

## [CHAPTER 58.]

## AN ACT

February 27, 1932.  
[H. R. 9203.]  
[Public, No. 44.]

To improve the facilities of the Federal reserve system for the service of commerce, industry, and agriculture, to provide means for meeting the needs of member banks in exceptional circumstances, and for other purposes.

Federal Reserve Act,  
amendment.  
Vol. 38, p. 260.  
U. S. C., p. 275.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Federal Reserve Act, as amended, is further amended by inserting, between sections 10 and 11 thereof, a new section reading as follows:

Advances to member  
banks in groups of five.

"SEC. 10. (a) Upon receiving the consent of not less than five members of the Federal Reserve Board, 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 10 (b).

Security.

When authorized.

Liability of individual  
banks.

Advances to banks in  
groups of less than five.

Distribution.

Deposit of secured  
notes with trustee.

Interest rate.

Eligibility as security  
for Federal reserve  
notes.

Foreign government,  
etc., obligations.

Authority of member  
banks to obligate  
themselves.

Loan by Federal reserve  
bank to individual  
member bank.  
*Post*, p. 794.

Consent of Federal  
Reserve Board re-  
quired.  
Security.

*Proviso*.  
Interest rate.

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 bank making such advance shall charge interest or discount thereon at a rate not less than 1 per centum above its discount rate in effect at the time of making such advance. No such note upon which advances are made by a Federal reserve bank under this section shall be eligible under section 16 of this Act as collateral security for Federal reserve notes.

"No obligations of any foreign government, individual, partnership, association, or corporation organized under the laws thereof shall be eligible as collateral security for advances under this section.

"Member banks are authorized to obligate themselves in accordance with the provisions of this section."

SEC. 2. The Federal Reserve Act, as amended, is further amended by adding, immediately after such new section 10 (a), an additional new section reading as follows:

"SEC. 10. (b) Until March 3, 1933, and in exceptional and exigent circumstances, and when any member bank, having a capital of not exceeding \$5,000,000, has no further eligible and acceptable assets available to enable it to obtain adequate credit accommodations through rediscounting at the Federal reserve bank or any other method provided by this Act other than that provided by section 10 (a), any Federal reserve bank, subject in each case to affirmative action by not less than five members of the Federal Reserve Board, may make advances to such member bank on its time or demand promissory notes secured to the satisfaction of such Federal reserve bank: *Provided*, That (1) each such note shall bear interest at a

rate not less than 1 per centum per annum higher than the highest discount rate in effect at such Federal reserve bank on the date of such note; (2) the Federal Reserve Board may by regulation limit and define the classes of assets which may be accepted as security for advances made under authority of this section; and (3) no note accepted for any such advance shall be eligible as collateral security for Federal reserve notes.

"No obligations of any foreign government, individual, partnership, association, or corporation organized under the laws thereof shall be eligible as collateral security for advances under this section."

SEC. 3. The second paragraph of section 16 of the Federal Reserve Act, as amended, is amended to read as follows:

"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 the provisions of section 13 of this Act, or bills of exchange indorsed by a member bank of any Federal reserve district and purchased under the provisions of section 14 of this Act, or bankers' acceptances purchased under the provisions of said section 14, or gold or gold certificates: *Provided, however,* That until March 3, 1933, should the Federal Reserve Board deem it in the public interest, it may, upon the affirmative vote of not less than a majority of its members, authorize the Federal reserve banks to offer, and the Federal reserve agents to accept, as such collateral security, direct obligations of the United States. On March 3, 1933, or sooner should the Federal Reserve Board so decide, such authorization shall terminate and such obligations of the United States be retired as security for Federal reserve notes. 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 Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it."

Approved, February 27, 1932.

[CHAPTER 59.]

AN ACT

Granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Pecatonica River at Harrison, in Winnebago County, State of Illinois.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress<sup>1</sup> assembled,* That the consent of Congress is hereby granted to the State of Illinois, to construct, maintain, and operate a free highway bridge and approaches thereto across the Pecatonica River, at a point suitable to the interests of navigation at Harrison, Illinois, in section 14, township 28 north, range 11 east, fourth principal meridian, in accordance with the provisions of an Act entitled "An Act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this Act is hereby expressly reserved.

Approved, February 29, 1932.

<sup>1</sup> So in original.

Classification of assets.

Eligibility as security for Federal reserve notes.

Foreign government, etc., obligations.

Federal reserve notes. Vol. 38, p. 265; U. S. C., p. 284. Post, p. 794.

Application for.

Collateral to accompany.

Nature of.

Vol. 38, pp. 263, 264.

Proviso. Obligations of United States as security authorized. Post, p. 795.

Vol. 40, p. 236. Date authorization to terminate.

Amount of collateral security.

Notification of withdrawals, etc.

Additional security.

February 29, 1932. [H. R. 8163.] [Public, No. 45.]

Pecatonica River, Illinois may bridge, at Harrison.

Construction. Vol. 34, p. 84.

Amendment.