To   Governor Eccles

From   Mr. Vest

Subject: Amendment to Section 201 of
Banking Bill relating to terms of di-
rectors of Federal Reserve banks.

gpo 16—852

Carded

        In connection with the question presented in recent corres-
pondence with the Federal Reserve Bank of Minneapolis whether, under
the provisions of Section 201 of the proposed Banking Act of 1935,
a director of a Federal Reserve bank who was elected for and served
only an unexpired portion of a term may thereafter serve more than
one successive term of three years, Mr. Morrill advises me that you
desire that an amendment be prepared to make it clear that the ser-
vice for the unexpired portion of a term in such case will not be
counted. There is, accordingly, attached hereto a draft of an amend-
ment which would exclude service for a part of a term as the result
of a vacancy from consideration in determining the length of time a
director may serve under Section 201. In other words, if this amend-
ment is adopted it will be possible for a person to be elected and
serve as director for an unexpired portion of a term, say for one or
two years, and thereafter to serve two full terms of three years each,
all in one consecutive period.

        If in accord with your wishes, we will include this pro-
posed amendment as one of those to be recommended to Senator Fletcher
for incorporation in the bill in the form in which it passed the
House of Representatives, in accordance with our telephone conversa-
tion this morning.

                        Respectfully,

                        George B. Vest

                        George B. Vest,
                        Assistant General Counsel.

Attachment

see letter 5/14/35
see letters 6/6/35
see letter 6/8/35   2-1-3

PROPOSED AMENDMENT TO SECTION 201(a)

OF H. R. 7617

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On page 46, in line 19, insert after the word "each" and before the comma the following:

"(excluding service prior thereto for an

unexpired portion of a term as the result

of a vacancy)"