

or domestic transaction, for any one person, partnership, corporation, association or other entity in an amount” for “accept, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount”, and inserted provisions relating to a United States branch or agency of a foreign bank.

Subsecs. (f) to (h). Pub. L. 97–290 added subsecs. (f) to (h).

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.

§ 373. Acceptance of drafts or bills drawn by banks in foreign countries or dependencies of United States for purpose of dollar exchange

Any member bank may accept drafts or bills of exchange drawn upon it having not more than three months’ sight to run, exclusive of days of grace, drawn under regulations to be prescribed by the Board of Governors of the Federal Reserve System by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions. Such drafts or bills may be acquired by Federal reserve banks in such amounts and subject to such regulations, restrictions, and limitations as may be prescribed by the Board of Governors of the Federal Reserve System: *Provided, however*, That no member bank shall accept such drafts or bills of exchange referred to¹ this paragraph for any one bank to an amount exceeding in the aggregate ten per centum of the paid-up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security: *Provided further*, That no member bank shall accept such drafts or bills in an amount exceeding at any time the aggregate of one-half of its paid-up and unimpaired capital and surplus.

(Dec. 23, 1913, ch. 6, §13 (par.), as added Sept. 7, 1916, ch. 461, 39 Stat. 754; amended Aug. 23, 1935, ch. 614, §203(a), 49 Stat. 704.)

CODIFICATION

Section is based on the twelfth par. of section 13 of act Dec. 23, 1913, as amended. The twelfth par. constituted the tenth par. of section 13 in 1916 (39 Stat. 754), became the eleventh par. in 1923 (42 Stat. 1478), and became the twelfth par. in 1932 (47 Stat. 715). For further details, see Codification notes under sections 342 to 344 of this title.

CHANGE OF NAME

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

§ 374. Acting as agent for nonmember bank in getting discounts from reserve bank

No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank

¹ So in original. Probably should be followed by “in”.

under the provisions of this chapter, except by permission of the Board of Governors of the Federal Reserve System.

(Dec. 23, 1913, ch. 6, §19(e), formerly §19 (par. 8), 38 Stat. 270; June 21, 1917, ch. 32, §10, 40 Stat. 239; Aug. 23, 1935, ch. 614, title II, §203(a), 49 Stat. 704; renumbered §19(e), Pub. L. 89–597, §2(b), Sept. 21, 1966, 80 Stat. 824.)

REFERENCES IN TEXT

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

CODIFICATION

Section is comprised of part of subsec. (e), formerly eighth par., of section 19 of act Dec. 23, 1913, as redesignated by Pub. L. 89–597. Remainder of subsec. (e) of such section 19 is classified to section 463 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.

§ 374a. Acting as agent for nonbanking borrower in making loans on securities to dealers in stocks, bonds, etc.; penalties

No member bank shall act as the medium or agent of any nonbanking corporation, partnership, association, business trust, or individual in making loans on the security of stocks, bonds, and other investment securities to brokers or dealers in stocks, bonds, and other investment securities. Every violation of this provision by any member bank shall be punishable by a fine of not more than \$100 per day during the continuance of such violation; and such fine 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, §19(d), formerly §19 (par. 7), as added June 16, 1933, ch. 89, §11(a), 48 Stat. 181; renumbered §19(d), Pub. L. 89–597, §2(b), Sept. 21, 1966, 80 Stat. 824.)

CODIFICATION

Section is comprised of subsec. (d), formerly seventh par., of section 19 of act Dec. 23, 1913, as redesignated by Pub. L. 89–597.

§ 375. [Reserved]

(Dec. 23, 1913, ch. 6, §22(d), as added Sept. 26, 1918, ch. 177, §5, 40 Stat. 971; amended Aug. 23, 1935, ch. 614, title II, §203(a), 49 Stat. 704; Pub. L. 111–203, title VI, §615(b), July 21, 2010, 124 Stat. 1615.)

AMENDMENTS

2010—Pub. L. 111–203 substituted “[Reserved]” for text, which related to purchases from directors and sales to directors.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111–203, title VI, §615(c), July 21, 2010, 124 Stat. 1615, provided that: “The amendments made by this section [amending this section and section 1828 of this title] shall take effect on the transfer date.”

[For definition of “transfer date” as used in section 615(c) of Pub. L. 111–203, set out above, see section 5301 of this title.]

§ 375a. Loans to executive officers of banks**(1) General prohibition; authorization for extension of credit; conditions for credit**

Except as authorized under this section, no member bank may extend credit in any manner to any of its own executive officers. No executive officer of any member bank may become indebted to that member bank except by means of an extension of credit which the bank is authorized to make under this section. Any extension of credit under this section shall be promptly reported to the board of directors of the bank, and may be made only if—

(A) the bank would be authorized to make it to borrowers other than its officers;

(B) it is on terms not more favorable than those afforded other borrowers;

(C) the officer has submitted a detailed current financial statement; and

(D) it is on condition that it shall become due and payable on demand of the bank at any time when the officer is indebted to any other bank or banks on account of extensions of credit of any one of the three categories respectively referred to in paragraphs (2), (3), and (4) in an aggregate amount greater than the amount of credit of the same category that could be extended to him by the bank of which he is an officer.

(2) Mortgage loans

A member bank may make a loan to any executive officer of the bank if, at the time the loan is made—

(A) it is secured by a first lien on a dwelling which is expected, after the making of the loan, to be owned by the officer and used by him as his residence, and

(B) no other loan by the bank to the officer under authority of this paragraph is outstanding.

(3) Educational loans

A member bank may make extensions of credit to any executive officer of the bank to finance the education of the children of the officer.

(4) General limitation on amount of credit

A member bank may make extensions of credit not otherwise specifically authorized under this section to any executive officer of the bank, in an amount prescribed in a regulation of the member bank's appropriate Federal banking agency.

(5) Partnership loans

Except to the extent permitted under paragraph (4), a member bank may not extend credit to a partnership in which one or more of its executive officers are partners having either individually or together a majority interest. For the purposes of paragraph (4), the full amount of any credit so extended shall be considered to have been extended to each officer of the bank who is a member of the partnership.

(6) Endorsement or guarantee of loans or assets; protective indebtedness

This section does not prohibit any executive officer of a member bank from endorsing or guaranteeing for the protection of the bank any loan or other asset previously acquired by the

bank in good faith or from incurring any indebtedness to the bank for the purpose of protecting the bank against loss or giving financial assistance to it.

(7) Continuation of violation

Each day that any extension of credit in violation of this section exists is a continuation of the violation for the purposes of section 1818 of this title.

(8) Rules and regulations; definitions

The Board of Governors of the Federal Reserve System may prescribe such rules and regulations, including definitions of terms, as it deems necessary to effectuate the purposes and to prevent evasions of this section.

(Dec. 23, 1913, ch. 6, § 22(g), as added June 16, 1933, ch. 89, § 12, 48 Stat. 182; amended June 14, 1935, ch. 245, 49 Stat. 375; Aug. 23, 1935, ch. 614, title III, § 326(c), 49 Stat. 716; Apr. 25, 1938, ch. 173, 52 Stat. 223; June 20, 1939, ch. 214, § 1, 53 Stat. 842; Pub. L. 90-44, § 1, July 3, 1967, 81 Stat. 109; Pub. L. 95-630, title I, § 110, Nov. 10, 1978, 92 Stat. 3665; Pub. L. 97-320, title IV, § 421, Oct. 15, 1982, 96 Stat. 1522; Pub. L. 103-325, title III, § 334(a), Sept. 23, 1994, 108 Stat. 2233; Pub. L. 109-351, title VI, § 601(a), Oct. 13, 2006, 120 Stat. 1978.)

CODIFICATION

Proviso which permitted renewal or extension of loans made to executive officers prior to June 16, 1933, for periods expiring not more than five years from June 16, 1939, was omitted as obsolete.

AMENDMENTS

2006—Pars. (6) to (10). Pub. L. 109-351 redesignated pars. (7), (8), and (10) as (6), (7), and (8), respectively, and struck out former pars. (6) and (9) which related to report of date and amount of credit extensions, security, and uses of proceeds upon excessive extension of credit and report of loan activity since previous report of condition, respectively.

1994—Par. (2). Pub. L. 103-325 in introductory provisions substituted "A member" for "With the specific prior approval of its board of directors, a member".

1982—Par. (2). Pub. L. 97-320, § 421(a), struck out "not exceeding \$60,000" after "may make a loan".

Par. (3). Pub. L. 97-320, § 421(a), struck out "not exceeding the aggregate amount of \$20,000 outstanding at any one time," after "officer of the bank".

Par. (4). Pub. L. 97-320, § 421(b), substituted "in an amount prescribed in a regulation of the member bank's appropriate Federal banking agency" for "not exceeding the aggregate amount of \$10,000 outstanding at any one time".

1978—Par. (2). Pub. L. 95-630 substituted "\$60,000" for "\$30,000".

Par. (3). Pub. L. 95-630 substituted "\$20,000" for "\$10,000".

Par. (4). Pub. L. 95-630 substituted "\$10,000" for "\$5,000".

1967—Par. (1). Pub. L. 90-44 rewrote in first sentence of provisions designated as par. (1) the prohibition of former first sentence against any executive officer borrowing or otherwise becoming indebted to a member bank of which he is an officer and against any member bank making any loan or extending credit in any other manner to any of its own executive officers, authorized member banks to extend credit to such executive officers and to report such extensions to the board of directors, and provided in subpars. (A) to (D) conditions for such extension of credit.

Pars. (2), (3). Pub. L. 90-44 inserted provisions, designated as pars. (2) and (3), for mortgage loans and educational loans, respectively.