

111.2-40

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

10
X-9232

June 8, 1935.

✓
Filed

Dear Sir:

At the meeting of the Governors' Conference with the Federal Reserve Board on May 28, 1935, reference was made to amendments to the Clayton Act and to section 32 of the Banking Act of 1933 which the Board had decided to recommend to the committees of Congress in lieu of the amendments contained in the proposed Banking Act of 1935.

Some of the governors expressed a desire to have copies of the proposed amendments for further study, and, in accordance with their request, copies of the amendments are attached. The letter to the Chairman of the Senate Banking and Currency Committee transmitting the proposed amendments commented as follows:

"These sections contain proposed revisions of section 32 of the Banking Act of 1933 and the provisions of the Clayton Antitrust Act relating to interlocking bank directorates. It was proposed in the bill as originally introduced to revise these provisions of law so as to simplify them and to eliminate the necessity of the Federal Reserve Board passing upon thousands of individual cases and issuing individual permits for persons to serve in the capacities affected by those sections. As originally introduced, the bill would authorize the Board to issue general regulations making exceptions to the prohibitions of those sections;

1-1-8

10

"but, after further study, the Board has concluded that it would be preferable to provide for no exceptions except those stated in the statute itself. The substitute sections inclosed herewith have been approved by the Federal Reserve Board and would incorporate in the statute all of the exceptions which the Board believes to be desirable."

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

TO ALL FEDERAL RESERVE AGENTS.

1-2

SUGGESTED SUBSTITUTE FOR SECTION 329 OF H.R. 7617
AS PASSED BY THE HOUSE OF REPRESENTATIVES

Page 82, line 14, strike all of section 329 and substitute the following:

"Sec. 329. Effective January 1, 1936, section 25 of the Federal Reserve Act, as amended, is further amended by striking out the last paragraph of such section; the paragraph of section 25(a) of the Federal Reserve Act, as amended, which commences with the words 'A majority of the shares of the capital stock of any such corporation' is amended by striking out all of said paragraph except the first sentence thereof; and the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes' (38 Stat. 730), approved October 15, 1914, as amended, is further amended (a) by striking out section 8A thereof and (b) by substituting for the first three paragraphs of section 8 thereof the following:

"Section 8. No director, officer, or employee of any member bank of the Federal Reserve System or any branch thereof shall be at the same time a private banker or a director, officer, or employee of any other bank, banking association, savings bank, or trust company organized under the National Bank Act or organized under the laws of any State or of the

District of Columbia, or any branch thereof, except any one or more of the following or any branch thereof:

"(1) A bank, banking association, savings bank, or trust company, more than 90 per cent of the stock of which is owned directly or indirectly by the United States or by any corporation of which the United States directly or indirectly owns more than 90 per cent of the stock.

"(2) A bank, banking association, savings bank or trust company which has been placed formally in liquidation or which is in the hands of a receiver, conservator or other official exercising similar functions.

"(3) A corporation principally engaged in international or foreign banking or banking in a dependency or insular possession of the United States which has entered into an agreement with the Federal Reserve Board pursuant to section 25 of the Federal Reserve Act.

"(4) A bank, banking association, savings bank, or trust company, more than 50 per cent of the stock of which is owned directly or indirectly by persons who own directly or indirectly more than 50 per cent of the stock of such member bank.

"The Federal Reserve Board is authorized and directed to enforce compliance with this section, and to prescribe such rules and regulations as it deems necessary for that purpose."

10

SUGGESTED SUBSTITUTE FOR SECTION 307 OF H.R.7617
AS PASSED BY THE HOUSE OF REPRESENTATIVES

Page 61, line 3, strike all of section 307 and substitute the following:

"Sec.307. Effective February 1, 1936, section 32 of the Banking Act of 1933 is amended to read as follows:

"'Sec.32. No officer, director, or employee of any corporation or unincorporated association, no partner or employee of any partnership, and no individual, engaged in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities, shall serve at the same time as an officer, director, or employee of any member bank. The Federal Reserve Board is authorized and directed to enforce compliance with this section, and to prescribe such rules and regulations as it deems necessary for that purpose.'"

1-54