

US Code

(Unofficial compilation from the Legal Information Institute)

TITLE 12 - BANKS AND BANKING

CHAPTER 6—FOREIGN BANKING

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TITLE 12 BANKS AND BANKING

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CHAPTER 6—FOREIGN BANKING

SUBCHAPTER I—ESTABLISHMENT BY NATIONAL BANKS OF FOREIGN BRANCHES AND INVESTMENTS IN BANKS DOING FOREIGN BUSINESS

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- 633. Potential liability on foreign accounts.

SUBCHAPTER I—ESTABLISHMENT BY NATIONAL BANKS OF FOREIGN BRANCHES AND INVESTMENTS IN BANKS DOING FOREIGN BUSINESS

.....

§ 601. Authorization; conditions and regulations

Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Board of Governors of the Federal Reserve System for permission to exercise, upon such conditions and under such regulations as may be prescribed by the said board, the following powers:

First. To establish branches in foreign countries or dependencies or insular possessions of the United States for the furtherance of the foreign commerce of the United States, and to act if required to do so as fiscal agents of the United States.

Second. To invest an amount not exceeding in the aggregate 10 per centum of its paid-in capital stock and surplus in the stock of one or more banks or corporations chartered or incorporated under the laws of the United States or of any State thereof, and principally engaged in international or foreign banking, or banking in a dependency or insular possession of the United States either directly or through the agency, ownership, or control of local institutions in foreign countries, or in such dependencies or insular possessions.

Third. To acquire and hold, directly or indirectly, stock or other evidences of ownership in one or more banks organized under the law of a foreign country or a dependency or insular possession of the United States and not engaged, directly or indirectly, in any activity in the United States except as, in the judgment of the Board of Governors of the Federal Reserve System, shall be incidental to the international or foreign business of such foreign bank; and, notwithstanding the provisions of section 371c of this title, to make loans or extensions of credit to or for the account of such bank in the manner and within the limits prescribed by the Board by general or specific regulation or ruling.

Until January 1, 1921, any national banking association, without regard to the amount of its capital and surplus, may file application with the Board of Governors of the Federal Reserve System for permission, upon such conditions and under such regulations as may be prescribed by said board, to invest an amount not exceeding in the aggregate 5 per centum of its paid-in capital and surplus in the stock of one or more corporations chartered or incorporated under the laws of the United States or of any State thereof and, regardless of its location, principally engaged in such phases of international or foreign financial operations as may be necessary to facilitate the export of goods, wares, or merchandise from the United States or any of its dependencies or insular possessions to any foreign country: Provided, however, That in no event shall the total investments authorized by this subchapter by any one national bank exceed 10 per centum of its capital and surplus.

Such application shall specify the name and capital of the banking association filing it, the powers applied for, and the place or places where the banking or financial operations proposed are to be carried on. The Board of Governors of the Federal Reserve System shall have power to approve or to reject such application in whole or in part if for any reason the granting of such application is deemed inexpedient, and shall also have power from time to time to increase or decrease the number of places where such banking operations may be carried on.

(Dec. 23, 1913, ch. 6, § 25 (pars.), 38 Stat. 273; Sept. 7, 1916, ch. 461, 39 Stat. 755; Sept. 17, 1919, ch. 60, §§ 1, 2, 41 Stat. 285, 286; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 89-485, § 12(b), July 1, 1966, 80 Stat. 241.)

References in Text

This subchapter, referred to in the proviso to the fifth par., was in the original “this section”, meaning section 25 of act Dec. 23, 1913, which is classified to this subchapter (§ 601 et seq.).

Codification

Section is comprised of the first three undesignated pars. of section 25 of act Dec. 23, 1913, which comprises this subchapter.

The fourth undesignated par. of section 25 is classified to section 602 of this title.

The fifth undesignated par. of section 25 is classified to section 603 of this title.

The sixth undesignated par. of section 25 is classified to section 604 of this title.

The former seventh undesignated par. was classified to former section 605 of this title.

The seventh undesignated par. is classified to section 604a of this title.

Amendments

1966—Pub. L. 89–485 struck out “either or both of” before “the following powers” in introductory par.

Par. Third. Pub. L. 89–485 added par. Third.

1919—Act Sept. 17, 1919, added par. beginning “Until January 21, 1921” and inserted “financial” in first sentence of last par.

1916—Act Sept. 7, 1916, among other changes, added par. Second, and provisions relating to restrictions on purchasing stock in other banks, investigations as to compliance with regulations, disposal of interest and separation of accounts, etc. which are now contained in section 602 et seq. of this title.

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.

Study by Secretary of the Treasury of Discriminatory Practices by Foreign Nations Against United States Banks; Report and Recommendations to Congress

Pub. L. 95–369, § 9(a), formerly § 9, Sept. 17, 1978, 92 Stat. 623, renumbered Pub. L. 95–630, title III, § 311, Nov. 10, 1978, 92 Stat. 3678, provided that the Secretary of the Treasury conduct a study of discriminatory practices by foreign nations against United States banks and report his findings and recommendations to Congress on or before one year after Sept. 17, 1978, along with a description of efforts taken by the United States to eliminate any foreign laws or practices that discriminate against United States banks or serve as a barrier to the financing of United States exports to any country.

.....

§ 602. Reports and examinations

Every national banking association operating foreign branches shall be required to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and every member bank investing in the capital stock of banks or corporations described in section 601 of this title shall be required to furnish information concerning the condition of such banks or corporations to the Board of Governors of the Federal Reserve System upon demand, and the Board of Governors of the Federal Reserve System may order special examinations of the said branches, banks, or corporations at such time or times as it may deem best.

(Dec. 23, 1913, ch. 6, § 25 (par.), 38 Stat. 273; Sept. 7, 1916, ch. 461, 39 Stat. 755; Sept. 17, 1919, ch. 60, § 3, 41 Stat. 286; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

Codification

Section is comprised of the fourth undesignated par. of section 25 of act Dec. 23, 1913, which comprises this subchapter. For classification of other pars. of section 25 of this Act, see Codification note under section 601 of this title.

Amendments

1919—Act Sept. 17, 1919, substituted “above” for “subparagraph 2 of the first paragraph of this section” in the original, which for purposes of codification appears in text as a reference to section 601 of this title.

1916—Act Sept. 7, 1916, substituted “operating” for “which shall receive authority to establish foreign branches” and inserted “every member bank investing in the capital stock of banks or corporations described in subsection second of section 601 of this title”.

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.

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.

.....

§ 603. Restrictions imposed by Board of Governors of the Federal Reserve System on banks purchasing stock in corporations doing foreign business

Before any national bank shall be permitted to purchase stock in any corporation described in section 601 of this title, the said corporation shall enter into an agreement or undertaking with the Board of Governors of the Federal Reserve System to restrict its operations or conduct its business in such manner or under such limitations and restrictions as the said board may prescribe for the place or places wherein such business is to be conducted. If at any time the Board of Governors of the Federal Reserve System shall ascertain that the regulations prescribed by it are not being complied with, said board is authorized and empowered to institute an investigation of the matter and to send for persons and papers, subpoena witnesses, and administer oaths in order to satisfy itself as to the actual nature of the transactions referred to. Should such investigation result in establishing the failure of the corporation in question, or of the national bank or banks which may be stockholders therein, to comply with the regulations laid down by the said Board of Governors of the Federal Reserve System, such national banks may be required to dispose of stock holdings in the said corporation upon reasonable notice.

(Dec. 23, 1913, ch. 6, § 25 (par.), as added Sept. 7, 1916, ch. 461, 39 Stat. 755; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704.)

Codification

Section is comprised of the fifth undesignated par. of section 25 of act Dec. 23, 1913, which comprises this subchapter. For classification of other pars. of section 25 of this Act, see Codification note under section 601 of this title.

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.

.....

§ 604. Accounts of foreign branches; profit and loss

Every national banking association operating foreign branches shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accrued at each branch as a separate item.

(Dec. 23, 1913, ch. 6, § 25 (par.), 38 Stat. 273; Sept. 7, 1916, ch. 461, 39 Stat. 756.)

Codification

Section is comprised of the sixth undesignated par. of section 25 of act Dec. 23, 1913, which comprises this subchapter. For classification of other pars. of section 25 of this Act, see Codification note under section 601 of this title.

The words “national banking association operating foreign branches” were in the original “such banking association”.

Amendments

1916—Act Sept. 7, 1916, substituted “accrued” for “accruing”.

.....

§ 604a. Regulations authorizing exercise by foreign branches of usual powers of local banks; restrictions

Regulations issued by the Board of Governors of the Federal Reserve System under this subchapter, in addition to regulating powers which a foreign branch may exercise under other provisions of law, may authorize such a foreign branch, subject to such condition and requirements as such regulations may prescribe, to exercise such further powers as may be usual in connection with the transaction of the business of banking in the places where such foreign branch shall transact business. Such regulations shall not authorize a foreign branch to engage in the general business of producing, distributing, buying or selling goods, wares, or merchandise; nor, except to such limited extent as the Board may deem to be necessary with respect to securities issued by any “foreign state” as defined in section 632 of this title, shall such regulations authorize a foreign branch to engage or participate, directly or indirectly, in the business of underwriting, selling, or distributing securities.

(Dec. 23, 1913, ch. 6, § 25 (par.), as added Pub. L. 87–588, Aug. 15, 1962, 76 Stat. 388.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25 of act Dec. 23, 1913, which is classified to this subchapter (§ 601 et seq.).

Codification

Section is comprised of the seventh undesignated par. of section 25 of act Dec. 23, 1913, which comprises this subchapter. For classification of other pars. of section 25 of this Act, see Codification note under section 601 of this title.

.....

§ 605. Repealed. Aug. 23, 1935, ch. 614, title III, § 329, 49 Stat. 717

Section, act Dec. 23, 1913, ch. 6, § 25 (par.), 38 Stat. 273, as amended by act Sept. 7, 1916, ch. 461, 39 Stat. 755, related to interlocking directors, officers, and employees. See section 19 of Title 15, Commerce and Trade.

**TITLE 12 - CHAPTER 6 - SUBCHAPTER II ORGANIZATION
OF CORPORATIONS TO DO FOREIGN BANKING**

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Section was comprised of the former seventh undesignated par. of section 25 of act Dec. 23, 1913, which comprises this subchapter. For classification of other pars. of section 25 of this Act, see Codification note under section 601 of this title.

SUBCHAPTER II—ORGANIZATION OF CORPORATIONS TO DO FOREIGN BANKING

.....

§ 611. Formation authorized; fiscal agents; depositaries in insular possessions

Corporations to be organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations, or in banking or other financial operations in a dependency or insular possession of the United States, either directly or through the agency, ownership or control of local institutions in foreign countries, or in such dependencies or insular possessions as provided by this subchapter and to act when required by the Secretary of the Treasury as fiscal agents of the United States, may be formed by any number of natural persons, not less in any case than five: Provided, That nothing in this subchapter shall be construed to deny the right of the Secretary of the Treasury to use any corporation organized under this subchapter as depositaries in Panama and the Panama Canal Zone, or other insular possessions and dependencies of the United States.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Feb. 27, 1921, ch. 73, 41 Stat. 1145; Proc. No. 2695, eff. July 4, 1946, 11 F.R. 2517, 60 Stat. 1352; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

For definition of Canal Zone, referred to in text, see section 3602 (b) of Title 22, Foreign Relations and Intercourse.

Codification

Section is comprised of par. 1 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter.

Par. 2 (undesignated) is classified to section 611a of this title.

Pars. 3 to 5 (undesignated), formerly pars. 2 to 4 (undesignated), respectively, are classified to sections 612 to 614, respectively, of this title.

Pars. 6 and 7 (undesignated), formerly pars. 5 and 6 (undesignated), respectively, are classified to section 615 of this title.

Pars. 8 to 15 (undesignated), formerly pars. 7 to 14 (undesignated), respectively, are classified to sections 616 to 623, respectively, of this title.

Par. (16), formerly par. 16 (undesignated), formerly par. 15 (undesignated), is classified to section 624 of this title.

Pars. 17 to 23 (undesignated), formerly pars. 16 to 22 (undesignated), are classified to sections 625 to 631 of this title.

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

Amendments

1921—Act Feb. 27, 1921, inserted proviso.

Short Title

Section 25A, formerly section 25(a) of act Dec. 23, 1913, ch. 6, as added by act Dec. 24, 1919, ch. 18, 41 Stat. 378, which is classified to this subchapter, is popularly known as the “Edge Act”.

.....

§ 611a. Statement of purposes; rules and regulations

The Congress declares that it is the purpose of this subchapter to provide for the establishment of international banking and financial corporations operating under Federal supervision with powers sufficiently broad to enable them to compete effectively with similar foreign-owned institutions in the United States and abroad; to afford to the United States exporter and importer in particular, and to United States commerce, industry, and agriculture in general, at all times a means of financing international trade, especially United States exports; to foster the participation by regional and smaller banks throughout the United States in the provision of international banking and financing services to all segments of United States agriculture, commerce, and industry, and, in particular small business and farming concerns; to stimulate competition in the provision of international banking and financing services throughout the United States; and, in conjunction with each of the preceding purposes, to facilitate and stimulate the export of United States goods, wares, merchandise, commodities, and services to achieve a sound United States international trade position. The Board of Governors of the Federal Reserve System shall issue rules and regulations under this subchapter consistent with and in furtherance of the purposes described in the preceding sentence, and, in accordance therewith, shall review and revise any such rules and regulations at least once every five years, the first such period commencing with the effective date of rules and regulations issued pursuant to section 3(a) of the International Banking Act of 1978, in order to ensure that such purposes are being served in light of prevailing economic conditions and banking practices.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Pub. L. 95–369, § 3(b), Sept. 17, 1978, 92 Stat. 608; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Section 3(a) of the International Banking Act of 1978, referred to in text, is Pub. L. 95–369, § 3(a), Sept. 17, 1978, 92 Stat. 608, which is set out below.

Codification

Section is comprised of par. 2 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

Elimination or Modification of Restrictions Limiting Foreign Banking; Congressional Declaration of Purpose

Section 3(a) of Pub. L. 95–369 provided that: “It is the purpose of this section [adding this section, amending sections 614, 615, 618, and 619 of this title, and enacting provisions set out as note under section 247 of this title] to eliminate or modify provisions in section 25 (a) [now 25A] of the Federal Reserve Act [this subchapter] that (1) discriminate against foreign-owned banking institutions, (2) disadvantage or unnecessarily restrict or limit corporations organized under section 25(a) of the Federal Reserve Act in competing with foreign-owned banking institutions in the United States or abroad or (3) impede the attainment of the Congressional purposes set forth in section 25(a) of the Federal Reserve Act as amended by subsection (b) of this section [adding this section]. In furtherance of such purpose, the Congress believes that the Board should review and revise its rules, regulations, and interpretations issued pursuant to section 25(a) of the Federal Reserve Act to eliminate or modify any restrictions, conditions, or limitations not required by section 25(a) of the Federal Reserve Act, as amended, that (1) discriminate against foreign-owned banking institutions, (2) disadvantage or unnecessarily restrict or limit corporations organized under section 25(a) of the Federal Reserve Act in competing with foreign-owned banking institutions in the United States or abroad, or (3) impede the attainment of the Congressional purposes set forth in section 25(a) of the Federal Reserve Act as amended by subsection (b) of this section. Rules and regulations pursuant to this subsection and section 25(a) of the Federal Reserve Act shall be

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issued not later than 150 days after the date of enactment of this section [Sept. 17, 1978] and shall be issued in final form and become effective not later than 120 days after they are first issued.”

.....

§ 612. Articles of association; contents

The persons described in section 611 of this title shall enter into articles of association which shall specify in general terms the objects for which the association is formed and may contain any other provisions not inconsistent with law which the association may see fit to adopt for the regulation of its business and the conduct of its affairs.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

The persons described in section 611 of this title, referred to in text, was in the original “Such persons”.

Codification

Section is comprised of par. 3 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

.....

§ 613. Signing of articles of association; forwarding to and filing by Board of Governors of the Federal Reserve System; organization certificate; contents

Articles of association described in section 612 of this title shall be signed by all of the persons intending to participate in the organization of the corporation and, thereafter, shall be forwarded to the Board of Governors of the Federal Reserve System and shall be filed and preserved in its office. The persons signing the said articles of association shall, under their hands, make an organization certificate which shall specifically state:

First. The name assumed by such corporation, which shall be subject to the approval of the Board of Governors of the Federal Reserve System.

Second. The place or places where its operations are to be carried on.

Third. The place in the United States where its home office is to be located.

Fourth. The amount of its capital stock and the number of shares into which the same shall be divided.

Fifth. The names and places of business or residence of the persons executing the certificate and the number of shares to which each has subscribed.

Sixth. The fact that the certificate is made to enable the persons subscribing the same, and all other persons, firms, companies, and corporations, who or which may thereafter subscribe to or purchase shares of the capital stock of such corporation, to avail themselves of the advantages of this subchapter.

(Dec. 23, 1913, ch. 6, § 25A (pars.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

Articles of association described in section 612 of this title, referred to in text, was in the original “Such articles of association”.

This subchapter, referred to in par. sixth, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 4 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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.

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§ 614. Organization certificate; acknowledgment; forwarding to, filing, and approval by Board of Governors of the Federal Reserve System; permit to do business; body corporate; name; seal; corporate succession; contracts; suits; directors, officers, and employees; bylaws

The persons signing the organization certificate shall duly acknowledge the execution thereof before a judge of some court of record or notary public, who shall certify thereto under the seal of such court or notary, and thereafter the certificate shall be forwarded to the Board of Governors of the Federal Reserve System to be filed and preserved in its office. Upon duly making and filing articles of association and an organization certificate, and after the Board of Governors of the Federal Reserve System has approved the same and issued a permit to begin business, the association shall become and be a body corporate, and as such and in the name designated therein shall have power to adopt and use a corporate seal, which may be changed at the pleasure of its board of directors; to have succession for a period of twenty years unless sooner dissolved by the act of the shareholders owning two-thirds of the stock or by an act of Congress or unless its franchises become forfeited by some violation of law; to make contracts; to sue and be sued, complain, and defend in any court of law or equity; to elect or appoint directors; and, by its board of directors, to appoint such officers and employees as may be deemed proper, define their authority and duties, require bonds of them, and fix the penalty thereof, dismiss such officers or employees, or any thereof, at pleasure and appoint others to fill their places; to prescribe, by its board of directors, bylaws not inconsistent with law or with the regulations of the Board of Governors of the Federal Reserve System regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers and employees appointed, its property transferred, and the privileges granted to it by law exercised and enjoyed.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 95–369, § 3(c), Sept. 17, 1978, 92 Stat. 609; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

Codification

Section is comprised of par. 5 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

Amendments

1978—Pub. L. 95–369 struck out “, all of whom shall be citizens of the United States” after “to elect or appoint directors”.

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.

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§ 615. Powers of corporation

Each corporation organized as provided in sections 611 to 614 of this title shall have power, under such rules and regulations as the Board of Governors of the Federal Reserve System may prescribe:

(a) Dealings in drafts, checks, bills of exchange, acceptances, and other evidences of indebtedness; purchase and sale of securities; letters of credit; purchase and sale of coin, bullion, and exchange; borrowing and loaning money; issue of debentures, bonds, and notes; deposits; limitation of liabilities; reserves

To purchase, sell, discount, and negotiate, with or without its indorsement or guaranty, notes, drafts, checks, bills of exchange, acceptances, including bankers’ acceptances, cable transfers, and other evidences of indebtedness; to purchase and sell, with or without its indorsement or guaranty, securities, including the obligations of the United States or of any State thereof but not including shares of stock in any corporation except as herein provided; to accept bills or drafts drawn upon it subject to such limitations and restrictions as the Board of Governors of the Federal Reserve System may impose; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to borrow and to lend money; to issue debentures, bonds, and promissory notes under such general conditions as to security and such limitations as the Board of Governors of the Federal Reserve System may prescribe; to receive deposits outside of the United States and to receive only such deposits within the United States as may be incidental to or for the purpose of carrying out transactions in foreign countries or dependencies or insular possessions of the United States; and generally to exercise such powers as are incidental to the power conferred by this Act or as may be usual, in the determination of the Board of Governors of the Federal Reserve System, in connection with the transaction of the business of banking or other financial operations in the countries, colonies, dependencies, or possessions in which it shall transact business and not inconsistent with the powers specifically granted herein. Nothing contained in this subchapter shall be construed to prohibit the Board of Governors of the Federal Reserve System, under its power to prescribe rules and regulations, from limiting the aggregate amount of liabilities of any or all classes incurred by the corporation and outstanding at any one time. Whenever a corporation organized under this subchapter receives deposits in the United States authorized by this subchapter, it shall carry reserves in such amounts as the Board of Governors of the Federal Reserve System may prescribe for member banks of the Federal Reserve System.

(b) Branches or agencies

To establish and maintain for the transaction of its business branches or agencies in foreign countries, their dependencies or colonies, and in the dependencies or insular possessions of the United States, at such places as may be approved by the Board of Governors of the Federal Reserve System and under such rules and regulations as it may prescribe, including countries or dependencies not specified in the original organization certificate.

(c) Purchase of stock in other corporations

With the consent of the Board of Governors of the Federal Reserve System to purchase and hold stock or other certificates of ownership in any other corporation organized under the provisions of this subchapter, or under the laws of any foreign country or a colony or dependency thereof, or under the laws of any State, dependency, or insular possession of the United States but not engaged in the general

TITLE 12 - Section 616 - Place of carrying on business; when business may be begun

NB: This unofficial compilation of the U.S. Code is current as of Jan. 4, 2010 (see <http://www.law.cornell.edu/uscode/uscpri.html>).

business of buying or selling goods, wares, merchandise, or commodities in the United States, and not transacting any business in the United States except such as in the judgment of the Board of Governors of the Federal Reserve System may be incidental to its international or foreign business: Provided, however, That, except with the approval of the Board of Governors of the Federal Reserve System, no corporation organized under this subchapter shall invest in any one corporation an amount in excess of 10 per centum of its own capital and surplus, except in a corporation engaged in the business of banking, when 15 per centum of its capital and surplus may be so invested: Provided further, That no corporation organized under this subchapter shall purchase, own, or hold stock or certificates of ownership in any other corporation organized under this subchapter or under the laws of any State which is in substantial competition therewith, or which holds stock or certificates of ownership in corporations which are in substantial competition with the purchasing corporation.

Nothing contained herein shall prevent corporations organized under this subchapter from purchasing and holding stock in any corporation where such purchase shall be necessary to prevent a loss upon a debt previously contracted in good faith; and stock so purchased or acquired in corporations organized under this subchapter shall, within six months from such purchase, be sold or disposed of at public or private sale, unless the time to so dispose of same is extended by the Board of Governors of the Federal Reserve System.

(Dec. 23, 1913, ch. 6, § 25A (pars.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 95–369, § 3(d), (e), Sept. 17, 1978, 92 Stat. 609; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

Each corporation organized as provided in sections 611 to 614 of this title, referred to in first par., was in the original “Each corporation so organized”.

This act, referred to in subsec. (a), is act Dec. 23, 1913, ch. 6, 38 Stat. 251, as amended, known as the Federal Reserve Act, which is classified principally to chapter 3 (§ 221 et seq.) of this title. For complete classification of this Act to the Code, see References in Text note set out under section 226 of this title and Tables.

This subchapter, referred to in subsecs. (a) and (c), was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Organized under this subchapter, referred to in subsec. (c), was in the original “organized hereunder”, meaning under section 25A of act Dec. 23, 1913, which comprises this subchapter.

Codification

Section is comprised of pars. 6 and 7 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

Amendments

1978—Subsec. (a). Pub. L. 95–369, § 3(d), struck out “, but in no event having liabilities outstanding thereon at any one time exceeding ten times its capital stock and surplus” after “under such general conditions as to security and such limitations as the Board of Governors of the Federal Reserve System may prescribe”.

Pub. L. 95–369, § 3(e), which directed substituting “for member banks of the Federal Reserve System” for “, but in no event less than ten per centum of its deposits,” in the third sentence, was executed by making the substitution for “, but in no event less than 10 per centum of its deposits” to reflect the probable intent of Congress.

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.

.....

§ 616. Place of carrying on business; when business may be begun

No corporation organized under this subchapter shall carry on any part of its business in the United States except such as, in the judgment of the Board of Governors of the Federal Reserve System, shall be incidental to its international or foreign business: And provided further, That except such as is incidental and preliminary to its organization, no such corporation shall exercise any of the powers conferred by this subchapter until it has been duly authorized by the Board of Governors of the Federal Reserve System to commence business as a corporation organized under the provisions of this subchapter.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 8 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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.

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§ 617. Engaging in commerce or trade in commodities; price fixing; forfeiture of charter; acts forbidden to directors, officers, agents, or employees

No corporation organized under this subchapter shall engage in commerce or trade in commodities except as specifically provided in this subchapter, nor shall it, either directly or indirectly, control or fix or attempt to control or fix the price of any such commodities. The charter of any corporation violating this provision shall be subject to forfeiture in the manner provided in this subchapter. It shall be unlawful for any director, officer, agent, or employee of any such corporation to use or to conspire to use the credit, the funds, or the power of the corporation to fix or control the price of any such commodities, and any such person violating this provision shall be liable to a fine of not less than \$1,000 and not exceeding \$5,000 or imprisonment not less than one year and not exceeding five years, or both, in the discretion of the court.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 9 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

.....
§ 618. Capital stock; amount; when paid in

No corporation shall be organized under the provisions of this subchapter with a capital stock of less than \$2,000,000, one-quarter of which must be paid in before the corporation may be authorized to begin business, and the remainder of the capital stock of such corporation shall be paid in installments of at least 10 per centum on the whole amount to which the corporation shall be limited as frequently as one installment at the end of each succeeding two months from the time of the commencement of its business operations until the whole of the capital stock shall be paid in: Provided, however, That whenever \$2,000,000 of the capital stock of any corporation is paid in the remainder of the corporation's capital stock or any unpaid part of such remainder may, with the consent of the Board of Governors of the Federal Reserve System and subject to such regulations and conditions as it may prescribe, be paid in upon call from the board of directors; such unpaid subscriptions, however, to be included in the maximum of 10 per centum of the national bank's capital and surplus which a national bank is permitted under the provisions of this Act to hold in stock of corporations engaged in business of the kind described in this subchapter and subchapter I of this chapter. The capital stock of any such corporation may be increased at any time, with the approval of the Board of Governors of the Federal Reserve System, by a vote of two-thirds of its shareholders or by unanimous consent in writing of the shareholders without a meeting and without a formal vote, but any such increase of capital shall be fully paid in within ninety days after such approval; and may be reduced in like manner, provided that in no event shall it be less than \$2,000,000. No corporation, except as herein provided, shall during the time it shall continue its operations, withdraw or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital. Any national bank may invest in the stock of any corporation organized under this subchapter. The aggregate amount of stock held by any national bank in all corporations engaged in business of the kind described in this subchapter or subchapter I of this chapter shall not exceed an amount equal to 10 percent of the capital and surplus of such bank unless the Board determines that the investment of an additional amount by the bank would not be unsafe or unsound and, in any case, shall not exceed an amount equal to 20 percent of the capital and surplus of such bank.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended June 14, 1921, ch. 22, 42 Stat. 28; Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; Pub. L. 95-369, § 3(d), Sept. 17, 1978, 92 Stat. 609; renumbered § 25A, Pub. L. 102-242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281; Pub. L. 104-208, div. A, title II, § 2307, Sept. 30, 1996, 110 Stat. 3009-426.)

References in Text

This subchapter, referred to in text, was in the original "this section", meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

This Act, referred to in text, is act Dec. 23, 1913, ch. 6, 38 Stat. 251, as amended, known as the Federal Reserve Act, which is classified principally to chapter 3 (§ 221 et seq.) of this title. For complete classification of this Act to the Code, see References in Text note set out under section 226 of this title and Tables.

Subchapter I of this chapter, referred to in text, was in the original "section 25 of the Federal Reserve Act as amended" and "section 25", which is classified to subchapter I (§ 601 et seq.) of this chapter.

Codification

Section is comprised of par. 10 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

Amendments

1996—Pub. L. 104–208 inserted last sentence and struck out former last sentence which read as follows: “Any national banking association may invest in the stock of any corporation organized under the provisions of said sections, but the aggregate amount of stock held in all corporations engaged in business of the kind described in this subchapter and subchapter I of this chapter shall not exceed 10 per centum of the subscribing bank’s capital and surplus.”

1978—Pub. L. 95–369 struck out proviso limiting liabilities outstanding at any one time upon debentures, bonds and promissory notes to not in excess of ten times its paid in capital and surplus, after “stock of corporations engaged in business of the kind described in this subchapter and subchapter I of this chapter”.

1921—Act June 14, 1921, amended section generally, inserting two provisos.

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.

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§ 619. Capital stock; by whom held; ownership of capital stock by foreign bank

Except as otherwise provided in this subchapter, a majority of the shares of the capital stock of any such corporation shall at all times be held and owned by citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States or of a State of the United States, or by firms or companies, the controlling interest in which is owned by citizens of the United States. Notwithstanding any other provisions of this subchapter, one or more foreign banks, institutions organized under the laws of foreign countries which own or control foreign banks, or banks organized under the laws of the United States, the States of the United States, or the District of Columbia, the controlling interests in which are owned by any such foreign banks or institutions, may, with the prior approval of the Board of Governors of the Federal Reserve System and upon such terms and conditions and subject to such rules and regulations as the Board of Governors of the Federal Reserve System may prescribe, own and hold 50 per centum or more of the shares of the capital stock of any corporation organized under this subchapter and any such corporation shall be subject to the same provisions of law as any other corporation organized under this subchapter, and the terms “controls” and “controlling interest” shall be construed consistently with the definition of “control” in section 2 of the Bank Holding Company Act of 1956 [12 U.S.C. 1841]. For the purposes of the preceding sentence of this paragraph the term “foreign bank” shall have the meaning assigned to it in the International Banking Act of 1978 [12 U.S.C. 3101 et seq.]. Any company, other than a bank as defined in section 2 of the Bank Holding Company Act of 1956, that after March 5, 1987, directly or indirectly acquires control of a corporation organized or operating under the provisions of this subchapter or subchapter I of this chapter shall be subject to the provisions of the Bank Holding Company Act of 1956 [12 U.S.C. 1841 et seq.] in the same manner and to the same extent that bank holding companies are subject thereto, except that such company shall not by reason of this paragraph be deemed a bank holding company for the purpose of section 3 of the Bank Holding Company Act of 1956 [12 U.S.C. 1842].

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title III, § 329, 49 Stat. 717; Pub. L. 95–369, § 3(f), Sept. 17, 1978, 92 Stat. 609; Pub. L. 100–86, title I, § 102(c)(1), Aug. 10, 1987, 101 Stat. 566; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

The International Banking Act of 1978, referred to in text, is Pub. L. 95–369, Sept. 17, 1978, 92 Stat. 607, which enacted sections 347d, 611a, and 3101 to 3111 of this title, amended sections 72, 378, 614, 615, 618, 619, 1813, 1815, 1817, 1818, 1820, 1821, 1822, 1823, 1828, 1829b, 1831b, and 1841 of this title, and enacted provisions set out as notes under sections 36, 247, 601, 611a, and 3101 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3101 of this title and Tables.

Subchapter I of this chapter, referred to in text, was in the original “section 25”, meaning section 25 of the Federal Reserve Act, which is classified to subchapter I (§ 601 et seq.) of this chapter.

The Bank Holding Company Act of 1956, referred to in text, is act May 9, 1956, ch. 240, 70 Stat. 133, as amended, which is classified principally to chapter 17 (§ 1841 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 1841 of this title and Tables.

Codification

Section is comprised of par. 11 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

Amendments

1987—Pub. L. 100–86 inserted provisions which related to any company, other than bank as defined in section 2 of Bank Holding Company Act of 1956, that after Mar. 5, 1987, directly or indirectly acquires control of corporation organized or operating under provisions of this subchapter or subchapter I of this chapter to be subject to provisions of Bank Holding Company Act of 1956 in same manner and to same extent that bank holding companies are subject thereto, except that such company shall not by reason of this paragraph be deemed bank holding company for purpose of section 3 of such Act.

1978—Pub. L. 95–369 inserted “Except as otherwise provided in this subchapter” before “a majority of the shares”, and inserted provision relating to the ownership of 50 per centum of the shares of capital stock by a foreign bank with prior approval of the Board of Governors of the Federal Reserve System.

1935—Act Aug. 23, 1935, struck out provisions relating to application of section 19 of title 15, to directors, officers or employees of corporations organized under sections 611–631 of this title, and excepting certain persons who received approval of Federal Reserve Board, from application of this section.

Exception for Midland Bank, London, England

Section 102(c)(2) of Pub. L. 100–86 provided that: “The amendment made by paragraph (1) [amending this section] does not apply to an acquisition pursuant to the application by Midland Bank, plc, London, England, pending before the Board of Governors of the Federal Reserve System on July 1, 1987, to acquire a corporation organized or operating under section 25 (a) [now 25A] of the Federal Reserve Act [12 U.S.C. 611 et seq.]. If Midland Bank, plc, London, England, is not otherwise subject to section 4 of the Bank Holding Company Act of 1956 [12 U.S.C. 1843], the financial activities of Midland Bank, plc, London, England, in the United States shall, upon the determination of the Board of Governors of the Federal Reserve System made at any time, be subject to section 4 of the Bank Holding Company Act of 1956.”

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§ 620. Members of Board of Governors of the Federal Reserve System without interest in corporation

No member of the Board of Governors of the Federal Reserve System shall be an officer or director of any corporation organized under the provisions of this subchapter or of any corporation engaged in similar business organized under the laws of any State, nor hold stock in any such corporation, and before entering upon his duties as a member of the Board of Governors of the Federal Reserve System he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 12 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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.

.....

§ 621. Liability of shareholders on unpaid subscriptions; membership of corporation in Federal reserve bank prohibited

Shareholders in any corporation organized under the provisions of this subchapter shall be liable for the amount of their unpaid stock subscriptions. No such corporation shall become a member of any Federal reserve bank.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 13 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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§ 622. Forfeiture of rights and privileges; dissolution; liability of directors and officers

Should any corporation organized under this subchapter violate or fail to comply with any of the provisions of this subchapter, all of its rights, privileges, and franchises derived herefrom may thereby be forfeited. Before any such corporation shall be declared dissolved, or its rights, privileges, and franchises forfeited, any noncompliance with or violation of such laws shall, however, be determined and adjudged by a court of the United States of competent jurisdiction, in a suit brought for that purpose in the district or territory in which the home office of such corporation is located, which suit shall be brought by the United States at the instance of the Board of Governors of the Federal Reserve System or the Attorney General. Upon adjudication of such noncompliance or violation, each director and officer who participated in, or assented to, the illegal act or acts shall be liable in his personal or individual capacity for all damages which the said corporation shall have sustained in consequence thereof. No dissolution shall take away or impair any remedy against the corporation, its stockholders, or officers for any liability or penalty previously incurred.

NB: This unofficial compilation of the U.S. Code is current as of Jan. 4, 2010 (see <http://www.law.cornell.edu/uscode/uscprint.html>).

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

Organized under this subchapter, referred to in text, was in the original “organized hereunder”, meaning under section 25A of act Dec. 23, 1913, which comprises this subchapter (§ 611 et seq.).

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913.

Codification

Section is comprised of par. 14 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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.

.....

§ 623. Voluntary liquidation

Any corporation organized under this subchapter may go into voluntary liquidation and be closed by a vote of its shareholders owning two-thirds of its stock.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

Any corporation organized under this subchapter, referred to in text, was in the original “Any such corporation”.

Codification

Section is comprised of par. 15 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

.....

§ 624. Appointment of receiver or conservator

(A) **In general.**— The Board may appoint a conservator or receiver for a corporation organized under the provisions of this subchapter to the same extent and in the same manner as the Comptroller of the Currency may appoint a conservator or receiver for a national bank, and the conservator or receiver for such corporation shall exercise the same powers, functions, and duties, subject to the same limitations, as a conservator or receiver for a national bank.

(B) **Equivalent authority.**— The Board shall have the same authority with respect to any conservator or receiver appointed for a corporation organized under the provisions of this subchapter under this section and any such corporation as the Comptroller of the Currency has with respect to a conservator or receiver of a national bank and the national bank for which a conservator or receiver has been appointed.

(C) **Title 11 petitions.**— The Board may direct the conservator or receiver of a corporation organized under the provisions of this subchapter to file a petition pursuant to title 11, in which case, title 11 shall apply to the corporation in lieu of otherwise applicable Federal or State insolvency law.

(Dec. 23, 1913, ch. 6, § 25A(16), formerly § 25(a) (par.), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A (par.), Pub. L.

102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281; renumbered § 25A(16), and amended Pub. L. 106–554, § 1(a)(5) [title I, § 112(e)], Dec. 21, 2000, 114 Stat. 2763, 2763A–396.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. (16) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

Amendments

2000—Pub. L. 106–554 amended section catchline and text generally. Prior to amendment, text read as follows: “Whenever the Board of Governors of the Federal Reserve System shall become satisfied of the insolvency of any corporation organized under this subchapter, it may appoint a receiver who shall take possession of all of the property and assets of the corporation and exercise the same rights, privileges, powers, and authority with respect thereto as are now exercised by receivers of national banks appointed by the Comptroller of the Currency of the United States: Provided, however, That the assets of the corporation subject to the laws of other countries or jurisdictions shall be dealt with in accordance with the terms of such laws.”

.....

§ 625. Stockholders' meetings; books and records; reports; examination

Every corporation organized under the provisions of this subchapter shall hold a meeting of its stockholders annually upon a date fixed in its bylaws, such meeting to be held at its home office in the United States. Every such corporation shall keep at its home office books containing the names of all stockholders thereof, and the names and addresses of the members of its board of directors, together with copies of all reports made by it to the Board of Governors of the Federal Reserve System. Every such corporation shall make reports to the Board of Governors of the Federal Reserve System at such times and in such form as it may require; and shall be subject to examination once a year and at such other times as may be deemed necessary by the Board of Governors of the Federal Reserve System by examiners appointed by the Board of Governors of the Federal Reserve System, the cost of such examinations, including the compensation of the examiners, to be fixed by the Board of Governors of the Federal Reserve System and to be paid by the Corporation examined.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 17 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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.

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§ 626. Dividends; surplus fund

The directors of any corporation organized under the provisions of this subchapter may, semiannually, declare a dividend of so much of the net profits of the corporation as they shall judge expedient; but each corporation shall, before the declaration of a dividend, carry one-tenth of its net profits of the preceding half year to its surplus fund until the same shall amount to 20 per centum of its capital stock.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 18 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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§ 627. State taxation

Any corporation organized under the provisions of this subchapter shall be subject to tax by the State within which its home office is located in the same manner and to the same extent as other corporations organized under the laws of that State which are transacting a similar character of business. The shares of stock in such corporation shall also be subject to tax as the personal property of the owners or holders thereof in the same manner and to the same extent as the shares of stock in similar State corporations.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 19 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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§ 628. Extension of corporate existence

Any corporation organized under the provisions of this subchapter may at any time within the two years next previous to the date of the expiration of its corporate existence, by a vote of the shareholders owning two-thirds of its stock, apply to the Board of Governors of the Federal Reserve System for its approval to extend the period of its corporate existence for a term of not more than twenty years, and upon certified approval of the Board of Governors of the Federal Reserve System such corporation shall have its corporate existence for such extended period unless sooner dissolved

by the act of the shareholders owning two-thirds of its stock, or by an Act of Congress or unless its franchise becomes forfeited by some violation of law.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 20 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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.

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§ 629. Conversion of banking corporations into Federal corporations; procedure

Any bank or banking institution, principally engaged in foreign business, incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a corporation under the provisions of this subchapter may, by the vote of the shareholders owning not less than two-thirds of the capital stock of such bank or banking association, with the approval of the Board of Governors of the Federal Reserve System, be converted into a Federal corporation of the kind authorized by this subchapter with any name approved by the Board of Governors of the Federal Reserve System: Provided, however, That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of at least two-thirds of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a Federal corporation. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a Federal corporation. The shares of any such corporation may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the corporation until others are elected or appointed in accordance with the provisions of this subchapter. When the Board of Governors of the Federal Reserve System has given to such corporation a certificate that the provisions of this subchapter have been complied with, such corporation and all its stockholders, officers, and employees shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by this subchapter for corporations originally organized thereunder.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 21 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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.

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§ 630. Offenses by officers of corporation; punishment

Every officer, director, clerk, employee, or agent of any corporation organized under this subchapter who embezzles, abstracts, or willfully misapplies any of the moneys, funds, credits, securities, evidences of indebtedness or assets of any character of such corporation; or who, without authority from the directors, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, debenture, draft, bill of exchange, mortgage, judgment, or decree; or who makes any false entry in any book, report, or statement of such corporation with intent, in either case, to injure or defraud such corporation or any other company, body politic or corporate, or any individual person, or to deceive any officer of such corporation, the Board of Governors of the Federal Reserve System, or any agent or examiner appointed to examine the affairs of any such corporation; and every receiver of any such corporation and every clerk or employee of such receiver who shall embezzle, abstract, or willfully misapply or wrongfully convert to his own use any moneys, funds, credits, or assets of any character which may come into his possession or under his control in the execution of his trust or the performance of the duties of his employment; and every such receiver or clerk or employee of such receiver who shall, with intent to injure or defraud any person, body politic or corporate, or to deceive or mislead the Board of Governors of the Federal Reserve System, or any agent or examiner appointed to examine the affairs of such receiver, shall make any false entry in any book, report, or record of any matter connected with the duties of such receiver; and every person who with like intent aids or abets any officer, director, clerk, employee, or agent of any corporation organized under this subchapter, or receiver or clerk or employee of such receiver as aforesaid in any violation of this subchapter, shall upon conviction thereof be imprisoned for not less than two years nor more than ten years, and may also be fined not more than \$5,000, in the discretion of the court.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; amended Aug. 23, 1935, ch. 614, title II, § 203(a), 49 Stat. 704; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Codification

Section is comprised of par. 22 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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.

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§ 631. False representations as to liability of United States for acts of corporation; punishment

Whoever being connected in any capacity with any corporation organized under this subchapter, represents in any way that the United States is liable for the payment of any bond or other obligation, or the interest thereon, issued or incurred by any corporation organized under this subchapter, or that the United States incurs any liability in respect of any act or omission of the corporation, shall be punished by a fine or ¹ not more than \$10,000 and by imprisonment for not more than five years.

Footnotes

¹ So in original. Probably should be “of”.

(Dec. 23, 1913, ch. 6, § 25A (par.), formerly § 25(a), as added Dec. 24, 1919, ch. 18, 41 Stat. 378; renumbered § 25A, Pub. L. 102–242, title I, § 142(e)(2), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

This subchapter, referred to in text, was in the original “this section”, meaning section 25A of act Dec. 23, 1913, which is classified to this subchapter (§ 611 et seq.).

Organized under this subchapter, referred to the second time in text, was in the original “organized hereunder”, meaning under section 25A of act Dec. 23, 1913.

Codification

Section is comprised of par. 23 (undesignated) of section 25A of act Dec. 23, 1913, which comprises this subchapter. For complete classification of section 25A of this Act, see Codification note set out under section 611 of this title.

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§ 632. Jurisdiction of United States courts; disposition by banks of foreign owned property

Notwithstanding any other provision of law, all suits of a civil nature at common law or in equity to which any corporation organized under the laws of the United States shall be a party, arising out of transactions involving international or foreign banking, or banking in a dependency or insular possession of the United States, or out of other international or foreign financial operations, either directly or through the agency, ownership, or control of branches or local institutions in dependencies or insular possessions of the United States or in foreign countries, shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and any defendant in any such suit may, at any time before the trial thereof, remove such suits from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law. Such removal shall not cause undue delay in the trial of such case and a case so removed shall have a place on the calendar of the United States court to which it is removed relative to that which it held on the State court from which it was removed.

Notwithstanding any other provision of law, all suits of a civil nature at common law or in equity to which any Federal reserve bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and any Federal reserve bank which is a defendant in any such suit may, at any time before the

trial thereof, remove such suit from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law. No attachment or execution shall be issued against any Federal reserve bank or its property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court.

Whenever

- (1) any Federal Reserve bank has received any property from or for the account of a foreign state which is recognized by the Government of the United States, or from or for the account of a central bank of any such foreign state, and holds such property in the name of such foreign state or such central bank;
- (2) a representative of such foreign state who is recognized by the Secretary of State as being the accredited representative of such foreign state to the Government of the United States has certified to the Secretary of State the name of a person as having authority to receive, control, or dispose of such property; and
- (3) the authority of such person to act with respect to such property is accepted and recognized by the Secretary of State, and so certified by the Secretary of State to the Federal Reserve bank, the payment, transfer, delivery, or other disposal of such property by such Federal Reserve bank to or upon the order of such person shall be conclusively presumed to be lawful and shall constitute a complete discharge and release of any liability of the Federal Reserve bank for or with respect to such property.

Whenever

- (1) any insured bank has received any property from or for the account of a foreign state which is recognized by the Government of the United States, or from or for the account of a central bank of any such foreign state, and holds such property in the name of such foreign state or such central bank;
- (2) a representative of such foreign state who is recognized by the Secretary of State as being the accredited representative of such foreign state to the Government of the United States has certified to the Secretary of State the name of a person as having authority to receive, control, or dispose of such property; and
- (3) the authority of such person to act with respect to such property is accepted and recognized by the Secretary of State, and so certified by the Secretary of State to such insured bank, the payment, transfer, delivery, or other disposal of such property by such bank to or upon the order of such person shall be conclusively presumed to be lawful and shall constitute a complete discharge and release of any liability of such bank for or with respect to such property. Any suit or other legal proceeding against any insured bank or any officer, director, or employee thereof, arising out of the receipt, possession, or disposition of any such property shall be deemed to arise under the laws of the United States and the district courts of the United States shall have exclusive jurisdiction thereof, regardless of the amount involved; and any such bank or any officer, director, or employee thereof which is a defendant in any such suit may, at any time before trial thereof, remove such suit from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law.

Nothing in this section shall be deemed to repeal or to modify in any manner any of the provisions of the Gold Reserve Act of 1934, as amended, the Silver Purchase Act of 1934, as amended, or subdivision (b) of section 5 of the act of October 6, 1917, as amended, or any actions, regulations, rules, orders, or proclamations taken, promulgated, made, or issued pursuant to any of such statutes. In any case in which a license to act with respect to any property referred to in this section is required under any of said statutes, regulations, rules, orders, or proclamations, notification to the Secretary

of State by the proper Government officer or agency of the issuance of an appropriate license or that appropriate licenses will be issued on application shall be a prerequisite to any action by the Secretary of State pursuant to this section, and the action of the Secretary of State shall relate only to such property as is included in such notification. Each such notification shall include the terms and conditions of such license or licenses and a description of the property to which they relate.

For the purposes of this section,

- (1) the term “property” includes gold, silver, currency, credits, deposits, securities, choses in action, and any other form of property, the proceeds thereof, and any right, title, or interest therein;
- (2) the term “foreign state” includes any foreign government or any department, district, province, county, possession, or other similar governmental organization or subdivision of a foreign government, and any agency or instrumentality of any such foreign government or of any such organization or subdivision;
- (3) the term “central bank” includes any foreign bank or banker authorized to perform any one or more of the functions of a central bank;
- (4) the term “person” includes any individual, or any corporation, partnership, association, or other similar organization; and
- (5) the term “insured bank” shall have the meaning given to it in section 12B of this Act.

(Dec. 23, 1913, ch. 6, § 25B, formerly § 25(b), as added June 16, 1933, ch. 89, § 15, 48 Stat. 184; amended Apr. 7, 1941, ch. 43, § 2, 55 Stat. 131; renumbered § 25B, Pub. L. 102–242, title I, § 142(e)(3), Dec. 19, 1991, 105 Stat. 2281.)

References in Text

The Gold Reserve Act of 1934, as amended, referred to in text, is act Jan. 30, 1934, ch. 6, 48 Stat. 337, as amended, which enacted sections 315b, 405b, 408a, 408b, 440 to 446, 754a, 754b, 822a, 822b, and 824 of former Title 31, Money and Finance, and amended sections 314, 316, 733, 734, 752, 753, 767, 771, and 821 of former Title 31 and sections 411, 412, 413, 414, 415, 417, and 467 of this title. Title 31 was revised, codified, and enacted into law by Pub. L. 97–258, § 1, Sept. 13, 1982, 96 Stat. 877. For disposition of sections of former Title 31 into revised Title 31, see Table preceding section 101 of Title 31. For complete classification of this Act to the Code, see Tables.

The Silver Purchase Act of 1934, as amended, referred to in text, is act June 19, 1934, ch. 674, 48 Stat. 1178, which was classified to sections 311a, 316a, 316b, 405a, 448 to 448e, 734a, and 734b of former Title 31, Money and Finance, and was repealed by Pub. L. 88–36, title I, § 1, June 4, 1963, 77 Stat. 54. For complete classification of this Act to the Code, see Tables.

Subdivision (b) of section 5 of the act of October 6, 1917, referred to in text, is classified to section 95a of this title and section 5 (b) of Title 50, Appendix, War and National Defense.

Section 12B of this Act, referred to in the text, was section 12B of the Federal Reserve Act and was formerly classified to section 264 of this title. Section 12B was withdrawn from the Federal Reserve Act and made a separate act to be known as the Federal Deposit Insurance Act by section 1 of act Sept. 21, 1950, ch. 967, 64 Stat. 873. The Federal Deposit Insurance Act is classified generally to chapter 16 (§ 1811 et seq.) of this title.

Codification

Section was enacted as section 25B, formerly section 25(b), of the Federal Reserve Act, and not as part of section 25A of that Act which comprises this subchapter.

Amendments

1941—Act Apr. 7, 1941, added last four pars.

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§ 633. Potential liability on foreign accounts

(a) Exceptions from repayment requirement

TITLE 12 - Section 633 - Potential liability on foreign accounts

NB: This unofficial compilation of the U.S. Code is current as of Jan. 4, 2010 (see <http://www.law.cornell.edu/uscode/uscpri.html>).

A member bank shall not be required to repay any deposit made at a foreign branch of the bank if the branch cannot repay the deposit due to—

- (1) an act of war, insurrection, or civil strife; or
- (2) an action by a foreign government or instrumentality (whether de jure or de facto) in the country in which the branch is located;

unless the member bank has expressly agreed in writing to repay the deposit under those circumstances.

(b) Regulations

The Board and the Comptroller of the Currency may jointly prescribe such regulations as they deem necessary to implement this section.

(Dec. 23, 1913, ch. 6, § 25C, as added Pub. L. 103–325, title III, § 326(a), Sept. 23, 1994, 108 Stat. 2229.)

Codification

Section was enacted as section 25C of the Federal Reserve Act, and not as part of section 25A of that Act which comprises this subchapter.

Existing Claims Not Affected

Section 326(c) of Pub. L. 103–325 provided that: “Section 25C of the Federal Reserve Act [this section] (as added by subsection (a)) shall not be applied retroactively and shall not be construed to affect or apply to any claim or cause of action addressed by that section arising from events or circumstances that occurred before the date of enactment of this Act [Sept. 23, 1994].”