

A meeting of the Federal Reserve Board was held in Washington on Thursday, June 6, 1935, at 11:00 a. m.

PRESENT: Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Szymczak

Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel

Mr. Thomas stated that word had just been received from Governor Eccles that he would not return to Washington until 12:45 p. m. today and that as a situation had arisen requiring action on the letters prepared by counsel in accordance with action taken at the meeting of the Board on May 22, 1935, to the Chairmen of the Committees of Congress transmitting proposed amendments to the Banking Act of 1935, he (Mr. Thomas) had called this meeting to consider the matter.

Mr. Wyatt stated that the letters which had been prepared by him following the meeting on May 22 had been sent to Governor Eccles' office on May 28, 1935 and that, before he left Washington on June 4, 1935, Governor Eccles had requested that the letters be held until his return to the office this morning, when they could be taken up for consideration. Mr. Wyatt also stated that yesterday he had talked with Mr. Sparkman, Acting Clerk of the Senate Banking and Currency Committee, who had advised that the subcommittee, of which Senator Glass is chairman, was considering the proposed Banking Bill and that it was important that any proposed amendments be transmitted to reach the subcommittee not later than this morning. Mr. Wyatt added that following his

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conversation with Mr. Sparkman, he had talked with Governor Eccles over the telephone who advised that he planned to reach Washington not later than 11:00 o'clock this morning but that he had no objection to the amendments to the Clayton Act and to Section 32 of the Banking Act of 1933 which were approved at the meeting of the Board on May 22, being sent to the committees of Congress independently of the amendments suggested by him during his testimony before the subcommittee of the Senate Banking and Currency Committee.

Mr. Thomas stated that it would be his suggestion that the proposed amendments to the Clayton Act and Section 32 of the Banking Act of 1933 be transmitted to Senator Fletcher and Senator Glass by messenger this morning, and that the transmission of the amendments suggested by Governor Eccles in his testimony before the subcommittee be forwarded in the manner to be determined by the Governor.

Mr. Wyatt referred to the fact that the proposed amendment to the Clayton Act as approved by the Board would become effective February 1, 1936, and he called attention to a paragraph which would remain in the Clayton Act as amended and which provides that when any person selected or chosen as a director, officer or employee of a national bank is eligible at the time of his selection to act for such bank, his eligibility to act shall not be affected by other provisions of the Act until the expiration of one year from the date of his election or employment. He said that if the amendment is made effective on February 1, 1936, the effect of the paragraph above referred to would be to permit an

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officer, director or employee of a member bank selected during January, 1936, to serve for one year, whereas, if the amendment is made effective on January 1, 1936, the paragraph referred to would permit directors to serve only until the January meeting of the shareholders.

It was agreed that the proposed amendment to the Clayton Act should be changed to become effective January 1, 1936.

The other members of the Board present expressed agreement with Mr. Thomas' suggestion that the proposed amendments to the Clayton Act and Section 32 of the Banking Act of 1933 be transmitted to the Senate Banking and Currency Committee separately from the amendments proposed by Governor Eccles.

Accordingly, letters to Senators Fletcher and Glass, reading as follows, were unanimously approved with the understanding that they would be sent immediately to the addressees by messenger:

"On behalf of the Federal Reserve Board, I am inclosing for the consideration of your committee drafts of suggested substitutes for sections 307 and 329 of the proposed Banking Act of 1935 (H. R. 7617) in the form in which it passed the House of Representatives.

"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; 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

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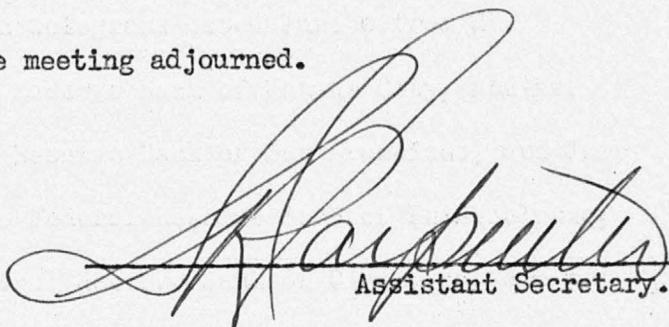
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"substitute sections inclosed herewith have been approved by the Federal Reserve Board and would incorporate in the statute all of the exceptions which the Board believes to be desirable.

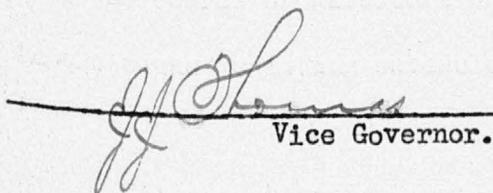
"The Federal Reserve Board will appreciate it if your committee will recommend the adoption of the inclosed amendments in lieu of those contained in the corresponding sections of the bill as originally introduced."

Mr. James stated that he would be absent from Washington next week for the purpose of visiting the Federal Reserve Banks of Cleveland, Boston and New York.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Vice Governor.