

Fiftieth Anniversary of the Federal Reserve System- Incorporation of the Federal Reserve Bank of New York*

The seal of the Bank which appears on the front cover of the *Review* indicates that the Federal Reserve Bank of New York was incorporated on May 18, 1914. This major step toward the opening of the Bank for business on November 16, 1914 required a number of preliminary actions. For example, the Organization Committee established by the Federal Reserve Act—composed of the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency—had to complete the work of designating Federal Reserve Districts and of fixing the location of the new Reserve Banks within the Districts. The Committee then had to file with the Comptroller a certificate containing this information.

National banks, which were required to become members of the new system if they were to keep their national charters, had been given sixty days following passage of the act in which to signify their acceptance of its terms and provisions. The action was not required of state banks and trust companies, which were free to decide individually whether or not to apply for membership. By April 2, 1914, when the lines of the new Districts and locations of Reserve Banks were announced, 477 national banks had submitted their assent in this District, which then encompassed only New York State. Based on the provision that subscriptions equal 6 per cent of capital stock and surplus of each member bank, the capital subscription of this Bank was estimated to exceed \$20 million.

With the minimum subscription requirement (\$4 million for each Federal Reserve Bank) thus satisfied, the Organization Committee designated as incorporators five of the

commercial banks which had filed applications for membership. The five incorporators of the New York Bank, in the order of their listing, were the National Commercial Bank, Albany, National Park Bank, New York, Marine National Bank, Buffalo, First National Bank, Syracuse, and Irving National Bank, New York. (As a result of various changes in organization, none of these banks survive under exactly the same name today.) These incorporators executed a certificate of organization specifying the name, the jurisdiction, the capital structure, the membership, and other attributes of the new Bank. The certificate also stated that it "is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this [Federal Reserve] act".

The completed certificate was filed with the Comptroller of the Currency on May 18, 1914. Under the terms of the Reserve Act, incorporation was automatic upon this filing.

Although the corporate life of this Reserve Bank began on that day, much remained to be done before the November opening. In the intervening time, positions on the Board of Directors were filled as prescribed by the Federal Reserve Act, bylaws were adopted, and accounting procedures established.

The franchises of the Reserve Banks were originally granted for a specified period of twenty years—perhaps an echo of the historical controversies involving the First and Second Banks of the United States, and quite possibly also a reflection of the uncertainty of how the new System would work out. This limiting feature was removed by an act of Congress in 1927.

*The fifth in a series of historical vignettes appearing during the System's anniversary year.