

MAINE STATE LEGISLATURE

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N I N E T I E T H L E G I S L A T U R E

Legislative Document

No. 855

(Transmitted from the Revisor of Statutes under Joint Order)

H. P. 1512 House of Representatives, February 14, 1941.

Referred to Committee on Banks and Banking. Sent up for concurrence and 650 copies ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Bowers of Sherman.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-ONE

AN ACT Relating to Cash Reserves of Banks.

Be it enacted by the People of the State of Maine, as follows :

R. S., c. 57, § 80, amended. Section 80 of chapter 57 of the revised statutes is hereby amended to read as follows :

‘Sec. 80. Cash reserve. Every trust and banking company having authority to receive money on deposit shall at all times have on hand in the lawful money or national banknotes of the United States, as a cash reserve, an amount equal to at least 15% of the aggregate amount of its deposits which are subject to withdrawal upon demand or within 10 days ; provided, that in lieu of such cash reserve, $\frac{2}{3}$ of said 15% may consist of balances payable on demand due from any national bank or trust company created under the laws of this state, or from any trust company located in any of the other New England states or in the state of New York, and approved by the bank commissioner in writing ; and $\frac{1}{3}$ of said 15% may consist of the bonds of the United States or of the state of Maine. Whenever said reserve shall be below said percentage of such deposits, such corporation shall not further diminish the amount of its legal reserve by making any new loans until the required proportion between the aggregate amount of

such deposits and its cash reserve shall be restored. **The bank commissioner is hereby authorized and empowered to raise or lower said cash reserve requirements on demand deposits and to establish reserves which shall be maintained upon time deposits as in his judgment banking conditions may justify, provided such power to raise and establish reserves shall be limited to a percentage of such deposits not in excess of reserve requirements which may be from time to time established by the federal reserve board.** Provided, further, that any trust company may become a stockholder in a federal reserve bank within the federal reserve district where said trust company is situated, and while such trust company continues as a member bank under the provisions of the United States "Federal Reserve Act," approved December 23, 1913, or any acts in amendment thereof, shall be subject to the provisions of said "Federal Reserve Act" and any amendments thereof relative to bank reserves in substitution for the requirements of this section. Every such trust company may have and exercise any and all of the corporate powers and privileges which may be exercised by member banks under provisions of the "Federal Reserve Act" or any acts in amendment thereof or in addition thereto. All provisions of charters in conflict with this section are void.'