

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, July 19, 1955. The Board met in the Board Room at 9:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Shepardson

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Vest, General Counsel
Mr. Sloan, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Hostrup, Assistant Director, Division of Examinations
Mr. Cherry, Legislative Counsel

In accordance with the understanding at the meeting yesterday, there was a further discussion of the so-called committee print, a draft bill prepared by the staff of the Senate Banking Subcommittee as an alternative to H. R. 6227, the bank holding company bill that had passed the House of Representatives, and S. 2350, the bank holding company bill introduced by Senator Robertson. The question considered was whether Chairman Martin should call Senator Robertson before the Banking Subcommittee convened in executive session this morning to express the concern of the Board regarding certain provisions of the committee print.

At the Chairman's request, Governor Balderston and Mr. Vest outlined the principal differences between S. 2350 and the committee print,

7/19/55

-2-

particularly those provisions of the latter relating to the definition of a bank holding company and to the procedure for handling holding company applications to purchase additional bank stock.

During the discussion which followed, Governor Vardaman joined the meeting.

It was pointed out that Senator Robertson was aware of the Board's views on all of the major aspects of bank holding company legislation except the new provisions in the committee print concerning the hearing procedures that would be required should a holding company's application to purchase additional bank stock be disapproved by the Comptroller of the Currency or the State banking authorities. The substance of this provision had been discussed with Senator Robertson by Governor Robertson, but at the time of their discussion Governor Robertson did not have available to him a copy of the committee print. His comments therefore were on a personal basis and phrased in somewhat general terms.

Chairman Martin noted that Mr. Vest and Mr. Hexter had been asked by the Subcommittee to be available this morning for the purpose of responding to such questions as the Subcommittee might wish to raise with them. In the circumstances, he suggested that he call Senator Robertson on the telephone, express the Board's concern regarding the "hearing provisions" in the committee print, and state that Messrs. Vest and Hexter would be glad to go over with him the reasons why the Board doubted the advisability of including such provisions in a bank holding company bill.

7/19/55

-3-

It was agreed that it would be better not to raise with Senator Robertson at this time the question of the definition of a bank holding company, particularly since the Board's views on this point had already been presented.

Chairman Martin then left the room to call Senator Robertson.

When he returned, he stated that he had talked with the Senator, who indicated that it was his intention to raise various questions with Mr. Vest and Mr. Hexter. It was his view, however, that the "hearing provisions" contained in the committee print might not present serious administrative problems since he thought that the occasions when a hearing would be required probably would be few in number. In the circumstances in which the legislation was being considered, he felt that the provisions should remain in the bill.

There was presented a request from Mr. Leonard, Director, Division of Bank Operations, for authority to travel to St. Louis, Missouri, during the period July 24-26, 1955, at the request of the Federal Reserve Bank of St. Louis, to discuss with the Bank's officers and architects the plans for the new Louisville Branch building.

Approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 15, 1955, were approved unanimously.

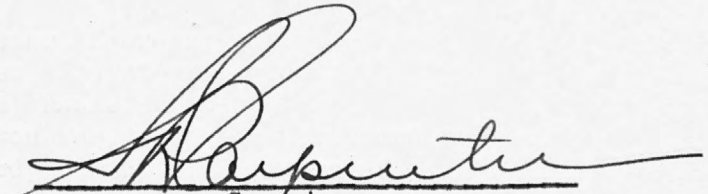
Minutes of actions taken by the Board of Governors of the Federal

7/19/55

-4-

Reserve System on July 18, 1955, were approved and the actions taken therein were ratified by unanimous vote.

The meeting then adjourned.


Secretary