

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, October 3, 1952.

PRESENT: Mr. Evans, Acting Chairman  
Mr. Vardaman

Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary

Telegrams to the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Banks of Boston and St. Louis on September 29, by the Federal Reserve Bank of San Francisco on September 30, and by the Federal Reserve Banks of New York, Philadelphia, and Chicago on October 2, 1952, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to The Chase National Bank of the City of New York, Pine Street corner of Nassau, New York, New York, reading as follows:

"The Board of Governors of the Federal Reserve System authorizes The Chase National Bank of the City of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in Paris, France, and to operate and maintain such branch subject to the provisions of such section; upon condition that unless the branch is actually established and opened for business on or before October 1, 1953, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate on such date.

"It is understood that the proposed Paris Branch of your Bank will take over and continue all of the general

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"commercial banking business of the Paris Branch of The Chase Bank, a wholly owned subsidiary of your Bank, and will occupy the banking quarters now occupied by the Paris Branch of The Chase Bank; that The Chase Bank will cease to do a commercial banking business in Paris, but for the present it is contemplated that it will continue to hold in Paris certain nonbanking assets, including shares of Union Provinciale Immobiliere, the French real estate company owning the premises at 39-41 Rue Cambon, Paris, which it now partially occupies, and will sub-lease space in such building; and that pursuant to the requirements of the French banking authorities, The Chase Bank intends to conduct such nonbanking activities in Paris under the name of 'The Chase, Paris', and to register its Paris Branch under that name.


"In your letter of August 28, 1952, you stated that, although it would be desirable from a number of viewpoints to liquidate completely the Paris Branch of The Chase Bank after its commercial banking business has been transferred to the national bank, you had found, on the basis of advice given by French counsel after consultation with French fiscal and tax authorities, that such possible action would not be feasible in view of the substantial additional financial burdens which would be incurred. You further stated that if at some later date changes in the applicable fiscal and tax regulations take place, it may be feasible and desirable to complete the liquidation for the Paris Branch of The Chase Bank, but indicated that until such time you did not feel that any undertaking to complete such liquidation should be given.

"The Board feels that ordinarily the maintenance of branches in the same foreign city by a member bank and a foreign banking subsidiary of such member bank would not be desirable. However, in view of the unusual circumstances in this case, the Board's approval of the establishment of the Paris Branch of your Bank is given with the understanding that, following the transfer of the commercial banking business of the Paris Branch of The Chase Bank to the Paris Branch of The Chase National Bank of the City of New York, the Paris Branch of The Chase Bank will be completely liquidated and closed as, if, and when it may be feasible to do so without imposing substantial additional financial burdens upon The Chase Bank because of applicable fiscal and tax regulations of the French authorities."

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Approved unanimously, for transmittal through the Federal Reserve Bank of New York, together with a copy to The Chase Bank, New York, New York.

  
Assistant Secretary.