

## CHAPTER 66—H. F. 420

*An act relating to reserve requirements of State Banks; amending Minnesota Statutes 1949, Section 48.22.*

Be it enacted by the legislature of the State of Minnesota:

Section 1 Minnesota Statutes 1949, Section 48.22, is amended to read:

48.22. **Cash reserves. Subdivision 1. Requirements.** It shall always keep a reserve equal to 15 per cent of its demandable liabilities and five per cent of its time deposits if located in a reserve city; if not located in a reserve city, it shall always keep a reserve equal to 12 per cent of its demandable liabilities and five per cent of its time deposits; which shall be in cash and balance due from solvent banks. No bank shall act as reserve agent for another without the approval of the commissioner if its capital and surplus are less than \$25,000. When its reserve shall become impaired, it shall make no new loans or discounts except upon sight bills of exchange, nor declare any dividend until the same has been fully restored. The term "reserve city," as used herein, shall be taken to mean such cities as are designated as reserve cities by act of congress or other federal authority.

*Subd. 2. State banks, change in requirements. Whenever the commissioner of banks shall determine that the maintenance of sound banking practices or the prevention of injurious credit expansion or contraction makes action advisable, he may make an order changing the requirements as to reserves against demand or time deposits, or both, in state banks which are not members of the Federal Reserve System. The reserve requirements established in any such order shall not be less than the requirements contained in subdivision 1 of this section, nor more than those required of member banks of the Federal Reserve System on the date that the order is made by the commissioner. The provisions of subdivision 2 shall expire on March 15, 1953.*

Approved March 12, 1951.