

**FEDERAL RESERVE BANK  
OF NEW YORK**

[Circular No. 1302]  
October 31, 1933]

**Regulations Issued by the Federal Reserve Board Relating to Interlocking Bank  
Directorates and Other Relationships Under the Clayton Act and to Relationships  
With Dealers in Securities Under Section 32 of the Banking Act of 1933.**

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*To all Member Banks in the  
Second Federal Reserve District:*

For your information we transmit herewith a copy of the Federal Reserve Board's Regulation L, Series of 1933, which relates to interlocking bank directorates and other relationships under the Clayton Act and a copy of the Federal Reserve Board's Regulation R, Series of 1933, which relates to relationships with dealers in securities under Section 32 of the Banking Act of 1933. Each of these Regulations is effective November 1, 1933.

Your attention is directed to the fact that while Section 8A of the Clayton Act, as added by Section 33 of the Banking Act of 1933, forbids certain relationships which were not forbidden by the provisions of Section 8 of the Clayton Act, nevertheless permits heretofore issued covering services within the prohibitions of Section 8 authorize the person to whom they were issued to serve the same banking institutions, although such banking institutions are now within the prohibitions of Section 8A as well as Section 8. If, however, there are any relationships which come within the prohibitions of either Section 8 or Section 8A of the Clayton Act and which are not covered by existing permits, additional applications for permits should be made in accordance with the provisions of Regulation L.

Since Section 32 of the Banking Act of 1933 is not a part of the Clayton Act, permits covering relationships which are prohibited by either Section 8 or Section 8A of the Clayton Act do not cover any relationships which are prohibited by the provisions of Section 32 of the Banking Act of 1933, and, consequently, applications for separate permits covering the latter relationships should be made in accordance with the provisions of Regulation R.

Forms for use in connection with applications for permits under the sections of the law referred to in these Regulations will be sent upon request. In requesting such forms please advise us of the names of all parties involved in each of the contemplated applications in order that we may determine the kind and number of forms to send you.

J. H. CASE,  
*Federal Reserve Agent.*

REGULATION L, SERIES OF 1933.  
(Superseding Regulation L, Series of 1930)

INTERLOCKING BANK DIRECTORATES AND OTHER  
RELATIONSHIPS UNDER THE CLAYTON  
ACT

SECTION I. STATUTORY PROVISIONS.

Sections 8 and 8A of the Clayton Antitrust Act approved October 15, 1914, as amended by the Acts of May 15, 1916, May 26, 1920, March 9, 1928, March 2, 1929, and June 16, 1933.<sup>1</sup>

Sec. 8. That from and after two years from the date of the approval of this Act no person shall at the same time be a director or other officer or employee of more than one bank, banking association, or trust company organized or operating under the laws of the United States, either of which has deposits, capital, surplus, and undivided profits aggregating more than \$5,000,000; and no private banker or person who is a director in any bank or trust company organized and operating under the laws of a State, having deposits, capital, surplus, and undivided profits aggregating more than \$5,000,000, shall be eligible to be a director in any bank or banking association organized or operating under the laws of the United States. The eligibility of a director, officer, or employee under the foregoing provisions shall be determined by the average amount of deposits, capital, surplus, and undivided profits as shown in the official statements of such bank, banking association, or trust company filed as provided by law during the fiscal year next preceding the date set for the annual election of directors, and when a director, officer, or employee has been elected or selected in accordance with the provisions of this Act it shall be lawful for him to continue as such for one year thereafter under said election or employment.

No bank, banking association, or trust company organized or operating under the laws of the United States, in any city or incorporated town or village of more than two hundred thousand inhabitants, as shown by the last preceding decennial census of the United States, shall have as a director or other officer or employee any private banker or any director or other officer or employee of any other bank, banking association, or trust company located in the same place: *Provided*, That nothing in this section shall apply to mutual savings banks not having a capital stock represented by shares, to joint-stock land banks organized under the provisions of the Federal Farm Loan Act, or to other banking institutions which do no commercial banking business: *Provided further*, That a director or other officer or employee of such bank, banking association, or trust company may be a director or other officer or employee of not more than one other bank or trust company organized under the laws of the United States or any State where the entire capital stock of one is owned by stockholders in the other: *And provided further*, That nothing contained in this section shall forbid a director of class A of a Federal reserve bank, as defined in the Federal Reserve Act, from being an officer or director, or both an officer and director, in one member bank: *And provided further*, That nothing in this Act shall prohibit any private banker from being an officer, director, or employee of not more than two banks, banking associations, or trust companies, or prohibit any officer, director, or employee of any bank, banking association, or trust company, or any class A director of a Federal reserve bank, from being an officer, director, or employee of not more than two other banks, banking associations, or trust companies, whether organized under the laws of the United States or any State, if in any such case there is in force a permit therefor issued by

<sup>1</sup> Amended by sec. 25 of the Federal Reserve Act as amended Sept. 7, 1916, and by act approved Dec. 24, 1919, amending the Federal Reserve Act, as to corporations engaged in foreign banking and financial operations. See secs. 25 and 25(a) of Federal Reserve Act.

the Federal Reserve Board; and the Federal Reserve Board is authorized to issue such permit if in its judgment it is not incompatible with the public interest, and to revoke any such permit whenever it finds, after reasonable notice and opportunity to be heard, that the public interest requires its revocation.

The consent of the Federal Reserve Board may be procured before the person applying therefor has been elected as a class A director of a Federal reserve bank or as a director of any member bank.

\* \* \* \* \*

When any person elected or chosen as a director or officer or selected as an employee of any bank or other corporation subject to the provisions of this Act is eligible at the time of his election or selection to act for such bank or other corporation in such capacity his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to any of the provisions hereof by reason of any change in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

Sec. 8A. That from and after the 1st day of January 1934, no director, officer, or employee of any bank, banking association, or trust company, organized or operating under the laws of the United States shall be at the same time a director, officer, or employee of a corporation (other than a mutual savings bank) or a member of a partnership organized for any purpose whatsoever which shall make loans secured by stock or bond collateral to any individual, association, partnership, or corporation other than its own subsidiaries.

## SECTION II. DEFINITIONS.

Within the meaning of this regulation—

The term “bank” shall include any bank, banking association, or trust company organized or operating under the laws of the United States or of any State thereof.

The term “national bank” shall be construed to apply not only to national banking associations but also to banks, banking associations, and trust companies organized or operating under the laws of the United States, including all banks and trust companies doing business in the District of Columbia, regardless of the sources of their charters.

The term “resources” shall be construed to mean an amount equal to the sum of the deposits, capital, surplus, and undivided profits, and, in the case of a bank, banking association or trust company, shall be determined by the average amount of deposits, capital, surplus, and undivided profits as shown in the official statements of such bank, banking association or trust company filed as provided by law during the fiscal year next preceding the date set for the annual election of directors.

The term “State bank” shall include any bank, banking association, or trust company incorporated under State law, except banks doing business in the District of Columbia, referred to above.

The term “private banker” shall apply to any unincorporated individual engaging in one or more phases of the banking business as that term is generally understood and to any member of an unincorporated firm engaging in such business.

The term “Edge corporation” shall mean any corporation organized under the provisions of section 25(a) of the Federal Reserve Act, as amended.

The term “city of over 200,000 inhabitants” includes any city, incorporated town, or village of more than 200,000 inhabitants, as shown by the last preceding decennial census of the United States. Any bank located anywhere within the corporate limits of such city is located in a city of over 200,000 inhabitants within the meaning of the Clayton Act, even though it is located in a suburb or an outlying district at some distance from the principal part of the city.



### SECTION III. PROHIBITIONS OF CLAYTON ACT.

(a) Under section 8 of the Clayton Antitrust Act, except as noted below under section IV (a)

(1) No person who is a director or other officer<sup>2</sup> or employee of a national bank having resources aggregating more than \$5,000,000 can legally serve at the same time as director, officer, or employee of any other national bank, regardless of its location.

(2) No person who is a director in a State bank or trust company having resources aggregating more than \$5,000,000 or who is a private banker having resources aggregating more than \$5,000,000 can legally serve at the same time as director of any national bank, regardless of its location.

(3) No person can legally be a director, officer,<sup>2</sup> or employee of a national bank located in a city of more than 200,000 inhabitants who is at the same time a private banker in the same city or a director, officer, or employee of any other bank (State or national) located in the same city, regardless of the size of such bank.

(b) Under section 8A of the Clayton Antitrust Act, except as noted below under section IV (b)—

From and after January 1, 1934, no person can legally be director, officer or employee of a national bank who is at the same time a director, officer or employee of a corporation (other than a mutual savings bank) or a member of a partnership organized for any purpose whatsoever which shall make loans secured by stock or bond collateral to any individual, association, partnership or corporation other than its own subsidiaries.

(c) The prohibitions of section 8 and section 8A are cumulative, i.e., the prohibitions contained in section 8A of the Clayton Antitrust Act are in addition to those contained in section 8 thereof.

### SECTION IV. EXCEPTIONS.

There are certain exceptions to section 8 and certain exceptions to section 8A, but they are not identical. Therefore, all the exceptions applicable to each section are stated separately below in order to avoid confusion.

(a) The provisions of section 8 of the Clayton Act—

(1) Do not apply to mutual savings banks not having a capital stock represented by shares.

(2) Do not apply to joint-stock land banks organized under the provisions of the Federal Farm Loan Act.

(3) Do not apply to banking institutions which do no commercial banking business.

(4) Do not prohibit a person from being at the same time a director, officer, or employee of a national bank and not more than one other national bank, State bank, or trust company, where the entire capital stock of one is owned by stockholders in the other.

(5) Do not prohibit a person from being at the same time a class A director of a Federal reserve bank and also an officer or director, or both an officer and a director, in one member bank.

(6) Do not prohibit a person who is serving as director, officer, or employee of a national bank, even though it has resources aggregating over \$5,000,000, from serving at the same time as director, officer, or employee of any number of State banks and trust

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<sup>2</sup> The Federal Reserve Board has ruled that a Conservator of a national bank is not a director, officer, or employee of such bank within the meaning of the Clayton Antitrust Act.



companies, provided such State institutions are not located in the same city of over 200,000 inhabitants as the national bank and do not have resources aggregating in the case of any one bank more than \$5,000,000.

(7) Do not prohibit a person from serving at the same time as director, officer, or employee of any number of national banks, provided no two of them are located in the same city of over 200,000 inhabitants and no one of them has resources aggregating over \$5,000,000.

(8) Do not prohibit a person who is not a director, officer, or employee of any national bank from serving at the same time as officer, director, or employee of any number of State banks or trust companies, regardless of their locations and resources.

(9) Do not prohibit a person who is an officer or employee but not a director of a State bank from serving as director, officer, or employee of a national bank, even though either or both of such banks have resources aggregating over \$5,000,000, provided both banks are not located in the same city of over 200,000 inhabitants.

(10) Do not prohibit a person who is an officer or employee but not a director of a national bank from serving at the same time as director, officer, or employee of a State bank, even though either or both of such banks have resources aggregating over \$5,000,000, provided both banks are not located in the same city of over 200,000 inhabitants.

(11) Do not prohibit a director, officer, agent, or employee of a member bank which has invested in the stock of any corporation principally engaged in international or foreign banking or financial operations or banking in a dependency or insular possession of the United States, under the provisions of section 25 of the Federal Reserve Act, from being at the same time a director, officer, agent, or employee of any such foreign bank or financial corporation, if the Federal Reserve Board has granted its approval.<sup>3</sup>

(12) Do not prohibit any officer, director, agent, or employee of any member bank from being at the same time a director, officer, agent, or employee of any Edge corporation in whose capital stock the member bank shall have invested under the provisions of section 25 or section 25(a) of the Federal Reserve Act, if the Federal Reserve Board has granted its approval.<sup>3</sup>

(13) Do not prohibit an officer, director, agent, or employee of an Edge corporation from being at the same time a director, officer, agent, or employee of any other corporation in whose capital stock such Edge corporation shall have invested under the provisions of section 25(a) of the Federal Reserve Act, if the Federal Reserve Board has granted its approval.<sup>3</sup>

(14) Do not prohibit a private banker or an officer, director, or employee of any bank or a class A director of a Federal reserve bank from being at the same time an officer, director, or employee of not more than two other banks within the prohibitions of the Clayton Act, if there is in force a permit therefor issued by the Federal Reserve Board.

The above exceptions are cumulative; but apply only to the prohibitions of section 8. The exceptions to section 8A are stated below.

(b) The provisions of section 8A of the Clayton Act—

(1) Do not prohibit a person who is a director, officer, or employee of a national bank from being at the same time a director, officer or employee of a mutual savings bank.

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<sup>3</sup> If a director, officer, agent, or employee is affected only by section 8 of the Clayton Act, informal application for the approval of the Federal Reserve Board under section 25 or 25(a) of the Federal Reserve Act may be made in the form of a letter addressed to the Board either by the director, officer, agent, or employee involved or in his behalf by one of the banks which he is serving, such application to be delivered to the Federal reserve agent at the Federal reserve bank of the district in which the bank now served by the applicant is located. However, if a director, officer or employee is affected by section 8A of the Clayton Act, it is necessary for him to apply for and obtain a formal permit in accordance with the provisions of section V of this regulation, since the above exceptions do not apply to section 8A of the Clayton Act.

(2) Do not prohibit a person who is a director, officer, or employee of a national bank from being at the same time a director, officer or employee of a corporation or a member of a partnership which shall make loans secured by stock or bond collateral only to its own subsidiaries.

(3) Do not prohibit a person who is a director, officer or employee of a national bank from being at the same time a director, officer or employee of a corporation or a member of a partnership which does not actually make loans secured by stock or bond collateral, even though such corporation or partnership is permitted by law to make such loans.

(4) Do not prohibit a person who is not a director, officer, or employee of any national bank from serving at the same time as an officer, director, or employee of any number of State banks or trust companies, whether members of the Federal Reserve System or not.

(5) Do not prohibit a private banker or an officer, director, or employee of any bank or a class A director of a Federal reserve bank from being at the same time an officer, director, or employee of not more than two other banks within the prohibitions of the Clayton Act, if there is in force a permit therefor issued by the Federal Reserve Board.

The above exceptions are cumulative, but apply only to the prohibitions of section 8A. The exceptions to section 8 are stated separately in section IV (a) of this regulation.

#### SECTION V. PERMISSION OF THE FEDERAL RESERVE BOARD.

(a) *In general*.—Section 8 of the Clayton Antitrust Act, as amended by the acts of May 15, 1916, May 26, 1920, and March 9, 1928, authorizes the Federal Reserve Board to permit any private banker or any officer, director, or employee of any bank, banking association, or trust company, or any class A director of a Federal reserve bank to serve as director, officer, or employee of not more than two other banks, banking associations, or trust companies coming within the prohibitions of the Clayton Act, if in the judgment of the Federal Reserve Board it is not incompatible with the public interest, and permits may be issued covering relationships between banks which are prohibited by section 8A as well as those prohibited by section 8.

The Federal Reserve Board is authorized only to issue permits covering private bankers and directors, officers and employees of banks, banking associations and trust companies, and therefore cannot issue a permit to a director, officer or employee of a national bank or a class A director of a Federal reserve bank to be a director, officer or employee of a corporation other than a bank, banking association or trust company, or to be a member of a partnership other than a firm of private bankers.<sup>4</sup>

(b) *When obtained*.—Inasmuch as this exception to the prohibitions of the Clayton Act applies only when "there is in force a permit therefor issued by the Federal Reserve Board", it is a violation of the law to serve two or more banks in the prohibited classes before such a permit has been obtained. A permit should be obtained, therefore, before becoming an officer, director, or employee of more than one bank in the prohibited classes. It may be procured before the person applying therefor has been elected a director or appointed an officer or employee of any bank in the prohibited classes.

(c) *Applications for permission*.—A person wishing to obtain a permit from the Federal Reserve Board to serve banks coming within the prohibitions of the Clayton Act should—

(1) Make formal application on F. R. B. Form 94, or, if a private banker, on F. R. B. Form 94d.

(2) Obtain from each of the banks involved a statement on F. R. B. Form 94A, showing the character of its business, together with a copy of its last published statement of condition, and, if a private banker, make a statement on F. R. B. Form 94e showing the character of his or his firm's business.

<sup>4</sup> See, however, exceptions Nos. 11, 12, and 13 on page 4.

(3) Forward all these papers, *in duplicate*, to the Federal reserve agent of his district, who will attach his recommendation on F. R. B. Form 94b and forward them to the Federal Reserve Board.

Each of the forms referred to in this subsection is made a part of this regulation.

(d) *Compatibility with the public interest.*—In determining whether the issuance of such a permit would be compatible with the public interest, the Federal Reserve Board will consider—

(1) Whether the banks involved are natural competitors;

(2) Whether their having the same directors, officers, or employees would tend to lessen competition or to restrict credit;

(3) The condition and the character of the management of the banks with which the applicant is connected and the extent of his responsibility therefor;

(4) Whether the applicant discharges the duties and responsibilities of his office by attending directors' meetings or otherwise;

(5) Whether the applicant, his family or his interests have abused the credit facilities of the bank or banks he is already serving;

(6) Whether the applicant's influence upon the banks involved in his application is likely to be helpful or harmful to such banks;

(7) The nature and extent of the loans made by each of such banks secured by stock or bond collateral and the policy of each bank with respect to making such loans; and

(8) Any other factors having a bearing upon the effect which the issuance of the permit may have upon the public interest.

(e) *Burden is upon applicant and banks involved.*—In view of the fact that sections 8 and 8A of the Clayton Antitrust Act forbid interlocking relationships between banks of certain classes except in cases where the Federal Reserve Board finds the specific interlocking relationships not incompatible with the public interest and grants permits therefor, the burden must rest upon each applicant for such a permit, and upon the banks involved, to show to the satisfaction of the Board that it would not be incompatible with the public interest to permit him to serve the banks involved.

(f) *Approval or disapproval.*—As soon as an application is acted upon by the Board, the applicant will be advised of the action taken.

If the Board approves the application, a formal permit to serve the banks involved will be issued to the applicant.

(g) *Hearing.*—If it appears to the Board that it would be incompatible with the public interest to grant such a permit, the Board will so notify the applicant and will afford him every opportunity to present any additional facts or arguments bearing on the subject before making final decision in the case.

(h) *Effect of permits.*—A permit once granted continues in force until revoked, and need not be renewed.

(i) *Revocation.*—All permits, however, are subject to revocation whenever the Federal Reserve Board, after giving reasonable notice to the persons to whom they were issued and affording them an opportunity to be heard, finds that the public interest requires their revocation.



**APPLICATION FOR PERMISSION OF THE FEDERAL RESERVE BOARD TO SERVE AT THE  
SAME TIME AS DIRECTOR, OFFICER, OR EMPLOYEE OF NOT MORE THAN THREE  
BANKING INSTITUTIONS.**

Pursuant to the provisions of section 8 of an act of Congress approved October 15, 1914, known as the Clayton Act, as amended by the acts of Congress approved May 15, 1916, May 26, 1920, March 9, 1928, March 2, 1929, and June 16, 1933, respectively, I hereby make application to the Federal Reserve Board for a permit to serve at the same time as

..... of (1) .....  
(Director, officer, or employee)  
of .....  
..... of (2) .....  
(Director, officer, or employee)  
of .....  
..... of (3) .....  
(Director, officer, or employee)  
of .....

I hereby represent to the said Board that, to the best of my knowledge and belief, my services in the capacities indicated above would not result in a lessening of competition between said banks, banking associations, or trust companies, nor in any restriction of credit, nor in the undue use of bank credit for the speculative carrying of or trading in securities, nor in any respect be incompatible with the public interest.

I hereby certify that the information submitted with this application is true and complete to the best of my knowledge and belief.

.....  
(Signature)

.....  
(Typewrite or print name)

Residence .....

Business address.....

TO THE FEDERAL RESERVE BOARD,  
Washington, D. C.

Principal business.....

.....  
Date

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. Is there any common ownership of stock or other affiliation between banks named in this application?  
If so, give details.
2. What is the approximate distance between the institutions mentioned in this application? Between  
(1) and (2) ..... Miles; Between (2) and (3) ..... Miles; Between (1) and (3) .....  
Miles.
3. If in the same city or town, are they located in the same or in different business communities?
4. If in different business communities, describe the general character of the community in which each  
is located.
5. Do they serve or appeal to the same or different classes of customers?
6. Do they serve or appeal to different classes of customers? If so, explain the situation briefly.
7. Do they transact the same kind of business in respect to—
  - (a) Bank deposits?
  - (b) Individual demand deposits?
  - (c) Savings deposits?
  - (d) Trust business?
  - (e) Acceptance business?
  - (f) Foreign exchange business?
  - (g) Commercial loans?
  - (h) Loans on stock or bond collateral?
  - (i) Loans to other banks?
  - (j) Real estate loans?
  - (k) Any other kind of business?
8. Applicant's age ..... Approximate net worth, over \$..... Is he a relative or busi-  
ness associate of any officer or director of any of the banks named in the application? If so, give  
details.
9. State highest amount of indebtedness to each bank named in this application during past twelve  
months, of

Applicant			
Direct \$.....	.....	.....	.....
Indirect \$.....	.....	.....	.....
His immediate family			
Direct \$.....	.....	.....	.....
Indirect \$.....	.....	.....	.....
His interests			
Direct \$.....	.....	.....	.....
Indirect \$.....	.....	.....	.....
(Bank No. 1)	(Bank No. 2)	(Bank No. 3)	

[illegible]

- If so, state which, and give details as to nature and extent of such business in each case.



Name of banking institution.....  
Location: No. .... Street ..... City or Town.....State.....

Statement submitted at the request of.....  
(Director, officer, or employee)

in connection with the application made to the Federal Reserve Board for permission to serve at the same time as director, officer, or employee of the following banking institutions:

- (1) .....  
(2) .....  
(3) .....

STATEMENT OF CONDITION AS OF ....., 193.....

(As shown in the latest report filed with the Comptroller of the Currency, with the Federal Reserve Board, or with the State banking authorities.)

ASSETS

Loans and discounts:

Acceptances of other banks payable in the United States .....  
Notes, bills, acceptances and other instruments evidencing loans,  
payable in foreign countries.....  
Commercial paper bought in the open market.....  
Loans to banks (include all loans to banks regardless of security) .....  
Loans on securities (except to banks):  
To brokers and dealers in securities in New York City .....  
To brokers and dealers in securities elsewhere.....  
To others .....  
Real estate loans .....  
Acceptances of this bank purchased or discounted.....  
All other loans.....

Overdrafts .....

Investments:

U. S. Government securities.....  
Other bonds and securities (except stocks).....  
Federal Reserve Bank Stock.....  
Federal Deposit Insurance Corporation Stock.....  
Other stocks .....

Banking house, \$.....; furniture & fixtures, \$.....

Real estate owned other than banking house.....

Reserve with Federal Reserve Bank.....

Cash in vault and balances with other banks.....

Customers' liability on account of acceptances executed.....

All other assets .....

Total assets .....

LIABILITIES

Demand deposits: (Except U. S. Government deposits, public funds  
and deposits of other banks)

Deposits subject to check (except public funds).....

Certificates of deposit other than for money borrowed.....

Other .....

Time deposits: (Except postal savings deposits, public funds, and  
deposits of other banks)

Savings accounts .....

Certificates of deposit other than for money borrowed.....

Deposits the payment of which has been deferred by the bank  
beyond the time originally contemplated either by agreement  
with depositors or otherwise.....

Other .....

Public funds of states, counties, school districts or other subdivi-  
sions or municipalities.....

U. S. Government and postal savings deposits.....

Deposits of other banks.....

Certified and officers' checks, and cash letters of credit and  
travelers' checks outstanding.....

Liability account acceptances executed.....

Bills payable and rediscounts.....

Securities borrowed .....

Agreements to repurchase securities sold.....

All other liabilities.....

Capital account:

First preferred stock, ..... shares, par \$.....  
per share, retireable at \$..... per share  
Second preferred stock, ..... shares, par \$.....  
per share, retireable at \$..... per share  
Common stock, ..... shares, par \$..... per  
share.

Surplus.....

Undivided profits—net .....

Reserves for contingencies.....


Total liabilities, including capital accounts.....

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. Population of city or town (census of 1930).
2. Character of business of the community which the banking institution serves (in case of a large city, limit information to section from which bank draws majority of its business).
3. Character of business of the institution (specify its various activities, such as commercial banking, etc.).
4. Describe nature of demand deposits.
5. Describe nature of time deposits.
6. What rate of interest, if any, is paid on each class of deposits?
7. State amount of commercial deposits, that is, deposits of persons or corporations engaged in business who might legitimately look to the bank for commercial credit accommodations.
8. Describe practice of bank in respect to acquiring and disposing of investment securities (State whether purchases and sales are made in open market or directly from corporations, etc., whether underwriting syndicates are joined or formed, whether securities are acquired for long time investment or short time investment, for resale to customers, etc., and whether bank has a bond department).
9. Describe kind and extent of fiduciary business done by the bank (including acting as registrar of stocks and bonds, etc.).
10. If the institution has any branches or agencies, state briefly the location of each branch or agency and the volume and character of business transacted at each branch or agency, and submit a condensed statement of the assets and liabilities of each branch or agency.
11. Give names of other officers and/or directors of the bank who are also serving other banks, and names of such other banks.
12. Give names of all banking institutions and other business enterprises in any way affiliated with the bank. (Give full details as to affiliation and nature of business of each affiliate.)
13. State highest amount of liability of applicant, his immediate family, and corporations and firms in which he is interested, to bank during past two years:

Applicant	Applicant's immediate family	Corporations and firms in which applicant is interested
Direct: \$.....	.....	.....
Indirect: \$.....	.....	.....



14. (a) How long has applicant been a director?
- (b) How long has he been an officer?
- (c) If applicant is a director, how many directors' meetings has he attended during the past 12 months? ..... During the preceding 12 months? ..... How many were held during the past 12 months? ..... During the preceding 12 months?
- (d) State aggregate par value of stock of bank owned by applicant; by members of his immediate family; by his interests and business associates. If bank has more than one class of stock, give above information by classes.
- (e) Has applicant served as member of Executive, Discount, or Examining Committee? If so, give details.
15. State concisely the reasons why the bank desires the services of the applicant.

I HEREBY CERTIFY that the foregoing information is true and complete to the best of my knowledge and belief.

-----  
(Date)

-----  
Cashier.

**REPORT OF FEDERAL RESERVE AGENT ON  
APPLICATION OF**

-----  
(Director, officer, employee, or private banker)

**FOR PERMISSION TO SERVE AT THE SAME TIME AS DIRECTOR, OFFICER,  
OR EMPLOYEE OF**

- |     |                         |                     |
|-----|-------------------------|---------------------|
| (1) | -----<br>(Name of Bank) | -----<br>(Location) |
| (2) | -----<br>(Name of Bank) | -----<br>(Location) |
| (3) | -----<br>(Name of Bank) | -----<br>(Location) |

**CERTIFICATE OF FEDERAL RESERVE AGENT**

I have examined the application described above, and, from the information set forth in the reports submitted and the facts ascertained from my examination of the business of the banking institutions named, am of the opinion that the granting of the permit applied for  $\left\{ \begin{array}{l} \text{would not} \\ \text{would} \end{array} \right\}$  be incompatible with the public interest; for the reason that

I therefore recommend that the application be  $\left\{ \begin{array}{l} \text{granted.} \\ \text{refused.} \end{array} \right\}$

-----  
*Federal Reserve Agent.*

-----  
(Date)

(Please answer fully the questions on pages 2 and 3 of this form)

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. Do you know of any inaccuracies in the statements of fact made by the applicant in support of his application?
2. Would a permit be required in this case under Section 8 of the Clayton Antitrust Act, irrespective of the provisions of Section 8A?
3. If more than one of the banks involved in this application are located in the same community in your district, state how many banks there are in such community.
4. Are any of them in a chain, group, or branch banking system?
5. What is the degree and kind of competition between them?
6. Is there any evidence of unfair or destructive competition?
7. Do you consider the banks involved in this application natural competitors for any class of business either through their main offices or any of their branches?
8. How many interlocking directors and/or officers are there already between the banks involved in the application?
9. Does the management of one or more of the banks need strengthening either financially or in personnel? If so, is it thought that applicant will fill this need? Give reasons.
10. Does the application grow out of a situation in which one bank has assisted in the recapitalization or reorganization of another bank, and for this reason wishes to be represented on its directorate in order to represent its interests? Give details.
11. Describe briefly the condition and character of the management of each of the banks in your district involved in this application, as shown by latest examinations and any recent information, and the extent of applicant's responsibility therefor.
12. State whether any bank in your district which the applicant is already serving or which he previously served has been in financial difficulties and, if so, state the nature of such difficulties and the extent of the applicant's responsibility therefor.
13. Does applicant discharge his responsibilities, by attending directors' meetings or otherwise?
14. Have applicant, his family and/or his interests abused the credit facilities of the banks which he is serving, and have their loans been criticized by examiners?
15. Does applicant dominate any of the banks? If so, give details.



16. Is the influence of the applicant likely to be helpful or harmful to the banks involved?
17. If the applicant is serving, or if this application covers his service, as director, officer, or employee of any corporation (other than a mutual savings bank) or a member of a partnership which makes loans secured by stock or bond collateral to any individual, association, partnership, or corporation other than its own subsidiaries, give names of such organizations, and in each case describe nature and extent of such business.
18. Since the Act authorizes the Board to grant a permit when "in its judgment it is not incompatible with the public interest", the Board desires to be informed fully of the general situation as well as of the specific facts surrounding each application submitted to it, and the above questions are framed for that purpose. However, the Federal Reserve Agent is requested to give such additional information, not specifically called for, as he believes relevant. In this connection reference is made to the Board's letter of May 1, 1933 (X-7426).
19. The Board desires to be advised whether it appears to the satisfaction of the Federal Reserve Agent, on the basis of the facts presented by the applicant and the foregoing information, either (a) that such banks are not in substantial competition; or (b) that the applicant's service as director, officer or employee of such banks is not likely to result in a restriction of credit or a substantial lessening of competition; or (c) that his services will add needed strength to the management of such banks, will be beneficial to the community or the patrons of such banks, or will otherwise be in the public interest; and (d) that the applicant's services will not result in the undue use of bank credit for the speculative carrying of or trading in securities.

**APPLICATION OF A PRIVATE BANKER FOR PERMISSION OF THE FEDERAL RESERVE BOARD TO SERVE AT THE SAME TIME AS DIRECTOR, OFFICER, OR EMPLOYEE OF NOT MORE THAN TWO BANKING INSTITUTIONS.**

Pursuant to the provisions of section 8 of an act of Congress approved October 15, 1914, known as the Clayton Act, as amended by the acts of Congress approved May 15, 1916, May 26, 1920, March 9, 1928, March 2, 1929, and June 16, 1933, respectively, I hereby make application to the Federal Reserve Board for a permit to be at the same time

.....doing business under the name of  
(Private banker, or member of firm of private bankers)

(1) .....

at .....

.....of (2) .....  
(Director, officer, or employee)

of .....

.....of (3) .....  
(Director, officer, or employee)

of .....

I hereby represent to the said Board that, to the best of my knowledge and belief, my services in the capacities indicated above would not result in a lessening of competition between {me  
the said firm of which I am a member}  
and either of said banks, banking associations, or trust companies, or between said banks, banking associations, or trust companies, nor in any restriction of credit, nor in the undue use of bank credit for the speculative carrying of or trading in securities, nor in any respect be incompatible with the public interest.

I hereby certify that the information submitted with this application is true and complete to the best of my knowledge and belief.

.....  
(Signature)

.....  
(Typewrite or print name)

Residence.....

Business address.....

TO THE FEDERAL RESERVE BOARD,  
Washington, D. C.

.....  
Principal business .....

.....  
Date

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. Is there any common ownership of stock or other affiliation between the banking institutions named in this application (including as one of such institutions the applicant as a private banker or the firm of which he is a member)? If so, give details.
2. What is the approximate distance between such institutions? Between (1) and (2).....Miles;  
Between (2) and (3).....Miles; Between (1) and (3).....Miles.
3. If in the same city or town, are they located in the same or in different business communities?
4. If in different business communities, describe the general character of the community in which each is located.
5. Do they serve or appeal to the same or different classes of customers?
6. If they serve or appeal to different classes of customers, explain the situation briefly.
7. Do they transact the same kind of business in respect to:
  - (a) Bank deposits?
  - (b) Individual demand deposits?
  - (c) Savings deposits?
  - (d) Trust business?
  - (e) Acceptance business?
  - (f) Foreign exchange business?
  - (g) Commercial loans?
  - (h) Loans on stock or bond collateral?
  - (i) Loans to other banks?
  - (j) Real estate loans?
  - (k) Any other kind of business?
8. Applicant's age..... Approximate net worth, over \$..... Is he a relative or business associate of any officer or director of either of the banks named in the application? If so, give details.
9. State highest amount of indebtedness to each bank named in this application during past twelve months, of

Applicant

Direct \$..... \$.....

Indirect \$..... \$.....

His immediate family

Direct \$..... \$.....

Indirect \$..... \$.....

His interests

Direct \$..... \$.....

Indirect \$..... \$.....

(Bank No. 2)

(Bank No. 3)

10. State concisely (a) applicant's experience in banking and other business, (b) applicant's reasons for desiring to serve the institutions covered by this application, and (c) services actually to be rendered in the capacities covered by this application.
11. The applicant is invited to give any other information which will tend to prove that the issuance of the permit applied for would not be incompatible with the public interest.
12. List of all the firms of which applicant is a member and all the corporations of which he is a director, officer, or employee, including banking institutions:

[illegible]

13. Does any organization listed under the preceding question (other than a mutual savings bank) make loans secured by stock or bond collateral to any individual, association, partnership, or corporation other than its own subsidiaries?

If so, state which, and give details as to nature and extent of such business in each case.



Name under which private banker or banking firm does business .....

Location: No. .... Street ..... City or Town ..... State .....

Statement submitted at the request of .....  
(Applicant)

in connection with the application made to the Federal Reserve Board for permission to serve at the same time as director, officer, or employee of the following banking institutions:

- (1) .....  
(2) .....

### STATEMENT OF CONDITION

as of ....., 193....

(As of the last day of the previous calendar month or the last audited statement as of a date not more than six months prior to the date of the application).

#### ASSETS

##### Loans and discounts:

Acceptances of other banks payable in the United States.....	.....
Notes, bills, acceptances and other instruments evidencing loans, payable in foreign countries.....	.....
Commercial paper bought in the open market.....	.....
Loans to banks (include all loans to banks regardless of security).....	.....
Loans on securities (except to banks):	
To brokers and dealers in securities in New York City.....	.....
To brokers and dealers in securities elsewhere.....	.....
To others .....	.....
Real estate loans.....	.....
Acceptances of this bank purchased or discounted.....	.....
All other loans (except to affiliates, partners and/or employees).....	.....

##### Advances and Overdrafts

Customers.....	.....
Affiliates (include loans to affiliates).....	.....
Partners and/or employees (include loans).....	.....

##### Investments:

U. S. Government securities.....	.....
Other bonds and securities (except stocks).....	.....
Stocks.....	.....
Syndicate participations .....	.....
Banking house, \$.....; furniture and fixtures, \$.....	.....
Real estate owned other than banking house.....	.....
Cash in vault and balances with other banks.....	.....
Seats on Exchanges.....	.....
Customers' liability on account of acceptances executed.....	.....

.....	.....
All other assets.....	.....
Total Assets .....	.....

LIABILITIES

Demand deposits: (Except public funds and deposits of other banks)

Deposits subject to check (except public funds).....	.....	
Certificates of deposit other than for money borrowed.....	.....	
Foreign governments, states, and municipalities.....	.....	
Other foreign customers.....	.....	
Other .....	<u>.....</u>	<u>.....</u>

Time deposits: (Except public funds and deposits of other banks)

Savings accounts .....	.....	
Certificates of deposit other than for money borrowed.....	.....	
Foreign governments, states, and municipalities.....	.....	
Other foreign customers.....	<u>.....</u>	<u>.....</u>
Other .....	.....	.....

Public funds of states or municipalities.....

Deposits of other banks.....

Certified and bank's own checks, and cash letters of credit and  
travelers' checks outstanding.....

Liability account acceptances executed.....

Bills payable and rediscounts.....

Securities borrowed .....

Agreements to repurchase securities sold.....

Reserves for losses and depreciation.....

.....

.....

All other liabilities.....

Capital account:

Principal's and/or partners' capital account.....

Undistributed profits (or losses).....

Total liabilities, including capital accounts.....

Contingent Liabilities (Describe)

.....	.....
.....	<u>.....</u>
	<u>.....</u>

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. Population of city or town (census of 1930).
2. Character of business of the community served (in case of a large city, limit information to section from which private banker or banking firm draws majority of its business).
3. Describe in detail the character of business of the private banker or banking firm.
4. Describe nature of demand deposits.
5. Describe nature of time deposits.
6. What rate of interest, if any, is paid on each class of deposits?
7. State amount of commercial deposits, that is, deposits of persons or corporations engaged in business who might legitimately look to the private banker or banking firm for commercial credit accommodations.
8. Describe practice in respect to acquiring and disposing of investment securities (state whether purchases and sales are made in open market or directly from corporations, etc., whether underwriting syndicates are joined or formed, whether securities are acquired for long time investment or short time investment, for resale to customers, etc.)
9. Describe kind and extent of fiduciary business done by the private banker or banking firm (including acting as registrar of stocks and bonds, etc.).
10. What proportion of the business of the private banker or banking firm consists in (a) purchasing, selling or negotiating securities owned by the private banker or banking firm, and (b) acting as agent or broker for others in connection with the purchasing, selling or negotiating of securities. Give details.
11. If the private banker or banking firm has any branch offices or agencies, state briefly the location of each branch office or agency and the volume and character of business transacted at each branch office or agency, and submit a condensed statement of the assets and liabilities of each branch office or agency.
12. Give names of other members of the firm who are also serving other banks, and names of such other banks.

I HEREBY CERTIFY that the foregoing information is true and complete to the best of my knowledge and belief.

-----  
(Date)

## REGULATION R, SERIES OF 1933.

### RELATIONSHIPS WITH DEALERS IN SECURITIES

Under Section 32 of Banking Act of 1933.

#### SECTION I. STATUTORY PROVISIONS.

Section 32 of the Banking Act of 1933 provides as follows:

"Sec. 32. From and after January 1, 1934, no officer or director of any member bank shall be an officer, director, or manager of any corporation, partnership, or unincorporated association engaged primarily in the business of purchasing, selling, or negotiating securities, and no member bank shall perform the functions of a correspondent bank on behalf of any such individual, partnership, corporation, or unincorporated association and no such individual, partnership, corporation, or unincorporated association shall perform the functions of a correspondent for any member bank or hold on deposit any funds on behalf of any member bank, unless in any such case there is a permit therefor issued by the Federal Reserve Board; and the Board is authorized to issue such permit if in its judgment it is not incompatible with the public interest, and to revoke any such permit whenever it finds after reasonable notice and opportunity to be heard, that the public interest requires such revocation."

#### SECTION II. DEFINITIONS.

Within the meaning of this regulation, the term—

"*Member bank*" shall include any national bank, State bank, savings bank, trust company, Morris Plan bank, mutual savings bank, or other banking institution which is a member of the Federal Reserve System.

"*Securities*" shall include stocks, bonds, debentures and other similar obligations.

"*Dealer in securities*" shall include any corporation, partnership, unincorporated association, or individual engaged<sup>1</sup> primarily in the business of purchasing, selling or negotiating securities.

"*Manager*" shall include any person who manages, controls, or directs the business of a dealer in securities, or participates in such management or control, either at the main office or at any branch, agency, or other office of such dealer, and shall include any general partner in a partnership which is a dealer in securities; *but shall not include* a partner in such a partnership who has no voice in the management or control of its business and whose liability is limited to the amount of his contribution to the partnership.

"*Correspondent bank*" shall include any member bank which shall act as the medium or agent or in any similar capacity for, or shall be regularly associated with, a dealer in securities in connection with the purchasing, selling, underwriting, flotation, or negotiation of securities; *but shall not include* (1) a member bank which shall merely purchase or sell securities without recourse solely upon the order and for the account of its customers, and/or which shall merely purchase or sell investment securities for its own account as authorized by applicable law, through such a dealer in securities, or (2) a member bank which shall merely accept deposits of funds, handle items for collection (with or without securities attached) or perform other ordinary banking functions for such dealer.

<sup>1</sup>This definition does not include organizations which were formerly engaged in such business but which are not currently engaged in it; because the statute has reference only to the business presently transacted by the organization in question.



"Correspondent dealer" shall include any dealer in securities which shall perform any banking functions, including the holding on deposit of any funds, on behalf of any member bank, or which shall act as the medium or agent or in any similar capacity for a member bank in connection with the underwriting, flotation, or negotiating of securities, *but shall not include* a dealer who shall merely execute orders received from or through such member bank for the purchase or sale of securities.

### SECTION III. PROHIBITIONS OF SECTION 32.

From and after January 1, 1934, unless there is a permit therefor issued by the Federal Reserve Board—

(1) No officer or director of a member bank can legally serve at the same time as an officer, director or manager of any corporation, partnership or unincorporated association engaged primarily in the business of purchasing, selling, or negotiating securities.

(2) No member bank can legally perform the functions of a correspondent bank on behalf of a dealer in securities.

(3) No dealer in securities can legally perform the functions of a correspondent dealer for any member bank, or hold on deposit any funds on behalf of any member bank.

### SECTION IV. PERMISSION OF THE FEDERAL RESERVE BOARD.

(a) *In general*—Section 32 of the Banking Act of 1933 authorizes the Federal Reserve Board to issue a permit covering any of the relationships which are prohibited by the provisions of that section, if in the judgment of the Federal Reserve Board it is not incompatible with the public interest.

(b) *When obtained*—Inasmuch as this exception to the prohibitions of Section 32 applies only when "there is a permit therefor issued by the Federal Reserve Board", a permit should be obtained before the prohibited relationship is entered into, or before January 1, 1934, whichever is later.

(c) *Application for permission*—

(1) *An officer or director of a member bank* wishing to obtain a permit from the Federal Reserve Board to serve as an officer, director or manager of a dealer in securities should—

(i)—Make formal application on F. R. B. Form 99a.

(ii)—Obtain from each member bank a statement on F. R. B. Form 99b.

(iii)—Obtain from the dealer in securities a statement on F. R. B. Form 99c.

(iv)—Forward all of these papers to the Federal reserve agent of his district, who will attach his recommendation on F. R. B. Form 99d and forward them to the Federal Reserve Board.

If the applicant desires to serve as an officer, director, or manager of more than one dealer in securities, a separate application should be filed with respect to each such dealer in securities. If the applicant desires to serve only one dealer in securities, only one application is necessary even though the applicant desires to serve more than one member bank.

(2) *A member bank* wishing to obtain a permit from the Federal Reserve Board to act as correspondent bank for a dealer in securities should—

(i)—Make formal application on F. R. B. Form 99e.

(ii)—Submit a statement on F. R. B. Form 99b.

(iii)—Obtain from the dealer in securities a statement on F. R. B. Form 99c.

(iv)—Forward all of these papers to the Federal reserve agent of its district who will attach his recommendation on F. R. B. Form 99d and forward them to the Federal Reserve Board.

If the applicant member bank desires to act as correspondent bank for more than one dealer in securities, a separate application should be filed by the member bank with respect to each such dealer in securities.

(3) *A dealer in securities* wishing to obtain from the Federal Reserve Board a permit to perform the functions of a correspondent dealer for a member bank should—

(i)—Make formal application on F. R. B. Form 99f, if incorporated, or on F. R. B. Form 99g, if unincorporated.

(ii)—Submit a statement on F. R. B. Form 99c.

(iii)—Obtain from the member bank a statement on F. R. B. Form 99b.

(iv)—Forward all of these papers to the Federal reserve agent of its district, who will attach his recommendation on F. R. B. Form 99d and forward them to the Federal Reserve Board.

If the applicant dealer in securities desires to act as correspondent dealer for more than one member bank, a separate application should be filed, covering each such member bank.

(d) *Papers to be filed in duplicate*—All papers filed with the Federal reserve agent pursuant to this subsection should be filed *in duplicate*.

The forms referred to in this subsection are made a part of this regulation.

(e) *Compatibility with the public interest*—In determining whether the issuance of such a permit will be compatible with the public interest, the Federal Reserve Board will consider—

(1) Whether the proposed relationship may tend to result in the undue use of bank credit in connection with the purchasing, selling, underwriting, flotation or negotiation of securities.

(2) Whether the proposed relationship will have any undesirable effect upon the member bank's financial condition, its credit or investment policies, or its policies in dealing with its other customers.

(3) Any other facts having a bearing upon the effect which the issuance of the permit may have upon the public interest.

(f) *Burden is on applicant*—In view of the fact that Section 32 of the Banking Act of 1933 forbids relationships of certain kinds except in cases where the Federal Reserve Board finds the specific relationships not incompatible with the public interest and grants a permit therefor, the burden must rest upon each applicant for such a permit to show to the satisfaction of the Board that it would not be incompatible with the public interest to permit the relationship covered by the application.

(g) *Approval or disapproval*—As soon as an application is acted upon by the Board, the applicant will be advised of the action taken.

If the Board approves the application, a formal permit will be issued to the applicant.

(h) *Hearing*—If the Board is not satisfied that it is compatible with the public interest to grant such permit, the Board will so notify the applicant and will afford him or it every opportunity to present any additional facts or arguments bearing on the subject before making any final decision in the case.

(i) *Continuing effect of permits*—A permit once granted continues in force until revoked, and need not be renewed, unless otherwise stated therein.

(j) *Revocation*—All permits, however, are subject to revocation whenever the Federal Reserve Board, after giving reasonable notice to the holder and affording him or it an opportunity to be heard, finds that the public interest requires their revocation.

NOTE—If the applicant desires to serve as an officer, director, or manager of more than one dealer in securities, a separate application should be filed with respect to each such dealer in securities. If the applicant desires to serve only one dealer in securities, only one application is necessary even though the applicant desires to serve more than one member bank. FILE EACH APPLICATION IN DUPLICATE.

APPLICATION OF AN OFFICER OR DIRECTOR OF A MEMBER BANK FOR THE  
PERMISSION OF THE FEDERAL RESERVE BOARD TO SERVE AT THE SAME TIME  
AS DIRECTOR, OFFICER OR MANAGER OF A DEALER IN SECURITIES

Pursuant to the provisions of Section 32 of an Act of Congress approved June 16, 1933, known as the "Banking Act of 1933", I hereby make application to the Federal Reserve Board for a permit to serve at the same time as

..... of .....  
(Officer or Director) (Name of Member Bank)

..... of .....  
(Officer or Director) (Name of Member Bank)

..... of .....  
(Officer or Director) (Name of Member Bank)

and as ..... of .....  
(Officer, director or manager) (Dealer in Securities)

I hereby represent to said Board that to the best of my knowledge and belief my services in the capacities indicated above would not result in the undue use of bank credit for the purchasing, selling, underwriting, flotation or negotiation of securities, would not have any undesirable effect upon such member bank, and would not in any respect be incompatible with the public interest.

I hereby certify that the information submitted with this application is true and complete to the best of my knowledge and belief.

.....  
(Signature of applicant)

.....  
(Typewrite or print name)

Residence.....

Principal business or occupation.....

Business address.....

TO THE FEDERAL RESERVE BOARD,  
Washington, D. C.

.....  
(Date)

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. State the general character of the business of each member bank covered by this application.
2. State the general nature of the business of the dealer in securities covered by this application.
3. Describe in detail the nature and extent of the customary business dealings between the member bank and the dealer in securities covered in this application, giving full information as to the current extent of loans or other credit transactions between the two:
  - (a) Secured by stock and bond collateral
  - (b) Secured by other collateral
  - (c) Unsecured.
4. Describe the services actually rendered by the applicant to the member bank or banks and to be rendered to the dealer in securities.
5. List of all firms of which applicant is a member and all corporations of which he is an officer or director, including banking institutions:

Firm or Corporation	Location	Business	Official Position in Firm or Corporation

6. List of all stock exchanges and similar organizations (a) of which applicant is a member, (b) of which any partner of applicant (in a partnership which deals in securities) is a member, giving names of such partners.
7. Applicant's age..... Approximate net worth, over \$..... Is he a relative or business associate of any officer, director, manager or partner of the dealer in securities or the bank or banks named in the application? If so, give details.
8. The applicant is invited to give (a) his reasons for desiring the permit applied for, and (b) any information not called for above, which will tend to prove that the issuance of the permit applied for would not be incompatible with the public interest.



## STATEMENT OF MEMBER BANK

Name of Member Bank.....

Location: No.....Street.....City or Town.....State.....

Statement submitted in connection with application for permit under provisions of Section 32 of Banking Act of 1933, made to the Federal Reserve Board by:

.....  
(Name of Applicant)

## STATEMENT OF CONDITION

as of.....193.....

(As shown in the latest report filed with the Comptroller of the Currency, with the Federal Reserve Board, or with the State banking authorities.)

### ASSETS

#### Loans and discounts:

Acceptances of other banks payable in the United States.....

Notes, bills, acceptances and other instruments evidencing loans,  
payable in foreign countries.....

Commercial paper bought in the open market.....

Loans to banks (include all loans to banks regardless of security).....

#### Loans on securities (except to banks):

To brokers and dealers in securities in New York City.....

To brokers and dealers in securities elsewhere .....

To others .....

Real Estate loans.....

Acceptances of this bank purchased or discounted.....

All other loans.....

Overdrafts.....

#### Investments:

U. S. Government securities.....

Other bonds and securities (except stocks).....

Federal Reserve Bank Stock.....

Federal Deposit Insurance Corporation stock.....

Other stocks .....

Banking house, \$.....; furniture and fixtures, \$.....

Real estate owned other than banking house.....

Reserve with Federal Reserve Bank.....

Cash in vault and balances with other banks.....

Customers' liability on account of acceptances executed.....

.....

.....

.....

All other assets.....

Total assets .....

# LIABILITIES

Demand deposits: (Except U. S. Government deposits, other public funds and deposits of other banks)

Deposits subject to check.....  
 Certificates of deposit other than for money borrowed.....  
 Other .....

Time deposits: (Except postal savings deposits, public funds, and deposits of other banks):

Savings accounts .....  
 Certificates of deposit other than for money borrowed.....  
 Deposits the payment of which has been deferred by the bank beyond the time originally contemplated either by agreement with depositors or otherwise.....  
 Other .....

Public funds of states, counties, school districts or other subdivisions or municipalities.....

U. S. Government and postal savings deposits.....

Deposits of other banks.....

Certified and officers' checks, and cash letters of credit and travelers' checks, outstanding.....

Liability account acceptances executed.....

Bills payable and rediscounts.....

Securities borrowed .....

Agreements to repurchase securities sold.....

All other liabilities.....

Capital account:

First preferred stock,.....shares, par \$.....  
 per share, retireable at \$..... per share.....  
 Second preferred stock,.....shares, par \$.....  
 per share, retireable at \$..... per share.....  
 Common stock, ..... shares, par \$..... per share.

Surplus .....

Undivided profits—net .....

Reserves for contingencies.....


Total liabilities, including capital accounts.....

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. Population of city or town (Census of 1930).
2. Character of business of the institution. (Specify its various activities, such as commercial banking, etc.)
3. Describe practice of bank in respect to acquiring and disposing of investment securities. (State whether purchases or sales are made in open market or directly from corporations, etc., whether underwriting syndicates are joined or formed, whether securities acquired are for long time or short time investments, for resale to corporations, etc., and whether bank has a bond department.)
4. Describe kind and extent of fiduciary business done by the bank (including acting as registrar of stocks and bonds, transfer agent, fiscal agent, etc.).
5. State approximate amount of loans made to finance the purchasing, selling, underwriting, flotation or negotiation of securities, as of date of statement (a) to the dealer named in this application, (b) to others.
6. Describe fully and in detail, giving amounts involved, the nature and extent of present business dealings of bank with the dealer in securities referred to in application, stating separately the amount of "call loans" to the dealer which were negotiated through a broker and not directly with the dealer.
7. State total amount of "call loans" of the bank.
8. Specify functions as to which permit is desired.
9. Does bank purchase securities for its own account through dealer in securities named in application? (Give details.)
10. Does bank purchase securities in connection with its fiduciary business from dealer in securities named in the application? (Give details.)
11. State amount of indebtedness of dealer in securities to member bank for the current year and each of the preceding four calendar years.

Year	Maximum	Minimum	Number of Calendar Days on which Indebted
1.			
2.			
3.			
4.			
5.			

12. State amount of indebtedness of member bank to dealer in securities for the current year and each of the preceding four calendar years.

Year	Maximum	Minimum	Number of Calendar Days on which Indebted
1.			
2.			
3.			
4.			
5.			

13. Give names of other directors and/or officers of your bank who are also serving as directors, officers, managers or partners of dealers in securities, and names of such dealers.

14. Is there any common ownership of stock or other affiliation between the bank and the dealer in securities referred to in application? If so, give details.

(The following questions are to be answered only if the applicant is a director or an officer of a member bank; and *need not be answered* if the application is made (1) by a member bank for permission to act as correspondent bank for a dealer in securities or (2) by a dealer in securities for permission to act as correspondent dealer for a member bank.)

15. State highest amount of liability of applicant, his immediate family, and corporations and firms in which he is interested, to bank during past two years:

Applicant	Applicant's Immediate Family	Corporations and Firms in which Applicant is Interested
Direct: \$.....		
Indirect: \$.....		

16. (a) How long has applicant been a director?  
 (b) How long has applicant been an officer?  
 (c) If applicant is a director, how many directors' meetings has he attended during the past 12 months? During the preceding 12 months? How many were held during the past 12 months? During the preceding 12 months?  
 (d) State aggregate par value of stock of bank owned by applicant; by members of his immediate family; by his interests and business associates. (If bank has more than one class of stock, give above information by classes.)  
 (e) Has applicant served as member of Executive, Discount, or Examining Committee? If so, give details.
17. Does the bank desire the applicant to serve at the same time as its director or officer and as officer, director or manager of the dealer in securities? (Give full statement of reasons for answer.)

I HEREBY CERTIFY that all information given in response to the above questions is true and complete to the best of my knowledge and belief.

.....  
(Date)

.....  
(Cashier)



## STATEMENT OF DEALER IN SECURITIES

Name of dealer in securities.....

Location: No.....Street.....City or town.....State.....

Statement submitted in connection with application for permit under provisions of Section 32 of  
Banking Act of 1933, made to the Federal Reserve Board by :.....  
(Name of Applicant)

## STATEMENT OF CONDITION

As of ....., 193.....

(As of the last day of the previous calendar month or the last audited statement as of a date not more than six months prior to the date of the application).

ASSETS	LIABILITIES
Cash on hand.....	Loans payable .....
Cash in banks.....	Time .....
Domestic .....	Demand .....
Foreign .....	Customers' credit balances.....
Customers' debit balances.....	Customers' short commitments.....
Partners' debit balances.....	Partners' credit balances (other than capital accounts) .....
Firm's trading debit balance.....	Partners' short commitments.....
Accounts receivable .....	Firm's trading credit balances.....
Account securities borrowed.....	Firm's short commitments.....
Other .....	Accounts payable .....
Money loaned .....	Account of securities loaned.....
Investments .....	Other .....
U. S. Government securities.....	Accrued interest and expenses.....
Other bonds and securities.....	.....
Stocks .....	.....
Accrued interest and commissions .....	All other liabilities .....
Seats on exchanges.....	Capital account .....
.....	Corporation .....
.....	Capital .....
.....	Surplus and undivided profits .....
.....	Individual or partnership .....
.....	General partnership accounts .....
.....	Special partnership accounts .....
.....	Profit and loss.....
All other assets.....	Total liabilities, including capital .....
Total assets .....	Contingent Liabilities .....
	Memorandum as to any contingent liabilities not shown in the above statement.

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. Describe the character of business transacted.
2. Is there any common ownership of stock or other affiliation with the member bank or banks named in the application? If so, give details.
3. Specify functions as to which permit is desired.
4. Describe fully and in detail, giving amounts involved, nature and extent of present business dealings with each of the member banks named in the application, stating separately the amount of "call loans" from the bank which were negotiated through a broker and not directly with the bank.
5. State the proportion of such dealings which involve loans by or to the dealer's organization secured by collateral consisting of stocks, bonds or other securities, and which involve loans of securities by or to the dealer's organization. Give details and describe the precise nature of the transactions.
6. State amount of the dealer's aggregate indebtedness to, or from, all banks during the current year and each of the preceding four calendar years.

Year	Maximum	Minimum	Number of Calendar Days on which Indebted
1.			
2.			
3.			
4.			
5.			

7. State whether the member bank named in the application participates in syndicates for the flotation or underwriting of securities, in which the dealer's organization is interested. If so, give details.

(The following questions are to be answered only if the applicant is a director or an officer of a member bank; and *need not be answered* if the application is made (1) by a member bank for permission to act as correspondent bank for a dealer in securities or (2) by a dealer in securities for permission to act as correspondent dealer for a member bank.)

8. State how long the applicant has been a director, officer or manager of the dealer's organization.
9. Does the dealer in securities desire the applicant to serve at the same time as its officer, director or manager and as officer or director of the member bank? (Give full statement of reasons for answer.)

I HEREBY CERTIFY that all information given in response to the above questions is true and complete to the best of my knowledge and belief.

By.....

(Date)

REPORT OF FEDERAL RESERVE AGENT ON  
APPLICATION

For permit under Section 32 of Banking Act of 1933 made by:

.....  
(Name of Applicant)

(Here state relationships and names of organizations covered by application)

CERTIFICATE OF FEDERAL RESERVE AGENT

I have examined the application described above, and, from the information set forth in the reports submitted and the other facts ascertained, am of the opinion that the granting of the permit applied for { would } be incompatible with the public interest; for the reason that—  
{ would not }

.....  
.....  
.....  
I therefore recommend that the application be { granted }.  
{ refused }.

Date .....

.....  
Federal Reserve Agent

## QUESTIONS TO BE ANSWERED BY FEDERAL RESERVE AGENT

(Set forth the answers to the following inquiries on one or more sheets attached hereto, inserting at the beginning of each item the number of the inquiry to which the answer relates.)

1. Do you know of any inaccuracies in the statements of fact made by the applicant in support of the application?
2. If the applicant is an officer or director of a member bank:
  - (a) Describe briefly the condition and character of the management of each of the member banks in your district involved in this application as shown by latest examination and reports and any recent information obtained from other sources, and the extent of applicant's responsibility therefor.
  - (b) Does applicant discharge his responsibilities, by attending directors' meetings or otherwise?
  - (c) Have applicant, his family and/or his interests abused the credit facilities of the banks which he is serving or which are involved in this application?
  - (d) Has the dealer in securities done so?
  - (e) Have the loans to them been criticized by examiners?
  - (f) Does applicant dominate any of the banks? If so, give details.
3. State whether any undue use is being made of the credit of the bank for the purchasing, selling, underwriting, flotation or negotiation of securities, real estate or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions.
4. If the dealer in securities involved in this application is located in your district or has an office in your district, describe the business reputation of such dealer.
5. Has the dealer in securities been involved in any transaction which has in any way brought it into disrepute?
6. Would the existence of the relationship covered by this application tend in any way to harm the member bank or banks involved, or impair public confidence in them, because of the reputation or the activities of the dealer in securities, or for any other reason?
7. State any other facts which in your opinion would have a bearing upon the question whether or not it would be compatible with the public interest to grant the permit applied for.

In obtaining information in connection with questions Nos. 4, 5, and 6, the Federal Reserve Agent is requested not only to rely on his own knowledge and the statements of persons generally acquainted with the situation, but to communicate with the Stock Exchange or similar organization, if any, of which the dealer in securities is a member, and to ascertain from the appropriate public authority, if any, whether the dealer in securities has been officially criticized, warned or prosecuted for any violation of Blue Sky Laws or similar statutes designed to protect investors.

The Federal Reserve Agent is requested to add in narrative form any information developed by him in connection with this application which is not called for on the printed form.



NOTE—If the applicant member bank desires to act as correspondent bank for more than one dealer in securities, a separate application should be filed by the member bank with respect to each such dealer in securities. FILE EACH APPLICATION IN DUPLICATE.

APPLICATION OF MEMBER BANK FOR PERMISSION OF FEDERAL RESERVE BOARD  
TO ACT AS CORRESPONDENT BANK FOR DEALER IN SECURITIES

At a meeting of the Board of Directors of.....  
(Name of Member Bank)

of.....duly called and held on the  
(City or Town and State)

.....day of....., 19....., the following resolution was adopted:

“Whereas, it is the sense of this meeting that application should be made to the Federal Reserve Board on behalf of this corporation for permission under Section 32 of the Banking

Act of 1933 to act as correspondent bank on behalf of.....  
(Dealer in Securities)

of.....  
(Address)

“NOW, THEREFORE, BE IT RESOLVED that the President or Vice President and the Cashier or Secretary of this corporation be and they are hereby authorized, empowered and directed to make application to the Federal Reserve Board on behalf of this corporation for permission under Section 32 of the Banking Act of 1933 to act as correspondent bank on behalf of

.....of.....  
(Dealer in Securities) (Address)

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of this corporation on the date specified at a meeting at which a quorum was present.

.....  
(Secretary or Cashier)

.....of.....  
(Name of Member Bank) (City or Town and State)

Pursuant to the foregoing resolution, the.....  
(Name of Member Bank)

of..... hereby makes application for the permission of the  
(City or Town and State)

Federal Reserve Board to perform the functions of a correspondent bank on behalf of.....

.....  
(Dealer in Securities)

The applicant hereby represents to said Board that to the best of its knowledge and belief its services in the capacities indicated above would not result in the undue use of bank credit for the purchasing, selling, underwriting, flotation or negotiation of securities, nor in any respect be incompatible with the

public interest, for the reasons that.....  
.....  
.....

The following are attached hereto and made a part of this application:

1. Statement of the reasons why the applicant desires to act as correspondent bank on behalf of the dealer in securities named in this application.
2. A statement on F. R. B. Form 99b.
3. A statement of the dealer in securities on F. R. B. Form 99c.

..... of.....  
(Name of Member Bank) (City or Town and State)

By.....  
(President)

(SEAL)

Attest:

.....  
(Secretary or Cashier)

TO THE FEDERAL RESERVE BOARD,  
Washington, D. C.

.....  
(Date)

NOTE—If the applicant dealer in securities desires to act as correspondent dealer for more than one member bank, a separate application should be filed, covering each such member bank. FILE EACH APPLICATION IN DUPLICATE.

APPLICATION OF DEALER IN SECURITIES FOR PERMISSION OF FEDERAL RESERVE  
BOARD TO ACT AS CORRESPONDENT DEALER FOR MEMBER BANK  
OF FEDERAL RESERVE SYSTEM  
(Application of corporation)

At a meeting of the Board of Directors of.....  
(Name of Dealer in Securities)

of.....duly called and held on the  
(City or Town and State)

.....day of....., 19....., the following resolution was adopted:

“WHEREAS, it is the sense of this meeting that application should be made to the Federal Reserve Board on behalf of this corporation for permission under Section 32 of the Banking Act of 1933 to act as correspondent dealer for—and to hold funds on deposit on behalf of—\*

.....of.....  
(Name of Member Bank)

“NOW, THEREFORE, BE IT RESOLVED, that the .....  
(President or Vice President)

and the .....of this corporation be and they are hereby  
(Secretary, Cashier, etc.)  
authorized, empowered and directed to make application to the Federal Reserve Board on behalf of this corporation for permission under Section 32 of the Banking Act of 1933 to act as correspondent dealer for—and to hold funds on deposit on behalf of—\*

.....of.....  
(Name of Member Bank)

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of this corporation on the date specified, at a meeting at which a quorum was present.

.....  
(Secretary or Cashier)

.....  
(Name of Dealer in Securities)

.....  
(City or Town and State)

\* Strike out if inapplicable.

Pursuant to the foregoing resolution the .....

(Name of Dealer in Securities)

of ..... hereby makes application for the permission of the  
(City or Town and State)

Federal Reserve Board to perform the functions of a correspondent dealer for—and to hold funds on

deposit on behalf of—\* ..... of .....

(Member Bank)

The applicant hereby represents to said Board that to the best of its knowledge and belief its services in the capacities indicated above would not result in the undue use of bank credit for the purchasing, selling, underwriting, flotation or negotiation of securities, nor in any respect be incompatible

with the public interest, for the reasons that .....

The following are attached hereto and made a part of this application:

1. Statement of the reasons why the applicant desires to act as correspondent dealer for—and to hold funds on deposit on behalf of—\* the member bank named in this application.
2. A statement on F. R. B. Form 99c.
3. A statement of the member bank on F. R. B. Form 99b.

.....  
(Name of Dealer in Securities)

(SEAL)'

By .....

(President)

Attest:

.....  
(Secretary or Cashier)

TO THE FEDERAL RESERVE BOARD,  
Washington, D. C.

.....  
(Date)

\* Strike out if inapplicable.



NOTE—If the applicant dealer in securities desires to act as correspondent dealer for more than one member bank, a separate application should be filed, covering each such member bank. FILE EACH APPLICATION IN DUPLICATE.

APPLICATION OF DEALER IN SECURITIES FOR PERMISSION OF FEDERAL RESERVE  
BOARD TO ACT AS CORRESPONDENT DEALER FOR MEMBER BANK  
OF FEDERAL RESERVE SYSTEM

(Application of partnership or individual)

Pursuant to the provisions of Section 32 of an Act of Congress approved June 16, 1933, known as "Banking Act of 1933", I/we hereby make application to the Federal Reserve Board for a permit to act as the correspondent dealer of—and to hold funds on deposit on behalf of—\*

.....of.....  
(Name of Member Bank)

I/we hereby represent to said Board that to the best of my/our knowledge and belief my/our services in the capacities indicated above would not result in the undue use of bank credit for the purchasing, selling, underwriting, flotation, or negotiation of securities, nor in any respect be incompatible with the public interest for the reasons that.....

The following are attached hereto and made a part of this application:

1. Statement of reasons why the applicant desires to act as correspondent dealer for—and to hold funds on deposit on behalf of—\* member bank named in this application.
2. A statement on F. R. B. Form 99c.
3. A statement on F. R. B. Form 99b.

.....  
(Signature of Applicant)

.....  
(Typewrite or print name)

By.....

Business address .....

TO THE FEDERAL RESERVE BOARD,  
Washington, D. C.

.....  
(Date)

\* Strike out if inapplicable.