretary of the Treasury under section 4 of the Old Series Currency Adjustment Act.

(Dec. 23, 1913, ch. 6, § 16 (par.), 38 Stat. 267; June 21, 1917, ch. 32, § 7, 40 Stat. 237; Jan. 30, 1934, ch. 6, § 2(b)(5), 48 Stat. 339; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 87-66, § 8(a), June 30, 1961, 75 Stat. 147; Pub. L. 90-269, § 5, Mar. 18, 1968, 82 Stat. 50; Pub. L. 90-349, § 5(b), June 19, 1968, 82 Stat. 189.)

**Editorial Notes**

## REFERENCES IN TEXT

Section 4 of the Old Series Currency Adjustment Act, referred to in text, which was classified to section 913 of former Title 31, was repealed by Pub. L. 97-258, § 5(b), Sept. 13, 1982, 96 Stat. 1068, the first section of which enacted Title 31, Money and Finance.

## CODIFICATION

Section is comprised of the fifth par. of section 16 of act Dec. 23, 1913. Section was formerly comprised of the fifth and sixth pars. of section 16 of act Dec. 23, 1913, before repeal of the sixth par. by Pub. L. 90-269, see 1968 Amendment note below. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

## AMENDMENTS

1968—Pub. L. 90-349 added Special Drawing Right certificates to the types of deposits which Federal Reserve banks may use in reducing their liability for outstanding Federal Reserve notes.

Pub. L. 90-269 struck out second par. (sixth par. of section 16 of Act Dec. 23, 1913), which read as follows: “The Federal Reserve agent shall hold such gold certificates or lawful money 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 Treasury the Board of Governors of the Federal Reserve System shall require the Federal Reserve agent to transmit to the Treasurer of the United States so much of the gold certificates held by him as collateral security for Federal Reserve notes as may be required for the exclusive purpose of the redemption of such Federal Reserve notes, but such gold certificates when deposited with the Treasurer shall be counted and considered as if collateral security on deposit with the Federal Reserve agent.”

1961—Pub. L. 87-66 provided for reduction of liability for outstanding notes by payment of notes of series prior to 1928.

1934—Act Jan. 30, 1934, struck out “gold” wherever it appeared before “gold certificates,” and inserted “certificates” after “gold” wherever latter stood alone.

**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.

**§ 416. Withdrawal of collateral deposited to protect notes and substitution of other collateral; retirement of notes; payment of notes of series prior to 1928; recovery of collateral; reissue of deposited notes**

Any Federal Reserve bank may at its discretion withdraw collateral deposited with the local Federal Reserve agent for the protection of its Federal Reserve notes issued to it, and shall at the same time substitute therefor other collateral of equal amount with the approval of the Federal Reserve agent under regulations to be prescribed by the Board of Governors of the Federal Reserve System. Any Federal Reserve bank may retire any of its Federal Reserve notes by depositing them with the Federal Reserve agent or with the Treasurer of the United States, and such Federal Reserve bank shall thereupon be entitled to receive back the collateral deposited with the Federal Reserve agent for the security of such notes. Any Federal Reserve bank shall further be entitled to receive back the collateral deposited with the Federal Reserve agent for the security of any notes with respect to which such bank has made payment to the Secretary of the Treasury under section 4 of the Old Series Currency Adjustment Act. Federal Reserve notes so deposited shall not be reissued except upon compliance with the conditions of an original issue.

(Dec. 23, 1913, ch. 6, § 16 (par.), 38 Stat. 267; June 21, 1917, ch. 32, § 7, 40 Stat. 237; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 87-66, § 8(b), June 30, 1961, 75 Stat. 147; Pub. L. 90-269, § 6, Mar. 18, 1968, 82 Stat. 50.)

**Editorial Notes**

## REFERENCES IN TEXT

Section 4 of the Old Series Currency Adjustment Act, referred to in text, which was classified to section 913 of former Title 31, was repealed by Pub. L. 97-258, §5(b), Sept. 13, 1982, 96 Stat. 1068, the first section of which enacted Title 31, Money and Finance.

## CODIFICATION

Section is comprised of the sixth par. (formerly the seventh par.) of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

## AMENDMENTS

1968—Pub. L. 90-269 repealed fourth sentence which provided that Federal Reserve banks shall not be required to maintain the reserve or the redemption fund against Federal Reserve notes which have been retired, or as to which payment has been made to the Secretary of the Treasury under section 4 of the Old Series Currency Adjustment Act, on notes of series prior to 1928.

1961—Pub. L. 87-66 provided for recovery of collateral upon payment of notes of series prior to 1928 and removed requirement of reserve or redemption fund for such notes.

**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.

**Executive Documents**

## TRANSFER OF FUNCTIONS

For transfer of functions to Secretary of the Treasury, see note set out under section 55 of this title.

**§ 417. Custody and safe-keeping of notes issued to and collateral deposited with Reserve agent**

All Federal Reserve notes and all gold certificates, Special Drawing Right certificates, and lawful money issued to or deposited with any Federal Reserve agent under the provisions of the Federal Reserve Act shall hereafter be held for such agent, under such rules and regulations as the Board of Governors of the Federal Reserve System may prescribe, in the joint custody of himself and the Federal Reserve bank to which he is accredited. Such agent and such Federal Reserve bank shall be jointly liable for the safe-keeping of such Federal Reserve notes, gold certificates, Special Drawing Right certificates, and lawful money. Nothing herein contained, however, shall be construed to prohibit a Federal Reserve agent from depositing gold certificates and Special Drawing Right certificates with the Board of Governors of the Federal Reserve System, to be held by such Board subject to his order, or with the Treasurer of the United States for the purposes authorized by law.

(June 21, 1917, ch. 32, §7 (par.), 40 Stat. 238; Jan. 30, 1934, ch. 6, §2(b)(6), 48 Stat. 339; Aug. 23, 1935, ch. 614, title II, §203(a), 49 Stat. 704; Pub. L. 90-349, §5(c), June 19, 1968, 82 Stat. 189.)

**Editorial Notes**

## REFERENCES IN TEXT

The Federal Reserve Act, referred to in text, is act Dec. 23, 1913, ch. 6, 38 Stat. 251. For complete classifica-

tion of this Act to the Code, see References in Text note set out under section 226 of this title and Tables.

Hereafter, referred to in text, probably means on and after June 21, 1917.

## CODIFICATION

Section is comprised of last par. of section 7 of act June 21, 1917. The preceding pars. of section 7 amended pars. two, three, four, five, six, and seven of section 16 of act Dec. 23, 1913. For classification to this title of section 16, see Codification note set out under section 411 of this title.

## AMENDMENTS

1968—Pub. L. 90-349, which directed amendment of “[t]he seventh paragraph of section 16 of the Federal Reserve Act, as amended (12 U.S.C. 417)” by inserting “Special Drawing Right certificates,” after “gold certificates” in the first sentence, “Special Drawing Right certificates,” after “gold certificates,” in the second sentence, and “and Special Drawing Right certificates” after “gold certificates” in the third sentence, was executed by making the insertions in this section, to reflect the probable intent of Congress.

1934—Act Jan. 30, 1934, which directed general amendment of the eighth par. of section 16 of the Federal Reserve Act, was executed to this section, to reflect the probable intent of Congress. Prior to amendment, text read as follows: “All Federal reserve notes and all gold, gold certificates, and lawful money issued to or deposited with any Federal reserve agent under the provisions of the Federal reserve Act shall hereafter be held for such agent, under such rules and regulations as the Federal Reserve Board may prescribe, in the joint custody of himself and the Federal reserve bank to which he is accredited. Such agent and such Federal reserve bank shall be jointly liable for the safe-keeping of such Federal reserve notes, gold, gold certificates, and lawful money. Nothing herein contained, however, shall be construed to prohibit a Federal reserve agent from depositing gold or gold certificates with the Federal Reserve Board, to be held by such board subject to his order, or with the Treasurer of the United States for the purposes authorized by law.”

**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.

**Executive Documents**

## TRANSFER OF FUNCTIONS

For transfer of functions to Secretary of the Treasury, see note set out under section 55 of this title.

**§ 418. Printing of notes; denomination and form**

In order to furnish suitable notes for circulation as Federal reserve notes, the Secretary of the Treasury shall cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of \$1, \$2, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, \$5,000, \$10,000 as may be required to supply the Federal Reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this chapter and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

(Dec. 23, 1913, ch. 6, §16 (par.), 38 Stat. 267; Sept. 26, 1918, ch. 177, §3, 40 Stat. 969; Pub. L. 88-36,

title I, §3, June 4, 1963, 77 Stat. 54; Pub. L. 103-325, title VI, §602(g)(3), Sept. 23, 1994, 108 Stat. 2293.)

#### Editorial Notes

##### REFERENCES IN TEXT

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 seventh par. (formerly the eighth par.) of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

##### AMENDMENTS

1994—Pub. L. 103-325, which directed amendment of “[t]he 1st sentence of the 8th undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 418)” by substituting “the Secretary of the Treasury shall” for “the Comptroller of the Currency shall under the direction of the Secretary of the Treasury,” was executed by making the substitution in this section for “the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury,” to reflect the probable intent of Congress.

1963—Pub. L. 88-36, which directed amendment of “[t]he first sentence of the ninth paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 418)” by inserting “\$1, \$2,” after “notes of the denominations of”, was executed by making the insertion in this section, to reflect the probable intent of Congress.

1918—Act Sept. 26, 1918, which directed general amendment of “the ninth paragraph of section sixteen of the Federal reserve Act, as amended by the Acts approved September seventh, nineteen hundred and sixteen, and June twenty-first, nineteen hundred and seventeen,” was executed to the eighth par. of section 16 of act Dec. 23, 1913 (now classified to this section), to reflect the probable intent of Congress. Prior to amendment, text read as follows: “In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of \$5, \$10, \$20, \$50, \$100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.”

#### § 419. Delivery of notes prior to delivery to banks

When such notes have been prepared, the notes shall be delivered to the Board of Governors of the Federal Reserve System subject to the order of the Secretary of the Treasury for the delivery of such notes in accordance with this chapter.

(Dec. 23, 1913, ch. 6, §16 (par.), 38 Stat. 267; May 29, 1920, ch. 214, §1, 41 Stat. 654; Pub. L. 103-325, title VI, §602(g)(4), Sept. 23, 1994, 108 Stat. 2293.)

#### Editorial Notes

##### REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning act Dec. 23, 1913, ch. 6, 38 Stat. 251, as amended, 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. (formerly the ninth par.) of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

On authority of act May 29, 1920, which abolished offices of Assistant Treasurers and distributed their functions, “designated depository” substituted for “sub-treasury” in 1926 ed. of the Code.

##### AMENDMENTS

1994—Pub. L. 103-325, which directed general amendment of “[t]he 9th undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 419)”, was executed to this section to reflect the probable intent of Congress. Prior to amendment, section read as follows: “When such notes have been prepared, they shall be deposited in the Treasury, or in the designated depository or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this chapter.”

#### § 420. Control and direction of plates and dies; expense of issue and retirement of notes paid by banks

The plates and dies to be procured by the Secretary of the Treasury for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Board of Governors of the Federal Reserve System shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

(Dec. 23, 1913, ch. 6, §16 (par.), 38 Stat. 267; Pub. L. 103-325, title VI, §602(g)(5), Sept. 23, 1994, 108 Stat. 2293.)

#### Editorial Notes

##### REFERENCES IN TEXT

Phrase “herein provided for”, referred to in text, probably means as provided for in section 16 of act Dec. 23, 1913. For classification to this title of section 16, see Codification note set out under section 411 of this title.

##### CODIFICATION

Section is comprised of the ninth par. (formerly the tenth par.) of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

##### AMENDMENTS

1994—Pub. L. 103-325, which directed amendment of “[t]he 10th undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 420)” by substituting “Secretary of the Treasury” for “Comptroller of the Currency” and “Board of Governors of the Federal Reserve System” for “Federal Reserve Board”, was executed by making the substitutions in this section to reflect the probable intent of Congress.

#### § 421. Examination of plates and dies

The Secretary of the Treasury may examine the plates, dies, bed pieces, and other material

used in the printing of Federal Reserve notes and issue regulations relating to such examinations.

(Dec. 23, 1913, ch. 6, § 16 (par.), 38 Stat. 267; Pub. L. 103-325, title VI, § 602(g)(6), Sept. 23, 1994, 108 Stat. 2293.)

#### Editorial Notes

##### CODIFICATION

Section is comprised of the tenth (formerly the eleventh) par. of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

##### AMENDMENTS

1994—Pub. L. 103-325, which directed general amendment of “[t]he 11th undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 421)”, was executed to this section to reflect the probable intent of Congress. Prior to amendment, text read as follows: “The examination of plates, dies, bed pieces, and so forth, and regulations relating to such examination of plates, dies, and so forth, of national-bank notes provided for in section 108 of this title, is extended to include notes herein provided for.”

#### § 422. Omitted

#### Editorial Notes

##### CODIFICATION

Section, act Dec. 23, 1913, ch. 6, § 16 (par.), 38 Stat. 267, which made permanent appropriations for printing notes besides authorizing use of certain printing stock on hand Dec. 23, 1913, was superseded by act June 26, 1934, ch. 756, § 1(a), (b)(3), 48 Stat. 1225.

#### SUBCHAPTER XIII—CIRCULATING NOTES AND BONDS SECURING SAME

#### §§ 441 to 448. Omitted

#### Editorial Notes

##### CODIFICATION

Sections, act Dec. 23, 1913, ch. 6, § 18, 38 Stat. 268, as amended by acts Mar. 9, 1933, ch. 1, title IV, § 401, 48 Stat. 6; Sept. 23, 1994, Pub. L. 103-325, title VI, § 602(g)(7), 108 Stat. 2293, are omitted as obsolete.

Section 441 provided that at any time during a period of twenty years from Dec. 23, 1915, any member bank desiring to retire the whole or any part of its circulating notes file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds, securing circulation to be retired.

Section 442 related to purchase of bonds by reserve banks.

Section 443 related to transfer of bonds purchased, payment, and cancellation of circulating notes of member banks.

Section 444 related to issuance of circulating notes to reserve banks purchasing bonds.

Section 445 provided for issuance of circulating notes to Federal Reserve banks. Act June 12, 1945, ch. 186, § 3, 59 Stat. 238, provided that all power and authority with respect to the issuance of circulating notes, known as Federal Reserve bank notes, pursuant to this section would cease and terminate on June 12, 1945.

Section 446 related to exchange by reserve banks of bonds bearing circulating privilege for those without such privilege.

Section 447 related to form of bonds and conditions of issuance.

Section 448 related to exchange of one-year gold notes for 3 per centum gold bonds.

#### SUBCHAPTER XIV—BANK RESERVES

#### § 461. Reserve requirements

##### (a) Establishment of applicable definitions, payment of interest, obligations as deposits, and regulations

The Board is authorized for the purposes of this section<sup>1</sup> to define the terms used in this section,<sup>1</sup> to determine what shall be deemed a payment of interest, to determine what types of obligations, whether issued directly by a member bank or indirectly by an affiliate of a member bank or by other means, and, regardless of the use of the proceeds, shall be deemed a deposit, and to prescribe such regulations as it may deem necessary to effectuate the purposes of this section<sup>1</sup> and to prevent evasions thereof.

##### (b) Additional definitions; required amounts of reserves maintained against transaction accounts; waiver of ratio limits in extraordinary circumstances; supplemental reserves; reserves related to foreign obligations or assets; exemption for certain deposits; discount and borrowing; transitional adjustments; additional exemptions and waivers; earnings on balances

(1) The following definitions and rules apply to this subsection, subsection (c), and sections 248-1, 248a, 342, 360, and 412 of this title:

(A) The term “depository institution” means—

(i) any insured bank as defined in section 3 of the Federal Deposit Insurance Act [12 U.S.C. 1813] or any bank which is eligible to make application to become an insured bank under section 5 of such Act [12 U.S.C. 1815];

(ii) any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act or any bank which is eligible to make application to become an insured bank under section 5 of such Act;

(iii) any savings bank as defined in section 3 of the Federal Deposit Insurance Act or any bank which is eligible to make application to become an insured bank under section 5 of such Act;

(iv) any insured credit union as defined in section 1752 of this title or any credit union which is eligible to make application to become an insured credit union pursuant to section 1781 of this title;

(v) any member as defined in section 1422 of this title;

(vi) any savings association (as defined in section 3 of the Federal Deposit Insurance Act [12 U.S.C. 1813]) which is an insured depository institution (as defined in such Act [12 U.S.C. 1811 et seq.]) or is eligible to apply to become an insured depository institution under the Federal Deposit Insurance Act; and

(vii) for the purpose of sections 248-1, 342 to 347, 347c, 347d, and 372 of this title, any association or entity which is wholly owned by or which consists only of institutions referred to in clauses (i) through (vi).

(B) The term “bank” means any insured or noninsured bank, as defined in section 3 of the

<sup>1</sup> See References in Text note below.