

Upon call of the Governor, a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, February 29, 1924 at 10:30 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Dawes
Mr. Eddy, Secretary.

The Law Committee reported on the matter referred to it at the meeting on February 20th, namely, report dated February 15th from the Committee on Examinations on the subject "Conditions Relative to the Establishment of Branches by Member Banks," which was referred to the Law Committee for the preparation of regulations which would interpret, so as to include the establishment of branches, the general condition imposed by the Board upon State banks applying for membership. The Committee submitted the following suggested resolution:

"WHEREAS, the Federal Reserve Board has prescribed the following condition respecting the membership of State banks in the Federal Reserve System:

'That except with the approval of the Federal Reserve Board there shall be no change in the general character of your assets or broadening in the functions now exercised by you, such as will tend to affect materially the standard now maintained and required as a condition of membership.'

"WHEREAS, each State bank heretofore admitted to the Federal Reserve System has agreed to abide by said condition;

"NOW, THEREFORE, BE IT RESOLVED BY THE FEDERAL RESERVE BOARD, that before establishing any new branch or merging or consolidating with, or purchasing the assets of, any other bank, each State bank which is a member of the Federal Reserve System shall notify the Federal Reserve Board of its intention, in order that the Board may make an examination or take such other steps as it may deem necessary to determine whether the establishment of such branch, or the

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"consummation of such merger, consolidation or purchase will result in a change in the general character of the assets of such bank or broadening in the functions exercised by it at the time it was admitted to the Federal Reserve System as will tend to affect materially the standard maintained and required as a condition of membership at the time it was admitted to the Federal Reserve System."

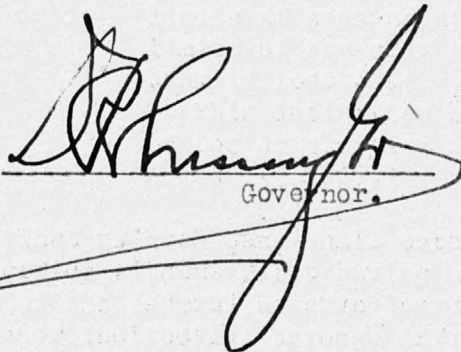
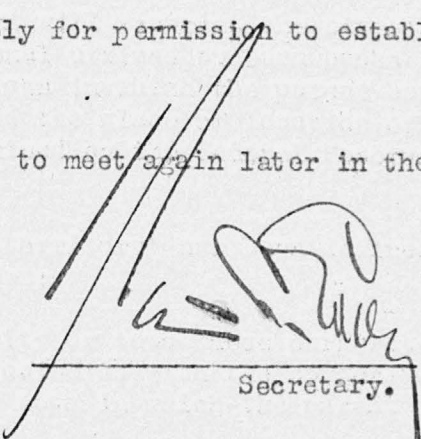
Mr. Hamlin moved the adoption of the above resolution as a part of any regulations on branch banking which the Board may promulgate.

After discussion, it was voted to withhold action on Mr. Hamlin's motion.

Mr. Miller then discussed with the Board certain principles to be incorporated in regulations to be adopted by the Board concerning the conditions under which State banks may apply for permission to establish branches.

The Board adjourned at 1:20 p.m. to meet again later in the afternoon.

Approved:


Governor.
Secretary.