

HOUSE No. 7

Bill accompanying the recommendations of the Bank Commissioner (House, No. 6). Banks and Banking. January 12.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Fourteen.

AN ACT

Relative to Trust Companies.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. A trust company which becomes a stock-
2 holder in a federal reserve bank within the federal re-
3 serve district where such trust company is located, and
4 while such trust company continues as a member bank
5 under the provisions of the "Federal Reserve Act" ap-
6 proved December twenty-third, nineteen hundred and
7 thirteen, or any acts in amendment thereof, shall be sub-
8 ject to the provisions of said "Federal Reserve Act"
9 and any amendments thereof relative to bank reserves,
10 in substitution for the requirements of sections eight,
11 nine and ten of chapter five hundred and twenty of the
12 acts of the year nineteen hundred and eight, as amended
13 by chapter three hundred and seventy-seven of the acts
14 of the year nineteen hundred and ten. Every such trust

15 company may have and exercise any and all of the corpo-
16 rate powers and privileges which may be exercised by
17 member banks under the provisions of said "Federal
18 Reserve Act" or any acts in amendment thereof or in
19 addition thereto.

1 SECTION 2. A trust company possessing a capital and
2 surplus of one million dollars or more may file applica-
3 tion with the bank commissioner, upon such conditions
4 and under such regulations as may be prescribed by the
5 bank commissioner, for the purpose of securing authority
6 to establish branches in foreign countries or dependencies
7 of the United States. Such application shall specify in
8 addition to the name and capital of the trust company
9 filing it the place or places where the banking operations
10 proposed are to be carried on and the amount of capital
11 set aside for the conduct of its foreign business. The
12 bank commissioner shall have power to approve or reject
13 such application if in his judgment the amount of capital
14 proposed to be set aside for the conduct of foreign busi-
15 ness is inadequate, or if for other reasons the granting
16 of such application is deemed inexpedient. Every trust
17 company which shall receive authority to establish foreign
18 branches shall be required at all times to furnish in-
19 formation concerning the condition of such branches to
20 the bank commissioner upon demand, and the bank com-
21 missioner may order special examinations of the said
22 foreign branches at such time or times as he may deem
23 best. Every such trust company shall conduct the ac-
24 counts of each foreign branch independently of the
25 accounts of other foreign branches established by it and
26 of its home office, and shall at the end of each fiscal
27 period transfer to its general ledger profit or loss accruing
28 at each branch as a separate item.

1 SECTION 3. A trust company may accept drafts or
2 bills of exchange drawn upon it and growing out of
3 transactions involving the importation or exportation of
4 goods having not more than six months sight to run,
5 but no trust company shall accept such bills to an amount
6 equal at any time in the aggregate to more than one half
7 of its paid up capital stock and surplus. A trust com-
8 pany may rediscount notes, drafts and bills of exchange
9 arising out of actual commercial transactions. A trust
10 company may give such collateral or other security for
11 deposits of public or other funds as may be required by
12 any public authority making such deposits or controlling
13 the terms upon which the same may be made.

1 SECTION 4. This act shall take effect upon its passage.

