

Minutes for November 12, 1958

To: Members of the Board

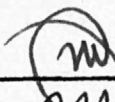
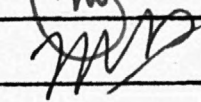
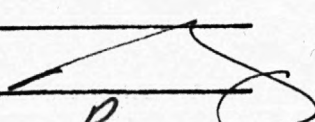
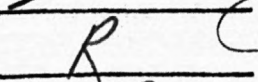
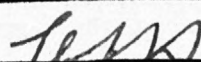
From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is proposed to place in the record of policy actions required to be kept under the provisions of Section 10 of the Federal Reserve Act an entry covering the item in this set of minutes commencing on the page and dealing with the subject referred to below:

Page 14 Amendment of Regulation K, Corporations
Doing Foreign Banking or other Foreign
Financing under the Federal Reserve Act

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	x <u></u>	_____
Gov. Szymczak	x <u></u>	_____
Gov. Vardaman	_____	x _____
Gov. Mills	x <u></u>	_____
Gov. Robertson	x <u></u>	_____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u></u>	_____

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, November 12, 1958. The Board met in the Board Room at
10:00 a.m.

PRESENT: Mr. Martin, Chairman 1/
Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Shepardson

Mr. Sherman, Secretary
Mr. Fauver, Assistant Secretary
Mr. Riefler, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board
Mr. Young, Director, Division of Research
and Statistics
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Hackley, General Counsel
Mr. Masters, Director, Division of Examinations
Mr. Shay, Legislative Counsel
Mr. Conkling, Assistant Director, Division of
Bank Operations
Mr. Solomon, Assistant General Counsel
Mr. Hexter, Assistant General Counsel
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Poundstone, Federal Reserve Examiner, Division
of Examinations

Items circulated to the Board. The following items, which had
been circulated to the members of the Board and copies of which are
attached to these minutes under the respective item numbers indicated,
were approved unanimously:

	<u>Item No.</u>
Letter to the Federal Reserve Bank of Atlanta approving the Bank's revised Group Hospitalization program.	1
Letter to the City National Bank of Beverly Hills, Beverly Hills, California, granting permission to maintain reduced reserves. (For transmittal through the Federal Reserve Bank of San Francisco)	2

1/ Joined meeting at point indicated in minutes.

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Item No.

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| Letter to Fidelity Bank & Trust Company, Indianapolis, Indiana, approving the establishment of an out-of-town branch in Pike Township, Marion County. (For transmittal through the Federal Reserve Bank of Chicago) | 3 |
| Letter to County Trust Company, Tenafly, New Jersey, extending the time within which the bank may establish a branch in the Borough of Cresskill. (For transmittal through the Federal Reserve Bank of New York) | 4 |
| Letter to The Merchants & Miners National Bank of Oak Hill, Oak Hill, West Virginia, authorizing the bank to act as trustee for a specific fund. (For transmittal through the Federal Reserve Bank of Richmond) | 5 |

In connection with Item No. 1, Governor Mills inquired whether the costs and benefits of the revised hospitalization program for the Atlanta Reserve Bank were in line with programs at other Reserve Banks.

Mr. Johnson responded that the new program would place Atlanta somewhat ahead of most Reserve Banks but would leave it behind others. One aspect of the proposal that was unusual was the provision of uniform coverage at all offices of the Bank, but in this instance Mr. Johnson did not feel that there was a basis for objecting to a program where the head office would set the pattern for the branch cities as well.

Messrs. Johnson and Conkling withdrew from the room after Item 2 was approved.

Procedure in approving Reserve Bank discount rates. Prior to the meeting there had been distributed a memorandum dated November 10, 1958, from Mr. Hackley directed to the question whether there was any legal reason that required the Board to advise a Federal Reserve Bank of the Board's approval of a Reserve Bank's action in reestablishing a

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discount rate. This question had arisen at the meeting on October 31 and the opinion of the Legal Division stated that, although it could not be definitely said that the law required the Board to advise a Reserve Bank of its approval of the reestablishment of an existing rate, it would appear to be more in accord with the intent and spirit of the law if the Board did give the Reserve Banks advice of action in all such cases as well as in instances where a new rate was being established.

The memorandum pointed out that the Banking Act of 1935 added to the law the provision requiring each Federal Reserve Bank to establish discount rates every 14 days or oftener if deemed necessary by the Board. Since then it had been the practice for the Reserve Banks to advise the Board by wire of the establishment of new rates as well as the reestablishment of existing rates; and the practice had been for the Board to advise the Reserve Banks by wire of its action on the rates thus fixed. Without advice from the Board a Reserve Bank would not know with certainty whether the Board had elected to exercise its authority under the law to determine a rate different from that reestablished by the Reserve Bank, since silence on the Board's part would not necessarily indicate that the Board approved the continuance of an existing discount rate. For both practical and legal reasons, the Legal Division believed that the most desirable practice with respect to the reestablishment of existing rates was to follow the pattern of the past, namely, for the Board to advise a Reserve Bank by wire of its approval unless, of course, the Board should determine to fix a different rate.

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Mr. Hackley added that this was a matter of policy and not a question to be decided on legal grounds. Regardless of the way in which the notification matter was resolved, he felt it important that there be an understanding within the System of the procedure being followed at all times so that the Reserve Banks would not be uncertain as to the status of actions taken by their boards of directors in the establishment of discount rates.

Governor Robertson inquired whether Mr. Hackley felt that the Board was required to act every 14 days in the approval or disapproval of the rates established by the Reserve Bank directors, to which Mr. Hackley replied that he thought the Board was obliged to act within a reasonable time after being notified of a Reserve Bank's action which might be interpreted as involving a few days' delay at the most. In further discussion of this point, Mr. Hackley agreed that there was no precise definition of "reasonable" and that a delay of as much as two weeks might be considered reasonable and thus consistent with the position taken in his memorandum.

Governor Balderston pointed out that only rarely would the Board want to "determine" the rates for a given Reserve Bank. However, there were many instances when the Board desired to have a voice with respect to the "timing" of a change in rate pattern. He visualized circumstances where the President of a Reserve Bank would tell the Board that his board of directors was ready to act in changing its

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rate, to be made effective whenever the Board of Governors felt that an announcement would be appropriate. If it were solely a matter of timing, it was entirely conceivable to him that such a hiatus could exist for a period longer than 14 days. Governor Balderston went on to say that the practical problem was clearly demonstrated in the recent situation at Boston where the President had been in the custom of reporting to his board of directors that an approval telegram from the Board had been received regarding the rate previously set by the directors. President Erickson was concerned that failure to report to his board at its meeting on November 3 that such a telegram had been received covering the rate action taken at the preceding meeting would cause the directors to feel that the Board of Governors was "forcing their hands" in moving the Boston Bank's rate upward.

It was Governor Balderston's view that failure of the Board of Governors to act on and inform the Reserve Bank with respect to the rate fixed by the directors should not be permitted to indicate that the district was without a discount rate schedule with which to operate; it should be made clear that only a matter of timing was involved and that the Board had not gone to the lengths of making a "determination."

At this point Mr. Molony entered the room and Mr. Hackley withdrew.

Governor Szymczak observed that the Federal Reserve Act did not contemplate a national rate, that is, a rate that would be uniform at all Reserve Banks. If the rates were to be uniform as a matter of policy, the role of the directors would be nullified. If the Board

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were to change its traditional practice of promptly notifying the Reserve Banks whether the actions by their boards of directors had been approved, doubts would be created when on one occasion they received a notice of approval and on the next occasion they did not. He felt that there was a major problem of public relations with the Reserve Bank directors in this matter.

Governor Robertson suggested that the question might be discussed at meetings with the Chairmen as well as the Presidents of the Reserve Banks so as to bring about a clear understanding of the practice to be followed. It was his feeling that failure to advise the Banks could be construed in various ways; and there was no reason why a Reserve Bank should not find out what had happened to its rate. In any event, the existing rate would continue in effect until the Bank was advised otherwise. In a further comment, Governor Robertson suggested that the procedure that had been customary be continued unchanged, at least until after the December meeting of the Conference of Chairmen at which a discussion of discount rate procedure was scheduled.

Governor Mills said that in his view the recommendations of Mr. Hackley and of the Legal Division were correct and should be formally adopted by the Board if there was any doubt about the procedure to be followed. Not to react either by telegram or otherwise to a notification of action by a Reserve Bank's board of directors inevitably implied an objection to the action that had been taken by the board of

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directors based on their mature consideration and judgment. To do otherwise would be contrary to the spirit of the regional organization of the Federal Reserve System, which fixes the responsibility for initial establishment of discount rates in the directors of the Federal Reserve Banks. If the position taken by the Legal Division were adopted, the Board would be in no wise precluded from acting to "determine" a Bank's discount rate a day or two later. As Governor Szymczak had indicated, important public relations problems were involved in this matter of the fixing of discount rates, a subject on which the Reserve Banks were very sensitive. Governor Mills questioned the desirability of opening this particular phase of the subject to discussion at a Chairmen's Conference or at the Presidents' Conference lest it be construed as a step by the Board to divest the Reserve Banks of the authority they now hold.

Governor Szymczak said he thought that eventually Congress should be asked to place discount rate determination either exclusively in the Board of Governors or in the Open Market Committee, but until the law was changed there was no doubt that the Board should recognize that responsibility for initiating action on the discount rate rested with the Reserve Bank directors. While the Board of Governors reviewed and determined the rates, to tell the Reserve Banks that the Board would just hold up action on rates fixed by the directors would cause the

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directors to feel that the Board was delaying for the purpose of forcing them to make a change.

Mr. Molony commented that from the standpoint of public relations, the only problem in approving different rates for different Reserve Banks at the same time was that such action was subject to misinterpretation. The problem had arisen only once so far as he could recall, and it seemed to him that since the awkwardness arose out of the provisions of the law, the problem of public relations was somewhat simplified.

Mr. Thomas said that he hoped the Board would not get into a position where it would be considered to be inconsistent to approve different discount rates at different Reserve Banks, since there might be times when it was appropriate and desirable to have different rates.

Governor Shepardson questioned whether the Board wanted to strait-jacket itself too much on the procedure for handling rate actions, either in the direction of holding up action and advice to the Banks or of requiring such action at a specified time.

Governor Balderston said he understood Governor Mills' position to be that some word should go promptly to the Reserve Banks regarding rate actions of their directors. That procedure would continue the practice that had been followed customarily. Since the Reserve Bank Chairmen had placed this topic on the agenda for their forthcoming conference, he suggested that the current practice of a prompt acknowledgment be continued until after that discussion.

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At this point Chairman Martin entered the meeting.

Governor Szymczak said he agreed with the suggestion of Governor Balderston and assumed that meant accepting the position taken in the Legal Division's memorandum. As to any discussion at the Chairmen's Conference, he would emphasize the importance of having the directors, Chairmen, and Presidents of the Reserve Banks know how to interpret the handling of discount rate actions. His conclusion was that it would be better for the Board to send prompt advice of action, even though it might find it desirable to change a rate two or three days later.

Governor Mills said that his reasoning followed that of Governor Szymczak. The practice suggested would conform to the recommendation of the Legal Division, and that practice would continue in effect until a change was made because of a subsequent decision by the Board after discussion with the Reserve Bank Chairmen or otherwise.

Chairman Martin inquired what had brought up the question of discount rate procedure, and Governor Robertson stated that on October 23, the Board approved increases from 2 to 2-1/2 per cent in the discount rates of the Philadelphia, Richmond, St. Louis, Minneapolis, and Dallas Reserve Banks, that on October 24 it had for consideration advice of reestablishment of a 2 per cent rate by the New York Bank, that he then happened to feel that this was perhaps a situation where the Board of Governors should determine a rate for New York and perhaps other Banks, and that after discussion the Board decided to withhold action on the

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New York wire advising of reestablishment of the 2 per cent rate. Similar withholding of action took place with several other Banks that came in during the next few days at the 2 per cent rate. Subsequently, after some of the Banks had inquired concerning Board action on their rates, the Board had advised them of approval of the 2 per cent rates. This discussion was for the purpose of reviewing the procedure that should be followed in such circumstances.

At this point Mr. Thomas withdrew from the meeting.

Proposed merger of Wachovia Bank and Trust Company with Wilmington Savings & Trust Company. Prior to the meeting there had been circulated to the members of the Board a memorandum dated October 31, 1958, relating to an application by Wachovia Bank and Trust Company, Winston-Salem, North Carolina, to merge with The Wilmington Savings & Trust Company, Wilmington, North Carolina, and to establish two branches in the present locations of The Wilmington Savings & Trust Company. The Banking Commission of North Carolina had approved the merger and establishment of the two branches as proposed. The Richmond Reserve Bank recommended that the merger be approved, provided it was acceptable to the stockholders of both banks. The Board's supervisory review examiner, Mr. Griffin, also recommended approval of the merger, but in a separate memorandum, dated October 31, Messrs. Masters and Nelson recommended that the application be denied because the transaction would appear to result in a significant reduction in competition for banking business in that area which might be contrary to the public interest.

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The Masters-Nelson memorandum pointed out that in 1955 Wachovia took over through merger the Peoples Savings Bank and Trust Company of Wilmington (deposits \$10 million) and established two branches in Wilmington. The Wilmington Savings Bank & Trust Company, which Wachovia now proposed to take over, was the largest bank in Wilmington with deposits exceeding \$18 million. If the transaction were completed, Wachovia would operate 50 per cent of the banking offices in the community and hold 69 per cent of the local deposits. Elimination of the largest independent bank in the community would, in the view of Messrs. Masters and Nelson, definitely lessen competition for all kinds of banking business including trust business. Their memorandum also pointed out that since the end of December 1953 deposits of Wachovia had increased from \$331 million, or 15 per cent of total deposits in the State of North Carolina, to \$479 million at the end of June 1958, or 20 per cent of all deposits. Twenty-four new branches had been established by Wachovia during this period.

In leading off the discussion, Governor Balderston said that the Board had directed him several weeks ago to inquire of the Federal Reserve Bank of Richmond as to the intentions of Wachovia concerning future expansion. President Leach had not yet furnished the requested report, but in the meantime Wachovia had submitted the application now before the Board.

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Mr. Masters then reviewed the circumstances surrounding this proposed merger and said that the Board had been asked to approve not only the merger but also the establishment of two additional branches in the offices now maintained by the independent bank. The bank to be merged, he said, was the largest independent bank in Wilmington and there was a conflict of view within the Division of Examinations. It was his view and that of Mr. Nelson that the situation was somewhat comparable to the merger of the Old Kent in Grand Rapids, Michigan, with the Peoples Bank there, but here the percentage of deposits and of loans which would be concentrated in the resulting bank would be somewhat higher than in Grand Rapids. Mr. Masters then reviewed in some detail data relating to the proposed merger and banking in the Wilmington area, concluding with the statement that, if the Board was to be concerned with the tendency toward monopoly within a given community, this seemed to be a case in which the Board would be justified in declining to approve the merger because of a tendency toward monopoly.

Governor Mills said he thought the position of the Division of Examinations as outlined by Mr. Masters was the correct one. He thought also that the Board had a position of consistency to consider with respect to the action taken in the Old Kent case. To him, the two cases seemed to be so similar that he thought the Board had a

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moral obligation to sustain its position in the Old Kent case by denying the Wachovia applications. Moreover, he felt there was a mandate in the decision of the Court of Appeals in the Transamerica case which directed the Board's attention to the consideration of the tendency toward monopoly within a specific community. A denial of this application would be in line with the implicit direction of the Court of Appeals. The Board would not be precluded, in his view, from approving subsequent applications by Wachovia where expansion was sought in other areas and where the result would not in the opinion of the Board at that time place Wachovia in a position of demonstrably dominating the banking picture in North Carolina. It was regrettable, he thought, that the procedural status of this case was so similar to the situation discussed recently with Superintendent Mooney of New York because in this case, too, the State Superintendent of Banks had already given his approval to the proposed merger.

Chairman Martin inquired as to the urgency for a decision in this case, thinking in terms of the possibility of obtaining the requested report from the Richmond Bank as to plans of Wachovia for future expansion.

Mr. Nelson stated that the Bank was hoping for a decision by Friday of this week, and Chairman Martin suggested that Governor Balderston get in touch with Mr. Leach, inform him that the Board was considering denying approval of the merger, and inquire whether

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his Bank had additional information that it wished to present for the Board's further consideration. There was agreement with this suggestion.

Amendment of Regulation K (Items 6 and 7). Prior to the meeting there had been distributed a memorandum from the Division of Examinations, dated October 31, 1958, relating to alternative proposals for an amendment to Regulation K which would relax the present provisions of the regulation concerning similarity between the name of a financing corporation organized under section 25(a) and the name of any bank with which such financing corporation was affiliated. This matter had arisen at the meeting on July 23 when the Board approved the name "Chemical International Finance, Ltd." as the name of a financing corporation to be organized by representatives of the Chemical Corn Exchange Bank in New York City. This marked the second exception to the blanket prohibition of section 10(c)(2) of Regulation K, and the Board had expressed a desire to consider at a later date the possibility of amending the regulation.

The memorandum of the Division of Examinations recommended two alternatives. The first was an outright deletion of section 10(c)(2) and the second would maintain the prohibition but insert the words "except with the prior special permission of the Board of Governors" no financing corporation should have a name similar to the bank with which it was affiliated. The division pointed out that since the name of any corporation organized under section 25(a) was subject to approval of the Board of Governors, control of this particular feature of the

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organization of foreign banking and foreign financing corporations was maintained even if section 10(c)(2) were to be deleted.

Governor Szymczak said he favored the deletion of section 10(c)(2) in its entirety since the corporations were required to come to the Board for approval to organize in any event.

After a brief discussion the Board unanimously agreed to amend Regulation K by deleting section 10(c)(2) and the reference to that section in section 3(b), to authorize publication of the amendment in the Federal Register, and to send appropriate advice to the Federal Reserve Banks in the form attached to these minutes as Items 6 and 7. It was understood that no press release would be issued in connection with this change.

Mr. Poundstone then withdrew from the meeting.

Legislative proposals. Governor Robertson said that the Office of the Comptroller of the Currency was considering its legislative program for the coming session of Congress and had asked him to bring several suggestions before the Board and to let the Comptroller know of the Board's reaction. The Comptroller's Office took it for granted that the Financial Institutions Act would not be considered by the Congress as a single piece of legislation, and it was the Comptroller's plan to separate from the Financial Institutions Act those items about which he was especially concerned and to propose legislation looking toward their enactment.

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The first of these proposals related to provisions regarding the approval of mergers and consolidations. Here, Governor Robertson said, the question was whether the Board would be willing to go along with the same provisions as would have been provided if the Financial Institutions Act had been adopted. In this respect he thought the Board should be prepared to concur. Secondly, there was the matter of the transfer from the Board to the Comptroller of the Currency of the supervision of trust powers relating to national banks. It was Governor Robertson's view that the Board should likewise concur in this recommendation. There was a question concerning transfer of the authority for the supervision of common trust powers. Governor Robertson said he had testified that this function also should be transferred to the Comptroller, but he recognized that there was some difference of opinion within the staff and perhaps within the Board on this matter. The third legislative matter to be presented by the Comptroller related to the appointment of conservators for national banks and in this matter Governor Robertson said he thought the Board had no concern. Likewise, he felt the Board had no interest in the final point of the Comptroller's program which related to the matter of contributions by national banks to educational institutions, philanthropic organizations, or non-profit commercial development corporations.

Governor Mills inquired what would be the effect of applying the proposal regarding contributions to State member banks. Governor

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Robertson replied that there would be no need for such a construction since State laws were the governing factor with regard to such action by State banks. Nothing in the Federal Reserve Act now limited such contributions, he said.

Governor Mills then asked whether if the Board indicated to the Comptroller that it had no objection to his legislative proposals, that implied that the Board was under obligation to indorse or to support them. Governor Robertson said that there need be no commitment on the part of the Board either to indorse or support any part of the Comptroller's program.

At this point Mr. Molony withdrew from the meeting.

The Board then unanimously authorized Governor Robertson to inform the Comptroller of the Currency that it had no adverse comment on the four proposals that had been outlined, it being understood that the Board was not at this time indicating whether supervision of common trust funds should be transferred to the Comptroller.

Governor Balderston then raised the question whether the Board should begin to look at its own proposals for a legislative program, and Governor Robertson suggested that the Legal Division begin to develop a three point program including: first, those substantive matters of primary concern to the Board, secondly, those technical and non-controversial matters which should be corrected in existing legislation, and third, a logical position for the Board to take in such matters as

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the approval of bank mergers and transfer of trust powers to the Comptroller and other provisions of the Financial Institutions Act which should be salvaged.

Governor Balderston said he would like to add to that list those matters relating to the Board's basic authority that were now being challenged in litigation. He said he did not favor the indirect methods that the Board now had to resort to in order to accomplish some of its objectives.

Governor Mills then inquired whether the Board would be wanting to reintroduce its reserve requirement legislation. He felt the American Bankers Association would probably want to support such legislation again and he thought that the Board should decide what it was going to do to help clear the air. Governor Balderston observed that the American Bankers Association had already been taking soundings in this direction.

Chairman Martin commented that he didn't realize there was any doubt that the Board would reintroduce its proposal on reserve requirements. As a matter of fact, he said he had been traveling with Senator Fulbright during the past two weeks and understood that he expected shortly to hold hearings on the Board's proposal.

Governor Robertson said that although he had dissented originally from the position taken by the Board on reserve requirements legislation, he thought it should proceed on the same basis as it had in the previous session of Congress.

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Chairman Martin suggested that the Board formally reaffirm its position with regard to the reserve requirements proposal taken on March 18, 1958, and there was unanimous agreement with this suggestion.

Returning to the proposed transfer of trust power supervision, Mr. Hexter inquired whether Governor Robertson was suggesting that all trust powers, including supervision over common trust funds, be transferred to the Comptroller of the Currency. If this was the case, he suggested that the Comptroller should be put on notice that in connection with such transfer the Internal Revenue Code should also be changed. Governor Robertson commented that for the moment he was suggesting that the matter be treated exactly as it was in the Financial Institutions Act. Mr. Masters added that there was a matter of ambiguity in the Financial Institutions Act which should be cleared up. Governor Robertson noted that the Board's action today in authorizing him to talk with the Comptroller of the Currency in no way inhibited it in speaking its own mind in the future with regard to the handling of any legislative matters.

Governor Shepardson inquired whether it would be advisable for the Board to write a letter to the Banking and Currency Committees of both the House and the Senate with relation to its action in reaffirming the reserve requirements proposal.

Chairman Martin said he thought that would be desirable but that it might be well to hold up sending the letters until the Board had completed a review of various legislative proposals. He felt that

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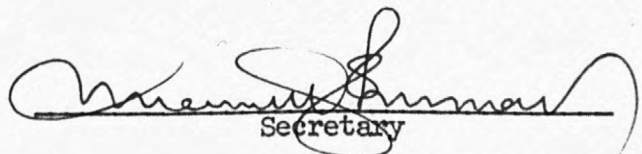
in addition to the reserve requirements matter there might well be other proposals to bring to the Committees' attention.

At this point Messrs. Masters, Nelson, Solomon, and Hexter withdrew from the meeting and Messrs. Riefler, Thomas, and Young entered the room.

Conference with Commission on Money and Credit. Governor Balderston then reviewed the background of the meeting that the Board was scheduled to have at 2:30 this afternoon with members of the Commission on Money and Credit appointed by the Committee for Economic Development, and there was a general discussion of the procedure to be followed by the Board in responding to questions that might be presented by the Commission.

Thereupon the meeting adjourned.

Secretary's Note: Governor Shepardson approved on behalf of the Board on November 10, 1958, a letter to the Federal Reserve Bank of Chicago approving the appointment of William J. Chimitt as assistant examiner, a copy of which is attached as Item No. 8.


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
11/12/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 12, 1958



Mr. Malcolm Bryan, President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Bryan:

Reference is made to your letter of October 13, 1958, advising of rate increases and changes in benefits provided under a proposed hospitalization and surgical insurance contract offered by the Aetna Life Insurance Company covering active and retired employees of the Head Office and branches.

The Board of Governors approves the additional expenditure involved in providing coverage under this new contract. It is understood that, while retired employees will benefit by the group rate, the Bank will make no contributions toward their premiums.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 2
11/12/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 12, 1958

Mr. Irvin N. Clary,
Executive Vice President,
City National Bank of Beverly Hills,
Beverly Hills, California.

Dear Mr. Clary:

Pursuant to your request of October 29, submitted through the Federal Reserve Bank of San Francisco, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to your bank to continue to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective as of the date your branch was opened in the City of Los Angeles.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors of the Federal Reserve System.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 3
11/12/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 12, 1958

Board of Directors,
Fidelity Bank & Trust Company,
Indianapolis, Indiana.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch at the intersection of U.S. 421 and 71st Street, Pike Township, Marion County, Indiana, by Fidelity Bank & Trust Company, Indianapolis, Indiana, provided the branch is established within six months from the date of this letter and approval of the State authorities is in effect as of the date of the establishment of the branch.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 4
11/12/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 12, 1958

Board of Directors,
County Trust Company,
Tenafly, New Jersey.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors extends until June 4, 1959, the time within which County Trust Company may establish a branch at 1 Union Avenue, Borough of Cresskill, New Jersey, under authority contained in the Board's letter of December 4, 1957.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 5
11/12/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 12, 1958



Board of Directors,
The Merchants & Miners National Bank
of Oak Hill,
Oak Hill, West Virginia.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as Trustee under an agreement dated December 15, 1957, between the Highlawn Memorial Park Company and The Merchants & Miners National Bank of Oak Hill, Oak Hill, West Virginia, the exercise of such authority to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A certificate covering such authorization is enclosed.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure

Item No. 6
11/12/58

CORPORATIONS DOING FOREIGN BANKING OR OTHER FOREIGN FINANCING
UNDER THE FEDERAL RESERVE ACT
AMENDMENT TO REGULATION K

Issued by the Board of Governors of the Federal Reserve System

Effective November 12, 1958, Regulation K is amended in the following respects:

1. The second sentence of section 3(b) is amended by substituting a period for the comma following the word "affiliations," and deleting the remainder of this sentence.
2. Section 10(c) is amended by deleting the second paragraph and striking out "(1)" preceding the first paragraph.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 7
11/12/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 17, 1958



Dear Sir:

Enclosed is an amendment to Regulation K which deletes section 10(c)(2) and the reference to that section contained in section 3(b).

The purpose of this amendment is to eliminate the requirement of section 10(c)(2) that no Financing Corporation shall have a name similar to the name of any bank in the United States with which the corporation is affiliated.

Please arrange for the printing of the amendment to the Regulation and for such distribution as you may believe desirable.

Notice of this amendment will be published in the Federal Register in the usual course, but no press release is being issued.

Very truly yours,

A handwritten signature in cursive script, reading "Merritt Sherman".

Merritt Sherman,
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 8
11/12/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 10, 1958

Mr. W. R. Diercks, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Diercks:

In accordance with the request contained in your letter of November 5, 1958, the Board approves the appointment of William J. Chimitt as an assistant examiner for the Federal Reserve Bank of Chicago. Please advise as to the date upon which the appointment is made effective.

It is noted that Mr. Chimitt is indebted to The First National Bank in East Chicago, East Chicago, Indiana, in the amount of \$900. Accordingly the Board's approval is given with the understanding that he will not participate in any examinations of The First National Bank in East Chicago until his indebtedness has been liquidated.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

