

expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

(Dec. 23, 1913, ch. 6, § 4 (par.), 38 Stat. 257.)

Editorial Notes

CODIFICATION

Section is comprised of par. 26 of section 4 of act Dec. 23, 1913. For classification to this title of other pars. of section 4, see Codification note set out under section 301 of this title.

SUBCHAPTER VIII—STATE BANKS AS MEMBERS OF SYSTEM

§ 321. Application for membership

Any bank incorporated by special law of any State, operating under the Code of Law for the District of Columbia, or organized under the general laws of any State or of the United States, including Morris Plan banks and other incorporated banking institutions engaged in similar business, desiring to become a member of the Federal Reserve System, may make application to the Board of Governors of the Federal Reserve System, under such rules and regulations as it may prescribe, for the right to subscribe to the stock of the Federal Reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. For the purposes of membership of any such bank the terms “capital” and “capital stock” shall include the amount of outstanding capital notes and debentures legally issued by the applying bank and purchased by the Reconstruction Finance Corporation. The Board of Governors of the Federal Reserve System, subject to the provisions of this chapter and to such conditions as it may prescribe pursuant thereto may permit the applying bank to become a stockholder of such Federal Reserve bank.

Upon the conversion of a national bank into a State bank, or the merger or consolidation of a national bank with a State bank which is not a member of the Federal Reserve System, the resulting or continuing State bank may be admitted to membership in the Federal Reserve System by the Board of Governors of the Federal Reserve System in accordance with the provisions of this section, but, otherwise, the Federal Reserve bank stock owned by the national bank shall be canceled and paid for as provided in section 287 of this title. Upon the merger or consolidation of a national bank with a State member bank under a State charter, the membership of the State bank in the Federal Reserve System shall continue.

Any such State bank which on February 25, 1927, has established and is operating a branch or branches in conformity with the State law,

may retain and operate the same while remaining or upon becoming a stockholder of such Federal Reserve bank; but no such State bank may retain or acquire stock in a Federal Reserve bank except upon relinquishment of any branch or branches established after February 25, 1927, beyond the limits of the city, town, or village in which the parent bank is situated: *Provided, however,* That nothing herein contained shall prevent any State member bank from establishing and operating branches in the United States or any dependency or insular possession thereof or in any foreign country, on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks except that the approval of the Board of Governors of the Federal Reserve System, instead of the Comptroller of the Currency, shall be obtained before any State member bank may hereafter establish any branch and before any State bank hereafter admitted to membership may retain any branch established after February 25, 1927, beyond the limits of the city, town, or village in which the parent bank is situated. The approval of the Board shall likewise be obtained before any State member bank may establish any new branch within the limits of any such city, town, or village.

(Dec. 23, 1913, ch. 6, § 9 (pars.), 38 Stat. 259; June 21, 1917, ch. 32, § 3, 40 Stat. 232; Feb. 25, 1927, ch. 191, § 9, 44 Stat. 1229; June 16, 1933, ch. 89, § 5(a), (b), 48 Stat. 164; June 16, 1934, ch. 546, § 2, 48 Stat. 971; Aug. 23, 1935, ch. 614, title II, § 203(a), title III, § 338, 49 Stat. 704, 721; Aug. 17, 1950, ch. 729, § 8, 64 Stat. 458; July 15, 1952, ch. 753, § 2(a), 66 Stat. 633; Pub. L. 108-386, § 8(h), Oct. 30, 2004, 118 Stat. 2232; Pub. L. 109-351, title VII, § 725(a)(2), Oct. 13, 2006, 120 Stat. 2001; Pub. L. 109-356, title I, § 123(a)(2), Oct. 16, 2006, 120 Stat. 2028.)

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 first three pars. of section 9 of act Dec. 23, 1913, as amended. The first par. of this section is comprised of the first par. of section 9 as amended in 1917 (40 Stat. 232). The second par. of this section was added as a new par. to follow the first par. of section 9, by act Aug. 17, 1950. The third par. of this section originally constituted the second par. of section 9, as amended by act Feb. 25, 1927, and became the third par. when act Aug. 17, 1950 added the new second par. The fourth to twenty-third pars. of section 9, as amended, are classified to sections 322 to 338a of this title. Section 329a of this title, which was based on par. twelve of section 9, was omitted from the Code. Paragraph twenty-two of section 9, which was classified to section 337 of this title, was repealed by Pub. L. 89-485, § 13(g), July 1, 1966, 80 Stat. 243.

AMENDMENTS

2006—Pub. L. 109-351 and 109-356 amended section identically, substituting “incorporated by special law of any State, operating under the Code of Law for the District of Columbia, or” for “incorporated by special law of any State, or” in first sentence of first par.

2004—Pub. L. 108-386 struck out “(except within the District of Columbia)” before period at end of last sentence of third par.

1952—Act July 15, 1952, inserted last sentence to third par.

1950—Act Aug. 17, 1950, inserted second par., permitting application for membership in the Federal Reserve System by the State bank resulting from a conversion, merger, or consolidation transaction involving a national bank, except where the national bank merges or consolidates with a State bank already a member of System in which case the membership continues.

1935—Act Aug. 23, 1935, § 338, inserted phrase in third (formerly second) par. beginning “except that the approval of the Board of Governors”.

1934—Act June 16, 1934, inserted third sentence in first par.

1933—Act June 16, 1933, inserted “including Morris Plan banks and other incorporated banking institutions engaged in similar business” in first par. and inserted proviso to third (formerly second) par. through “branches of national banks”.

1927—Act Feb. 25, 1927, inserted second par. which became third par. in 1950. See Codification note above.

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 2004 AMENDMENT

Pub. L. 108-386, § 8(i), Oct. 30, 2004, 118 Stat. 2232, provided that: “The amendments made by this section [amending this section, sections 1709, 1813, 1817, 1820, 1821, 1828, 1841, 1842, 1881, 3206, and 3207 of this title, and sections 78c, 78f, and 78g of Title 15, Commerce and Trade] shall take effect on the date of the enactment of this Act [Oct. 30, 2004].”

Pub. L. 108-386, § 9, Oct. 30, 2004, 118 Stat. 2233, provided that: “Except as otherwise provided, this Act [amending this section, sections 1709, 1813, 1817, 1820, 1821, 1828, 1841, 1842, 1881, 3206, and 3207 of this title, and sections 78c, 78f, and 78g of Title 15, Commerce and Trade, and enacting provisions set out as notes under this section and section 1811 of this title] and the amendments made by this Act shall apply with respect to fiscal year 2005 and each succeeding fiscal year.”

Executive Documents

EXCEPTION AS TO TRANSFER OF FUNCTIONS

Functions vested by any provision of law in Comptroller of the Currency, referred to in this section, not included in transfer of functions to Secretary of the Treasury, see note set out under section 1 of this title.

ABOLITION OF RECONSTRUCTION FINANCE CORPORATION

Section 6(a) of Reorg. Plan No. 1 of 1957, eff. June 30, 1957, 22 F.R. 4633, 71 Stat. 647, set out in the Appendix to Title 5, Government Organization and Employees, abolished Reconstruction Finance Corporation.

§ 322. Determination on application

In acting upon such applications the Board of Governors of the Federal Reserve System shall consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this chapter.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 21, 1917, ch. 32, § 3, 40 Stat. 233; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

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 fourth par. of section 9 of act Dec. 23, 1913, as amended. The fourth par. constituted the second par. of section 9 in 1917 (40 Stat. 232), became the third par. in 1927 (44 Stat. 1229), and became the fourth par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

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.

§ 323. Stock in Federal reserve banks; method of payment

Whenever the Board of Governors of the Federal Reserve System shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Board of Governors of the Federal Reserve System, and stock issued to it shall be held subject to the provisions of this chapter.

(Dec. 23, 1913, ch. 6, § 9 (par.), 38 Stat. 259; June 21, 1917, ch. 32, § 3, 40 Stat. 233; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

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 fifth par. of section 9 of act Dec. 23, 1913, as amended. The fifth par. constituted the third par. of section 9 in 1917 (40 Stat. 232), became the fourth par. in 1927 (44 Stat. 1229), and became the fifth par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

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.

§ 324. Laws applicable on becoming members

All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this chapter, to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock and which relate to the withdrawal or impairment of their capital stock, and to conform to the provisions of sections 56 and 60(b) of

this title with respect to the payment of dividends; except that any reference in any such provision to the Comptroller of the Currency shall be deemed for the purposes of this sentence to be a reference to the Board of Governors of the Federal Reserve System. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by sections 334, 656, and 1005 of title 18, and shall be required to make reports of condition and of the payment of dividends to the Federal Reserve bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal Reserve bank on dates to be fixed by the Board of Governors of the Federal Reserve System. Any bank which (A) maintains procedures reasonably adapted to avoid any inadvertent error and, unintentionally and as a result of such an error, fails to make or publish any report required under this paragraph, within the period of time specified by the Board, or submits or publishes any false or misleading report or information, or (B) inadvertently transmits or publishes any report which is minimally late, shall be subject to a penalty of not more than \$2,000 for each day during which such failure continues or such false or misleading information is not corrected. The bank shall have the burden of proving that an error was inadvertent and that a report was inadvertently transmitted or published late. Any bank which fails to make or publish such reports within the period of time specified by the Board, or submits or publishes any false or misleading report or information, in a manner not described in the 2nd preceding sentence shall be subject to a penalty of not more than \$20,000 for each day during which such failure continues or such false or misleading information is not corrected. Notwithstanding the preceding sentence, if any bank knowingly or with reckless disregard for the accuracy of any information or report described in such sentence submits or publishes any false or misleading report or information, the Board may assess a penalty of not more than \$1,000,000 or 1 percent of total assets of such bank, whichever is less, per day for each day during which such failure continues or such false or misleading information is not corrected. Any penalty imposed under any of the 4 preceding sentences shall be assessed and collected by the Board in the manner provided in subparagraphs (E), (F), (G), and (I) of section 1818(i)(2) of this title (for penalties imposed under such section) and any such assessment (including the determination of the amount of the penalty) shall be subject to the provisions of such section. Any bank against which any penalty is assessed under this subsection shall be afforded an agency hearing if such bank submits a request for such hearing within 20 days after the issuance of the notice of assessment. Section 1818(h) of this title shall apply to any proceeding under this paragraph. Such reports of condition shall be in such form and shall contain such information as the Board of Governors of the Federal Reserve System may require.

(Dec. 23, 1913, ch. 6, § 9 (par.), 38 Stat. 259; June 21, 1917, ch. 32, § 3, 40 Stat. 233; Aug. 23, 1935, ch. 614, title III, § 320, 49 Stat. 713; Sept. 3, 1954, ch. 1263, § 27, 68 Stat. 1236; Pub. L. 86-230, § 21(b),

Sept. 8, 1959, 73 Stat. 466; Pub. L. 101-73, title IX, § 911(d), Aug. 9, 1989, 103 Stat. 480; Pub. L. 103-325, title III, § 308(c), Sept. 23, 1994, 108 Stat. 2218.)

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 sixth par. of section 9 of act Dec. 23, 1913, as amended. The sixth par. constituted the fourth par. of section 9 in 1917 (40 Stat. 232), became the fifth par. in 1927 (44 Stat. 1229), and became the sixth par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

AMENDMENTS

1994—Pub. L. 103-325 struck out before period at end “and shall be published by the reporting banks in such manner and in accordance with such regulations as the said Board may prescribe”.

1989—Pub. L. 101-73 substituted provisions for different and increasing levels of penalties, assessment and collection of penalties, and agency hearings for provision that failure to make such reports within ten days after the date they were called for would subject the offending bank to a penalty of \$100 a day for each day that it failed to transmit such report, such penalty to have been collected by the Federal Reserve bank by suit or otherwise.

1959—Pub. L. 86-230 required State member banks to comply with section 60(b) of this title and inserted provisions requiring a reference to the Comptroller of the Currency to be deemed a reference to the Board of Governors of the Federal Reserve System.

1954—Act Sept. 3, 1954, substituted “sections 334, 656, and 1005 of title 18” for “section 592 of this title”, and “Board of Governors of the Federal Reserve System” for “Federal Reserve Board”.

1935—Act Aug. 23, 1935 inserted last sentence of section.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-73 applicable with respect to reports filed or required to be filed after Aug. 9, 1989, see section 911(i) of Pub. L. 101-73, set out as a note under section 161 of this title.

§ 325. Examinations

As a condition of membership such banks shall likewise be subject to examinations made by direction of the Board of Governors of the Federal Reserve System or of the Federal reserve bank by examiners selected or approved by the Board of Governors of the Federal Reserve System.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 21, 1917, ch. 32, § 3, 40 Stat. 233; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

Editorial Notes

CODIFICATION

Section is comprised of the seventh par. of section 9 of act Dec. 23, 1913, as amended. The seventh par. constituted the fifth par. of section 9 in 1917 (40 Stat. 232), became the sixth par. in 1927 (44 Stat. 1229), and became the seventh par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

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.

§ 326. Acceptance of examinations and reports by State authorities; special examinations

Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Board of Governors of the Federal Reserve System: *Provided, however,* That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of the report. The expenses of all examinations, other than those made by State authorities, may, in the discretion of the Board of Governors of the Federal Reserve System, be assessed against the banks examined and, when so assessed, shall be paid by the banks examined. The Board of Governors of the Federal Reserve System, at its discretion, may furnish any report of examination or other confidential supervisory information concerning any State member bank or other entity examined under any other authority of the Board, to any Federal or State agency or authority with supervisory or regulatory authority over the examined entity, to any officer, director, or receiver of the examined entity, and to any other person that the Board determines to be proper.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 21, 1917, ch. 32, § 3, 40 Stat. 233; amended June 26, 1930, ch. 611, § 1, 46 Stat. 814; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 106–102, title VII, § 727(a), Nov. 12, 1999, 113 Stat. 1475.)

Editorial Notes**CODIFICATION**

Section is comprised of the eighth par. of section 9 of act Dec. 23, 1913, as amended. The eighth par. constituted the sixth par. of section 9 in 1917 (40 Stat. 232), became the seventh par. in 1927 (44 Stat. 1229), and became the eighth par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

AMENDMENTS

1999—Pub. L. 106–102 inserted last sentence and struck out former last sentence which read as follows: “Copies of the reports of such examinations may, in the discretion of the Board of Governors of the Federal Reserve System, be furnished to the State authorities having supervision of such banks, to officers, directors, or receivers of such banks, and to any other proper persons.”

1930—Act June 26, 1930, amended next to last sentence and inserted last 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.

§ 327. Surrender of stock and cancellation of memberships

If at any time it shall appear to the Board of Governors of the Federal Reserve System that a member bank has failed to comply with the provisions of this subchapter, or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, or has ceased to exercise banking functions without a receiver or liquidating agent having been appointed therefor, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Board of Governors of the Federal Reserve System may restore membership upon due proof of compliance with the conditions imposed by this subchapter.

(Dec. 23, 1913, ch. 6, § 9 (par.), 38 Stat. 259; June 21, 1917, ch. 32, § 3, 40 Stat. 233; Apr. 23, 1930, ch. 207, § 2, 46 Stat. 251; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

Editorial Notes**REFERENCES IN TEXT**

This subchapter, referred to in text, was in the original “this section”, meaning section 9 of act Dec. 23, 1913, which is classified generally to this subchapter (§ 321 et seq.).

CODIFICATION

Section is comprised of the ninth par. of section 9 of act Dec. 23, 1913, as amended. The ninth par. constituted the seventh par. of section 9 in 1917 (40 Stat. 232), became the eighth par. in 1927 (44 Stat. 1229), and became the ninth par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

AMENDMENTS

1930—Act Apr. 23, 1930, inserted “or has ceased to exercise banking functions without a receiver or liquidating agent having been appointed therefor,” to 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.

§ 328. Withdrawals from membership

Any State bank or trust company desiring to withdraw from membership in a Federal Reserve bank may do so, after six months’ written notice shall have been filed with the Board of Governors of the Federal Reserve System, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided,* That the Board of Governors of the Federal Reserve System, in its discretion and subject to such conditions as it may prescribe, may waive such six months’ notice in individual cases and may permit any such State bank or trust company to withdraw from membership in a Federal reserve bank prior to the expiration of six months from the date of the written notice of its intention to withdraw: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Board of Gov-

ernors of the Federal Reserve System, cancel within the same calendar year more than 25 per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Board of Governors of the Federal Reserve System, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash-paid subscription with interest at the rate of one-half of 1 per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

(Dec. 23, 1913, ch. 6, §9 (par.), as added June 21, 1917, ch. 32, §3, 40 Stat. 233; amended Apr. 17, 1930, ch. 175, 46 Stat. 170; Aug. 23, 1935, ch. 614, title II, §203(a), 49 Stat. 704.)

Editorial Notes

CODIFICATION

Section is comprised of the tenth par. of section 9 of act Dec. 23, 1913, as amended. The tenth par. constituted the eighth par. of section 9 in 1917 (40 Stat. 232), became the ninth par. in 1927 (44 Stat. 1229), and became the tenth par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

AMENDMENTS

1930—Act Apr. 17, 1930, amended part of section preceding second 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.

§ 329. Capital stock required as condition precedent to membership

No applying bank shall be admitted to membership unless it possesses capital stock and surplus which, in the judgment of the Board of Governors of the Federal Reserve System, are adequate in relation to the character and condition of its assets and to its existing and prospective deposit liabilities and other corporate responsibilities: *Provided*, That no bank engaged in the business of receiving deposits other than trust funds, which does not possess capital stock and surplus in an amount equal to that which would be required for the establishment of a national banking association in the place in which it is located, shall be admitted to membership unless it is, or has been, approved for deposit insurance under the Federal Deposit Insurance Act [12 U.S.C. 1811 et seq.]. The capital stock of a State member bank shall not be reduced except with the prior consent of the Board.

(Dec. 23, 1913, ch. 6, §9 (par.), 38 Stat. 259; June 21, 1917, ch. 32, §3, 40 Stat. 234; Mar. 4, 1923, ch.

252, title IV, §401, 42 Stat. 1478; June 16, 1933, ch. 89, §17(b), 48 Stat. 185; July 15, 1952, ch. 753, §1, 66 Stat. 633.)

Editorial Notes

REFERENCES IN TEXT

The Federal Deposit Insurance Act, referred to in text, is act Sept. 21, 1950, ch. 967, §2, 64 Stat. 873, which is classified generally to chapter 16 (§1811 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 1811 of this title and Tables.

CODIFICATION

Section is comprised of the eleventh par. of section 9 of act Dec. 23, 1913, as amended. The eleventh par. constituted the ninth par. of section 9 in 1917 (40 Stat. 232), became the tenth par. in 1927 (44 Stat. 1229), and became the eleventh par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

AMENDMENTS

1952—Act July 15, 1952, vested in Board of Governors discretion with respect to admission of State banks to membership.

1933—Act June 16, 1933, dropped alternative method of meeting the capital requirement and inserted proviso.

§ 329a. Omitted

Editorial Notes

CODIFICATION

Section, act Dec. 23, 1913, ch. 6, §9 (par.), as added Aug. 23, 1935, ch. 614, title II, §202, 49 Stat. 704, related to waiver of the requirements of sections 321 to 338 of this title for admission to membership in the case of a bank which was required to become a member of the Federal Reserve System under a former provision of subsection (y) of former section 264 of this title, which provision was repealed by act June 20, 1939, ch. 214, §2, 53 Stat. 842.

This section was based on the twelfth par. of section 9 of act Dec. 23, 1913, as amended. The twelfth par. constituted the eleventh par. of section 9 when added in 1935, and became the twelfth par. in 1950 (64 Stat. 458). For further details, see Codification note set out under section 321 of this title.

§ 330. Laws applicable on becoming members; discounts for State banks

Banks becoming members of the Federal reserve system under authority of this subchapter shall be subject to the provisions of this subchapter and to those of this chapter which relate specifically to member banks, but shall not be subject to examination under the provisions of sections 481 and 482 of this title. Subject to the provisions of this chapter and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal reserve system shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all privileges of member banks, except that the Board of Governors of the Federal Reserve System may limit the activities of State member banks and subsidiaries of State member banks in a manner consistent with section 1831a of this title. No Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of

exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than that which could be borrowed lawfully from such State bank or trust company were it a national banking association. The Federal reserve bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guaranty to the effect that the borrower is not liable to such bank in excess of the amount provided by this subchapter, and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 21, 1917, ch. 32, § 3, 40 Stat. 234; amended July 1, 1922, ch. 274, 42 Stat. 821; Pub. L. 102-242, title III, § 303(b), Dec. 19, 1991, 105 Stat. 2353.)

Editorial Notes

REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this section”, meaning section 9 of act Dec. 23, 1913, which is classified generally to this subchapter (§ 321 et seq.).

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 thirteenth par. of section 9 of act Dec. 23, 1913, as amended. The thirteenth par. constituted the tenth par. of section 9 in 1917 (40 Stat. 232), became the eleventh par. in 1927 (44 Stat. 1229), became the twelfth par. in 1935 (49 Stat. 704), and became the thirteenth par. in 1950 (64 Stat. 458). For further details, see Codification note set out under sections 321 and 329 of this title.

AMENDMENTS

1991—Pub. L. 102-242 substituted “, except that the Board of Governors of the Federal Reserve System may limit the activities of State member banks and subsidiaries of State member banks in a manner consistent with section 1831a of this title. No Federal reserve bank” for “: *Provided, however,* That no Federal reserve bank”.

§ 331. Certifying checks on State banks admitted as members

It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this subchapter, to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this subchapter, may subject such bank to a forfeiture of its membership in the Federal reserve system upon hearing by the Board of Governors of the Federal Reserve System.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 21, 1917, ch. 32, § 3, 40 Stat. 234; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

Editorial Notes

REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this section”, meaning section 9 of act Dec. 23, 1913, which is classified generally to this subchapter (§ 321 et seq.).

CODIFICATION

Section is comprised of the fourteenth par. of section 9 of act Dec. 23, 1913, as amended. The fourteenth par. constituted the eleventh par. of section 9 in 1917 (40 Stat. 232), became the twelfth par. in 1927 (44 Stat. 1229), became the thirteenth par. in 1935 (49 Stat. 704), and became the fourteenth par. in 1950 (64 Stat. 458). For further details, see Codification notes set out under sections 321 and 329a of this title.

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.

§ 332. Depositaries of public money; financial agents; security required

All banks or trust companies incorporated by special law or organized under the general laws of any State, which are members of the Federal reserve system, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the Government, as may be required of them. The Secretary of the Treasury shall require of the banks and trust companies thus designated satisfactory security, by the deposit of United States bonds or otherwise, for the safe keeping and prompt payment of the public money deposited with them and for the faithful performance of their duties as financial agents of the Government.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added May 7, 1928, ch. 507, 45 Stat. 492.)

Editorial Notes

CODIFICATION

Section is comprised of the fifteenth par. of section 9 of act Dec. 23, 1913, as amended. The fifteenth par. constituted the thirteenth par. of section 9 in 1928 (45 Stat. 492), became the fourteenth par. in 1935 (49 Stat. 704), and became the fifteenth par. in 1950 (64 Stat. 458). For further details, see Codification notes set out under sections 321 and 329a of this title.

§ 333. Mutual savings banks; application and admission to membership in Federal Reserve System

Any mutual savings bank having no capital stock (including any other banking institution the capital of which consists of weekly or other time deposits which are segregated from all other deposits and are regarded as capital stock for the purposes of taxation and the declaration of dividends), but having surplus and undivided profits not less than the amount of capital required for the organization of a national bank in

the same place, may apply for and be admitted to membership in the Federal Reserve System in the same manner and subject to the same provisions of law as State banks and trust companies, except that any such savings bank shall subscribe for capital stock of the Federal reserve bank in an amount equal to six-tenths of 1 per centum of its total deposit liabilities as shown by the most recent report of examination of such savings bank preceding its admission to membership. Thereafter such subscription shall be adjusted semiannually on the same percentage basis in accordance with rules and regulations prescribed by the Board of Governors of the Federal Reserve System. If any such mutual savings bank applying for membership is not permitted by the laws under which it was organized to purchase stock in a Federal reserve bank, it shall, upon admission to the system, deposit with the Federal reserve bank an amount equal to the amount which it would have been required to pay in on account of a subscription to capital stock. Thereafter such deposit shall be adjusted semiannually in the same manner as subscriptions for stock. Such deposits shall be subject to the same conditions with respect to repayment as amounts paid upon subscriptions to capital stock by other member banks and the Federal reserve bank shall pay interest thereon at the same rate as dividends are actually paid on outstanding shares of stock of such Federal reserve bank. If the laws under which any such savings bank was organized be amended so as to authorize mutual savings banks to subscribe for Federal reserve bank stock, such savings bank shall thereupon subscribe for the appropriate amount of stock in the Federal reserve bank, and the deposit hereinbefore provided for in lieu of payment upon capital stock shall be applied upon such subscription. If the laws under which any such savings bank was organized be not amended at the next session of the legislature following the admission of such savings bank to membership so as to authorize mutual savings banks to purchase Federal reserve bank stock, or if such laws be so amended and such bank fail within six months thereafter to purchase such stock, all of its rights and privileges as a member bank shall be forfeited and its membership in the Federal Reserve System shall be terminated in the manner prescribed in this subchapter with respect to State member banks and trust companies. Each such mutual savings bank shall comply with all the provisions of law applicable to State member banks and trust companies, with the regulations of the Board of Governors of the Federal Reserve System and with the conditions of membership prescribed for such savings bank at the time of admission to membership, except as otherwise hereinbefore provided with respect to capital stock.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 16, 1933, ch. 89, § 5(c), 48 Stat. 164; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

Editorial Notes

REFERENCES IN TEXT

This subchapter, referred to in text, was in the original "this section", meaning section 9 of act Dec. 23, 1913, which is classified generally to this subchapter (§ 321 et seq.).

CODIFICATION

Section is comprised of the sixteenth par. of section 9 of act Dec. 23, 1913, as amended. The sixteenth par. constituted the fourteenth par. of section 9 in 1933 (48 Stat. 164), became the fifteenth par. in 1935 (49 Stat. 704), and became the sixteenth par. in 1950 (64 Stat. 458). For further details, see Codification notes set out under sections 321 and 329a of this title.

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.

§ 334. Reports from affiliates; penalty for failure to furnish

Each bank admitted to membership under this subchapter shall obtain from each of its affiliates other than member banks and furnish to the Federal reserve bank of its district and to the Board of Governors of the Federal Reserve System not less than three reports during each year. Such reports shall be in such form as the Board of Governors of the Federal Reserve System may prescribe, shall be verified by the oath or affirmation of the president or such other officer as may be designated by the board of directors of such affiliate to verify such reports, and shall disclose the information hereinafter provided for as of dates identical with those fixed by the Board of Governors of the Federal Reserve System for reports of the condition of the affiliated member bank. Each such report of an affiliate shall be transmitted as herein provided at the same time as the corresponding report of the affiliated member bank, except that the Board of Governors of the Federal Reserve System may, in its discretion, extend such time for good cause shown. Each such report shall contain such information as in the judgment of the Board of Governors of the Federal Reserve System shall be necessary to disclose fully the relations between such affiliate and such bank and to enable the board to inform itself as to the effect of such relations upon the affairs of such bank. The reports of such affiliates shall be published by the bank under the same conditions as govern its own condition reports.

Any such affiliated member bank may be required to obtain from any such affiliate such additional reports as in the opinion of its Federal reserve bank or the Board of Governors of the Federal Reserve System may be necessary in order to obtain a full and complete knowledge of the condition of the affiliated member bank. Such additional reports shall be transmitted to the Federal reserve bank and the Board of Governors of the Federal Reserve System and shall be in such form as the Board of Governors of the Federal Reserve System may prescribe.

Any such affiliated member bank which fails to obtain from any of its affiliates and furnish any report provided for by the two preceding paragraphs of this section shall be subject to a penalty of \$100 for each day during which such failure continues, which, by direction of the Board of Governors of the Federal Reserve System, may be collected, by suit or otherwise, by the Federal reserve bank of the district in which such member bank is located.

(Dec. 23, 1913, ch. 6, § 9 (pars.), as added June 16, 1933, ch. 89, § 5(c), 48 Stat. 165; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 89-485, § 13(f), July 1, 1966, 80 Stat. 243.)

Editorial Notes

REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this section”, meaning section 9 of act Dec. 23, 1913, which is classified generally to this subchapter (§321 et seq.).

CODIFICATION

Section is comprised of the seventeenth to nineteenth pars. of act Dec. 23, 1913, as amended. These pars. constituted pars. fifteen to seventeen of section 9 in 1933 (48 Stat. 165), became pars. sixteen to eighteen in 1935 (49 Stat. 704), and became pars. seventeen to nineteen in 1950 (64 Stat. 458). For further details, see Codification notes set out under sections 321 and 329a of this title.

AMENDMENTS

1966—Pub. L. 89-485 struck out last sentence of third par. stating that term “affiliate” shall include holding company affiliates as well as other affiliates for the purposes of such par. and preceding two pars.

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.

§ 335. Dealing in investment securities; limitations and conditions

State member banks shall be subject to the same limitations and conditions with respect to the purchasing, selling, underwriting, and holding of investment securities and stock as are applicable in the case of national banks under paragraph “Seventh” of section 24 of this title. This section shall not apply to any interest held by a State member bank in accordance with section 24a of this title and subject to the same conditions and limitations provided in such section.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 16, 1933, ch. 89, § 5(c), 48 Stat. 165; amended Pub. L. 106-102, title I, § 121(d)(2), Nov. 12, 1999, 113 Stat. 1381.)

Editorial Notes

CODIFICATION

Section is comprised of the twentieth par. of section 9 of act Dec. 23, 1913, as amended. The twentieth par. constituted the eighteenth par. of section 9 in 1933 (48 Stat. 16), became the nineteenth par. in 1935 (49 Stat. 704), and became the twentieth par. in 1950 (64 Stat. 458). For further details, see Codification notes set out under sections 321 and 329a of this title.

AMENDMENTS

1999—Pub. L. 106-102 inserted at end “This section shall not apply to any interest held by a State member bank in accordance with section 24a of this title and subject to the same conditions and limitations provided in such section.”

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1999 AMENDMENT

Amendment by Pub. L. 106-102 effective 120 days after Nov. 12, 1999, see section 161 of Pub. L. 106-102, set out as a note under section 24 of this title.

§ 336. Certificates of stock; representation of stock of other corporations

After August 23, 1935, no certificate evidencing the stock of any State member bank shall bear any statement purporting to represent the stock of any other corporation, except a member bank or a corporation engaged on June 16, 1934, in holding the bank premises of such member bank, nor shall the ownership, sale, or transfer of any certificate representing the stock of any State member bank be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank or a corporation engaged on June 16, 1934 in holding the bank premises of such member bank: *Provided*, That this subchapter shall not operate to prevent the ownership, sale, or transfer of stock of any other corporation being conditioned upon the ownership, sale, or transfer of a certificate representing stock of a State member bank.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 16, 1933, ch. 89, § 5(c), 48 Stat. 165; amended Aug. 23, 1935, ch. 614, title III, § 310(b), 49 Stat. 710.)

Editorial Notes

REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this section”, meaning section 9 of act Dec. 23, 1913, which is classified generally to this subchapter (§321 et seq.).

CODIFICATION

Section is comprised of the twenty-first par. of section 9 of act Dec. 23, 1913, as amended. The twenty-first par. constituted the nineteenth par. of section 9 in 1933 (48 Stat. 165), became the twentieth par. in 1935 (49 Stat. 704), and became the twenty-first par. in 1950 (64 Stat. 458). For further details, see Codification notes set out under sections 321 and 329a of this title.

AMENDMENTS

1935—Act Aug. 23, 1935, among other changes, inserted proviso.

§ 337. Repealed. Pub. L. 89-485, § 13(g), July 1, 1966, 80 Stat. 243

Section, act Dec. 23, 1913, ch. 6, § 9 (par.), as added June 16, 1933, ch. 89, § 5(c), 48 Stat. 166, required agreements of State member banks with holding company affiliates to be subject to voting restrictions and to provide for forfeiture of membership on failure to file agreement.

This section was comprised of the twenty-second par. of section 9 of act Dec. 23, 1913, as amended. The twenty-second par. constituted the twentieth par. of section 9 when added in 1933, became the twenty-first par. in 1935 (49 Stat. 704), and became the twenty-second par. in 1950 (64 Stat. 458). For further details, see Codification notes set out under sections 321 and 329a of this title.

§ 338. Examination of affiliates; forfeiture of membership on refusal of affiliate to give information or pay expense

In connection with examinations of State member banks, examiners selected or approved by the Board of Governors of the Federal Reserve System shall make such examinations of the affairs of all affiliates of such banks as shall be necessary to disclose fully the relations between such banks and their affiliates and the effect of such relations upon the affairs of such banks. The expense of examination of affiliates of any State member bank may, in the discretion of the Board of Governors of the Federal Reserve System, be assessed against such bank and, when so assessed, shall be paid by such bank. In the event of the refusal to give any information requested in the course of the examination of any such affiliate, or in the event of the refusal to permit such examination, or in the event of the refusal to pay any expenses so assessed, the Board of Governors of the Federal Reserve System may, in its discretion, require any or all State member banks affiliated with such affiliate to surrender their stock in the Federal Reserve bank and to forfeit all rights and privileges of membership in the Federal Reserve System, as provided in this subchapter.

(Dec. 23, 1913, ch. 6, § 9 (par.), as added June 16, 1933, ch. 89, § 5(c), 48 Stat. 166; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

Editorial Notes

REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this section”, meaning section 9 of act Dec. 23, 1913, which is classified generally to this subchapter (§ 321 et seq.).

CODIFICATION

Section is comprised of the twenty-second par. of section 9 of act Dec. 23, 1913, as amended. The twenty-second par. constituted the twenty-first par. of section 9 in 1933 (48 Stat. 166), became the twenty-second par. in 1935 (49 Stat. 704), and became the twenty-third par. in 1950 (64 Stat. 458), and became the twenty-second par. in 1966 (80 Stat. 243). For further details, see Codification notes set out under sections 321 and 329a of this title.

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.

§ 338a. Investments to promote public welfare and community development; limitation on investments

A State member bank may make investments directly or indirectly, each of which is designed primarily to promote the public welfare, including the welfare of low- and moderate-income communities or families (such as by providing housing, services, or jobs), to the extent permissible under State law. A State member bank shall not make any such investment if the investment would expose the State member bank to unlimited liability. The Board shall limit a

State member bank's investment in any 1 project and a State member bank's aggregate investments under this paragraph. The aggregate amount of investments of any State member bank under this paragraph may not exceed an amount equal to the sum of 5 percent of the State member bank's capital stock actually paid in and unimpaired and 5 percent of the State member bank's unimpaired surplus, unless the Board determines, by order, that a higher amount will pose no significant risk to the affected deposit insurance fund; and the State member bank is adequately capitalized. In no case shall the aggregate amount of investments of any State member bank under this paragraph exceed an amount equal to the sum of 15 percent of the State member bank's capital stock actually paid in and unimpaired and 15 percent of the State member bank's unimpaired surplus. The foregoing standards and limitations apply to investments under this paragraph made by a State member bank directly and by its subsidiaries.

(Dec. 23, 1913, ch. 6, § 9(23), formerly § 9 (par.), as added Pub. L. 102-485, § 6(b), Oct. 23, 1992, 106 Stat. 2774; amended Pub. L. 104-208, div. A, title II, § 2704(d)(8), Sept. 30, 1996, 110 Stat. 3009-489; Pub. L. 109-171, title II, § 2102(b), Feb. 8, 2006, 120 Stat. 9; Pub. L. 109-173, § 9(b), Feb. 15, 2006, 119 Stat. 3616; renumbered § 9(23) and amended Pub. L. 109-351, title III, § 305(b), Oct. 13, 2006, 120 Stat. 1971; Pub. L. 110-289, div. B, title V, § 2503(b), July 30, 2008, 122 Stat. 2857.)

Editorial Notes

CODIFICATION

Section is comprised of par. (23) (the twenty-third par.) of section 9 of act Dec. 23, 1913, as amended. For further details, see Codification note set out under section 321 of this title.

AMENDMENTS

2008—Pub. L. 110-289, which directed substitution of “is designed primarily to promote the public welfare, including the welfare of” for “promotes the public welfare by benefitting primarily” in first sentence, was executed by making the substitution for “promotes the public welfare by benefitting primarily” to reflect the probable intent of Congress.

2006—Pub. L. 109-351 amended section generally. Prior to amendment, section read as follows: “State member banks may make investments designed primarily to promote the public welfare, including the welfare of low- and moderate-income communities or families (such as by providing housing, services, or jobs), to the extent permissible under State law, and subject to such restrictions and requirements as the Board of Governors of the Federal Reserve System may prescribe by regulation or order. A bank shall not make any such investment if the investment would expose the bank to unlimited liability. The Board shall limit a bank's investments in any 1 project and bank's aggregate investments under this paragraph. A bank's aggregate investments under this paragraph shall not exceed an amount equal to the sum of 5 percent of the bank's capital stock actually paid in and unimpaired and 5 percent of the bank's unimpaired surplus fund, unless the Board determines by order that the higher amount will pose no significant risk to the Deposit Insurance Fund, and the bank is adequately capitalized. In no case shall a bank's aggregate investments under this paragraph exceed an amount equal to the sum of 10 percent of the bank's capital stock actually paid in and unimpaired and 10 percent of the bank's unimpaired surplus fund.”

Pub. L. 109-173, in fourth sentence, substituted “Deposit Insurance Fund” for “affected deposit insurance fund”.

Pub. L. 109-171 repealed Pub. L. 104-208, §2704(d)(8). See 1996 Amendment note below.

1996—Pub. L. 104-208, §2704(d)(8), which directed the amendment of the fourth sentence by substituting “Deposit Insurance Fund” for “affected deposit insurance fund”, was repealed by Pub. L. 109-171. See Effective Date of 1996 Amendment note below and 2006 Amendment note above.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by Pub. L. 109-173 effective Mar. 31, 2006, see section 9(j) of Pub. L. 109-173, set out as a note under section 24 of this title.

Amendment by Pub. L. 109-171 effective no later than the first day of the first calendar quarter that begins after the end of the 90-day period beginning Feb. 8, 2006, see section 2102(c) of Pub. L. 109-171, set out as a Merger of BIF and SAIF note under section 1821 of this title.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-208 effective Jan. 1, 1999, if no insured depository institution is a savings association on that date, see section 2704(c) of Pub. L. 104-208, formerly set out as a note under section 1821 of this title.

§ 339. Participation by State member banks in lotteries and related activities

(a) Prohibited activities

A State member bank may not—

- (1) deal in lottery tickets;
- (2) deal in bets used as a means or substitute for participation in a lottery;
- (3) announce, advertise, or publicize the existence of any lottery;¹
- (4) announce, advertise, or publicize the existence or identity of any participant or winner, as such, in a lottery.

(b) Use of banking premises prohibited

A State member bank may not permit—

- (1) the use of any part of any of its banking offices by any person for any purpose forbidden to the bank under subsection (a), or
- (2) direct access by the public from any of its banking offices to any premises used by any person for any purpose forbidden to the bank under subsection (a).

(c) Definitions

As used in this section—

- (1) The term “deal in” includes making, taking, buying, selling, redeeming, or collecting.
- (2) The term “lottery” includes any arrangement, other than a savings promotion raffle, whereby three or more persons (the “participants”) advance money or credit to another in exchange for the possibility or expectation that one or more but not all of the participants (the “winners”) will receive by reason of their advances more than the amounts they have advanced, the identity of the winners being determined by any means which includes—

- (A) a random selection;
- (B) a game, race, or contest; or
- (C) any record or tabulation of the result of one or more events in which any partici-

pant has no interest except for its bearing upon the possibility that he may become a winner.

(3) The term “lottery ticket” includes any right, privilege, or possibility (and any ticket, receipt, record, or other evidence of any such right, privilege, or possibility) of becoming a winner in a lottery.

(4) The term “savings promotion raffle” means a contest in which the sole consideration required for a chance of winning designated prizes is obtained by the deposit of a specified amount of money in a savings account or other savings program, where each ticket or entry has an equal chance of being drawn, such contest being subject to regulations that may from time to time be promulgated by the appropriate prudential regulator (as defined in section 5481 of this title).

(d) Lawful banking services connected with operation of lottery

Nothing contained in this section prohibits a State member bank from accepting deposits or cashing or otherwise handling checks or other negotiable instruments, or performing other lawful banking services for a State operating a lottery, or for an officer or employee of that State who is charged with the administration of the lottery.

(e) Regulations; enforcement

The Board of Governors of the Federal Reserve System shall issue such regulations as may be necessary to the strict enforcement of this section and the prevention of evasions thereof.

(Dec. 13, 1913, ch. 6, §9A, as added Pub. L. 90-203, §2, Dec. 15, 1967, 81 Stat. 609; amended Pub. L. 113-251, §3(b), Dec. 18, 2014, 128 Stat. 2889.)

Editorial Notes

CODIFICATION

Section was enacted as section 9A of act Dec. 13, 1913, and not as part of section 9 of such act which comprises this subchapter.

AMENDMENTS

2014—Subsec. (c)(2). Pub. L. 113-251, §3(b)(1), inserted “, other than a savings promotion raffle,” before “whereby” in introductory provisions.

Subsec. (c)(4). Pub. L. 113-251, §3(b)(2), added par. (4).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective Apr. 1, 1968, see section 6 of Pub. L. 90-203, set out as a note under section 25a of this title.

§ 339a. Resolution of clearing banks

(a) Conservatorship or receivership

(1) Appointment

The Board may appoint a conservator or receiver to take possession and control of any uninsured State member bank which operates, or operates as, a multilateral clearing organization pursuant to section 4422¹ of this title to the same extent and in the same manner as

¹ So in original. The word “or” probably should appear.

¹ See References in Text note below.

the Comptroller of the Currency may appoint a conservator or receiver for a national bank.

(2) Powers

The conservator or receiver for an uninsured State member bank referred to in paragraph (1) shall exercise the same powers, functions, and duties, subject to the same limitations, as a conservator or receiver for a national bank.

(b) Board authority

The Board shall have the same authority with respect to any conservator or receiver appointed under subsection (a), and the uninsured State member bank for which the conservator or receiver has been appointed, as the Comptroller of the Currency has with respect to a conservator or receiver for a national bank and the national bank for which the conservator or receiver has been appointed.

(c) Bankruptcy proceedings

The Board (in the case of an uninsured State member bank which operates, or operates as, such a multilateral clearing organization) may direct a conservator or receiver appointed for the bank to file a petition pursuant to title 11, in which case, title 11 shall apply to the bank in lieu of otherwise applicable Federal or State insolvency law.

(Dec. 13, 1913, ch. 6, §9B, as added Pub. L. 106-554, §1(a)(5) [title I, §112(b)], Dec. 21, 2000, 114 Stat. 2763, 2763A-392.)

Editorial Notes

REFERENCES IN TEXT

Section 4422 of this title, referred to in subsec. (a)(1), was repealed by Pub. L. 111-203, title VII, §740, July 21, 2010, 124 Stat. 1729.

CODIFICATION

Section was enacted as section 9B of act Dec. 13, 1913, and not as part of section 9 of such act which comprises this subchapter.

**SUBCHAPTER IX—POWERS AND DUTIES OF
FEDERAL RESERVE BANKS**

§ 341. General enumeration of powers

Upon the filing of the organization certificate with the Comptroller of the Currency a Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

Second. To have succession after February 25, 1927, until dissolved by Act of Congress or until forfeiture of franchise for violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors a president, vice presidents, and such officers and employees as are not otherwise provided for in this chapter, to define their duties, require bonds for them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. The president shall be the chief executive officer of the bank and shall be appointed by the Class B and Class C directors of the bank, with the approval of the Board of Governors of the

Federal Reserve System, for a term of 5 years; and all other executive officers and all employees of the bank shall be directly responsible to the president. The first vice president of the bank shall be appointed in the same manner and for the same term as the president, and shall, in the absence or disability of the president or during a vacancy in the office of president, serve as chief executive officer of the bank. Whenever a vacancy shall occur in the office of the president or the first vice president, it shall be filled in the manner provided for original appointments; and the person so appointed shall hold office until the expiration of the term of his predecessor.

Sixth. To prescribe by its board of directors, bylaws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this chapter and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this chapter.

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Secretary of the Treasury circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve bank.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this chapter.

(Dec. 23, 1913, ch. 6, §4 (pars.), 38 Stat. 254; Feb. 25, 1927, ch. 191, §18, 44 Stat. 1234; Aug. 23, 1935, ch. 614, title II, §201, 49 Stat. 703; Pub. L. 103-325, title VI, §602(g)(1), Sept. 23, 1994, 108 Stat. 2293; Pub. L. 111-203, title XI, §1107, July 21, 2010, 124 Stat. 2126.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in the Fifth, Seventh, and closing pars., 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 pars. 4 and 5 of section 4 of act Dec. 23, 1913. For classification to this title of other pars. of section 4, see Codification note set out under section 301 of this title.

AMENDMENTS

2010—Pub. L. 111-203 amended fifth power by substituting “The president shall be the chief executive of-