

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

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

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

REFERENCES IN TEXT

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

CODIFICATION

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

AMENDMENTS

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 L. 90-269 repealed first sentence provisions that Board of Governors require each Federal Reserve bank to maintain on deposit in the Treasury a sum in gold certificates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

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

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

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

CHANGE OF NAME

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

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

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

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

REFERENCES IN TEXT

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

CODIFICATION

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

AMENDMENTS

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

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

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

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