

Excerpt from "Revision in Bank Examination Procedure", as agreed to by the Secretary of the Treasury, the Board of Governors, the F. D. I. C. and the Comptroller of the Currency. - - 1938 Annual Report.

The Treatment of Securities Profits in Bank Examinations.

Until losses have been written off and adequate reserves established, the use of profits from the sale of securities for any purpose other than those, will not be approved.

Present practice will be continued under which estimated losses must be charged off.

Present practice will be continued under which the establishment and maintenance of adequate reserves, including reserves against the securities account, are encouraged.

Present practice will be continued under which speculation in securities is criticised and penalized.