FR 609
Rev. 10/59

Minutes for August 3, 1960

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 not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of 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, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

Gov. Szymczak

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Minutes of the Board of Governors of the Federal Reserve System on Wednesday, August 3, 1960. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Mills
Mr. Robertson
Mr. Shepardson
Mr. King

Mr. Kenyon, Assistant Secretary
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Sammons, Associate Adviser, Division of International Finance
Mr. Masters, Associate Director, Division of Examinations
Mr. Nelson, Assistant Director, Division of Examinations
Mr. Goodman, Assistant Director, Division of Examinations
Mr. Benner, Assistant Director, Division of Examinations
Mr. Landry, Assistant to the Secretary
Mr. Hooff, Assistant Counsel

Item circulated to the Board. The following item, which had been circulated to the Board and a copy of which is attached to these minutes as Item No. 1, was approved unanimously:

Letter to the Presidents of all Federal Reserve Banks transmitting a notice to be published in the Federal Register concerning the effect of a recent amendment to the Small Business Investment Act on an interpretation of certain provisions of the Bank Holding Company Act published by the Board in 1958.

Suggested amendment to Regulation F (Item No. 2). There had been circulated to the Board a draft of letter to the Presidents of all Federal Reserve Banks that would request their views on an amendment to section 17(c)(5) of Regulation F, Trust Powers of National Banks,

suggested by the Trust Division of the American Bankers Association. This subject had previously been discussed by the Board at its meeting on June 24, 1960.

Governor Mills noted that the letter to the Reserve Banks would suggest that they seek opinions on the current proposal from member banks in their districts operating common trust funds. Since there had been an indication in the material submitted by the American Bankers Association on this subject that commercial banks strongly supported the proposed amendment, he wondered whether the solicitation of opinions by the Reserve Banks would be prudent, particularly when there seemed to be doubt within the Board's staff, which he shared, concerning the propriety of the amendment.

Mr. Masters replied that the Division of Examinations had thought originally that it would be inadvisable for the Reserve Banks to approach some 273 individual banks having common trust funds and that the alternative of obtaining a cross-section of opinion would be preferable. However, reconsideration of the matter in the light of the following factors had led the Division to suggest the present approach:

(1) Pursuant to the understanding reached at the Board meeting on June 24, 1960, a meeting with the American Bankers Association's Committee on Common Trust Funds was held in mid-July for the purpose of discussing the exact nature of the proposal. This meeting had not been very constructive; it was apparent there was some difference of concept between the Federal Reserve staff and the representatives of the American Bankers Association as to the purposes of a common trust fund.

(2) The Trust Division of the American Bankers Association had received a 75 per cent response to its mail questionnaire directed in 1959 to all banks operating common trust funds. Twenty per cent of these replies did not favor the current proposal, and this suggested that it might be helpful to get a 100 per cent response through the Reserve Banks.

(3) It was possible that the opinions expressed by banks in reply to inquiry from the Reserve Banks would differ somewhat from the response given to the American Bankers Association's questionnaire.

(4) It was likely that the views of the Reserve Banks would coincide generally with those of the Board's staff on this issue, which suggested that views also should be obtained from banks operating common trust funds to provide a complete picture.

Governor Mills then commented on the situation that would be presented if a large majority of the banks contacted should favor the proposal and the Board subsequently was forced to reject it, to which Mr. Solomon replied in terms that the staff appreciated the point raised by Governor Mills. However, unless the Board was disposed at present to make an adverse decision on the proposed amendment, it was difficult to determine how to proceed except by obtaining further expressions from individual banks. Mr. Solomon went on to say, in answer to a question from Governor Shepardson, that the survey proposed to be made by the Reserve Banks would be intended to develop reasons for each bank's attitude on the matter. Mr. Masters added that although the American Bankers Association had stated that probably no recommendation to the Board regarding Regulation F had ever been so strongly supported, the Board nevertheless had received

inquiries from trust men, including some in large banks, indicating opposition to the proposal.

After further discussion of the benefits that might be derived from having the considered opinions of representative banks available, Governor Robertson said his present inclination was to feel that the Board should not go along with the proposed amendment. Nevertheless, when the Board had to make a decision like this which affected a lot of people, it should do everything possible to ascertain what was right and what was wrong. Even if a large majority should favor such a proposal, the Board must still find the proposal worthy of approval, and, despite the hazards involved, there seemed no way of making sure except to obtain the benefit of the views of the people in the field. Thereafter, the Board could come to a conclusion based on study and analysis of the views submitted on both sides.

Further discussion brought out more clearly that the Reserve Bank survey was intended to elicit the reasoned views of the banks and was not intended to constitute a poll of preferences. The suggestion was made that the letter to the Reserve Banks be modified somewhat so as to leave no room for misunderstanding on this point.

Governor Mills then indicated that the sending of a letter modified to this extent would be agreeable to him, although, as everyone realized, certain problems could arise from the contemplated procedure, particularly when it became known that the Reserve Banks were seeking opinions and certain elements sought to build up support for the proposal.

Accordingly, a letter to all Reserve Banks in the form of the attached Item No. 2 was approved.

Messrs. Masters and Hooff then withdrew from the meeting.

Request of Morgan Guaranty (Item No. 3). Copies had been distributed of a draft letter to Morgan Guaranty International Banking Corporation, New York City, that would grant its request for permission to purchase 18,000 shares (6 per cent) of the capital stock of Credito Bursatil S.A., Mexico, D.F., Mexico, at an approximate cost of $288,000. It was pointed out in the accompanying memorandum from the Division of Examinations that Credito Bursatil was operating in effect as an arm of Banco Nacional de Mexico S.A., Mexico's largest private commercial bank. Other shareholders included Banque de Paris et des Pays-Bas, S.A., Paris, Banco Hispano Americano, Madrid, and Pallas Corporation, New York. According to the memorandum, Banco Nacional desired that eventually all of the capital stock of the company be owned exclusively by financing institutions.

Mr. Goodman said that the Banking Board of the State of New York had authorized the proposed investment, subject to the approval of the Board of Governors, and that the Division of Examinations had no hesitancy in recommending approval. The proposed investment by Morgan Guaranty in a Mexican financiera, which fulfills the function of an investment bank and in addition endorses with its own guaranty the bonds which it markets, might raise a question as to whether the investment would be consistent

with section 9(b) of Regulation K, which provides that "the Board of Governors ordinarily will not grant consent for a Banking Corporation to purchase and hold stock in a corporation not engaged in banking or closely related activities." However, it was the feeling of the Division that the functions of Credito were sufficiently "closely related" to banking to be regarded as ancillary to the normal operations of a Mexican commercial bank, particularly since commercial banks in Mexico are not permitted to make loans with maturities in excess of six months.

Mr. Solomon commented that in a conversation yesterday a representative of applicant's parent bank had indicated that there was no strong preference as to whether the investment should be made by applicant or by Morgan Guaranty International Financing Corporation. However, application had been made to the State authorities in the name of the Banking Corporation, and approval had already been obtained on such basis.

Mr. Hexter said that the provision of Regulation K mentioned by Mr. Goodman was more in the nature of an indication to applicants of the Board's ordinary policy in this area. The Board was free to make exceptions, and he saw no legal difficulty.

Governor Mills expressed the view that the recommendation of the Division of Examinations was correct and that approval of the application was in order. At a later date there might, of course, be need to review the question again should Morgan Guaranty International Banking Corporation engage in a commercial banking deposit business and retain this investment,

or if it should wish to engage in activities that would not fall within the Board's concept of appropriate activities under Regulation K. With respect to a reference made earlier in the meeting by Mr. Goodman to the First National Bank of Boston's interest in expanding its financial activities in Latin America, perhaps through the organization of an Edge Act corporation, he thought the proposal should be studied carefully to make certain that the correct position was taken initially and there would be no need to backtrack at a later date.

Governor Mills went on to mention that the Board had approved an investment by Chase International Investment Corporation in an Iranian development corporation, controlling stock of which is owned by the Iranian Government. Such an investment is tied in closely with the political fortunes of the party in power, he pointed out. Although his apprehensions on this score related perhaps to rather remote dangers, nevertheless there were real problems involved. In view of increasingly unsettled world conditions, he had brought up the matter as one that eventually might be of concern to the United States Government and particularly to the Edge Act corporations that had entered into such investments.

Mr. Goodman commented that the Board had authorized similar investments in several other countries and was likely to receive additional requests, following which Mr. Solomon noted that the investments thus far had been rather small. For this reason, and considering the strength of

the institutions making the investments, there was little risk of damage to the American banking system even though no compensation was given to American investors in instances where development corporations in which they had an interest might be taken over by foreign governments.

Mr. Goodman referred to the practice of requesting the views of the State Department on the proposed establishment of foreign branches of American banks. He inquired whether it was the Board's wish to extend this practice to cover requests involving proposed foreign investments by Edge Act corporations.

In a discussion of this point, Governor Mills expressed the view that it would be desirable to contact the State Department in each instance, provided it was made clear that the Department was simply being asked for information.

Governor Robertson stated that he was becoming more and more displeased with Regulation K and the complicated manner in which the Board was permitting American banks to engage in financing abroad. He predicted that this could only lead to difficulties in the future. However, due to precedent, he would not vote against approval of the application of Morgan Guaranty International Banking Corporation that was before the Board. With respect to Mr. Goodman's question concerning the requesting of information from the State Department on proposed investments, he suggested that as a general rule the Department be asked to state its views in writing, since he felt that information so reported

might be better thought out and therefore more helpful. As Governor Mills had stated, the Board's inquiries should be in terms of asking for information only.

There was general agreement with this suggestion as to procedure.

Unanimous approval then was given to the letter to Morgan Guaranty International Banking Corporation granting consent to its acquisition of shares of Credito Bursatil S.A. A copy of this letter is attached as Item No. 3.

Mr. Molony, Assistant to the Board, entered the room during the preceding discussion and Mr. Sammons withdrew at its conclusion.

Procedures under bank merger legislation (Item No. 4). Pursuant to the understanding at the meeting yesterday, a revised draft of letter to the Department of Justice replying to its letter of June 30, 1960, had been distributed. In its letter of June 30 the Department of Justice requested copies of the reports of the Board, submitted as required by Public Law 86-463 to the other bank supervisory agencies, following expiration of the 30-day statutory period for rendering such reports. The letter also requested that copies of the opinions or approvals of applications be sent to Justice at the same time the banks were informed of the Board's action and that the Department receive notice five days before the date on which banks were permitted to merge.

The revised draft of reply would state that copies of the Board's reports on competitive factors would be sent to Justice after the agency

with jurisdiction had acted, and that copies of approvals or disapprovals of applications would be sent at the same time the banks were informed of the Board's action. With respect to the request of Justice to receive five days' prior notice, three alternatives were submitted. The first alternative would indicate that the further notice and delay requested would be inconsistent with the purposes and objectives of the bank merger legislation and that the Board therefore could not accede to the request; the second alternative would express the opinion that a general practice of further notice and delay, such as requested, would be inconsistent with the purposes and objectives of the legislation; while the third alternative would state additionally that the Board would be glad to consider requests for such further notice and delay in particular cases.

Although certain minor changes in language were suggested, the parts of the proposed reply pertaining to the first and second of the three requests from the Justice Department were regarded as generally satisfactory. The principal discussion therefore had to do with the response that should be made concerning the third request. After Mr. Hexter questioned whether it would be advisable to base a refusal on the ground of inconsistency with the purposes and objectives of the bank merger legislation, several suggestions were offered for modification of the alternatives set forth in the draft reply. One of the suggestions, made by Governor Robertson, was as follows:

"The Board is of the opinion that it would not be appropriate for it to adopt a general practice of deferring the effective dates of mergers in order to provide an additional five-day notice such as you request, and that accordingly the Board would not be justified in acceding to this request."

Governor Robertson indicated that he would be willing to accept language along such lines if the record reflected an understanding that, although the Board was not extending an invitation to the Justice Department to make requests for deferment, in particular cases the Board would be willing to consider requests for deferment in the light of the circumstances involved and the merits of the case.

Question then was raised whether it seemed preferable to use the words "general practice" rather than simply the word "practice", and several of the members of the Board indicated that they would be agreeable to omitting the word "general".

Governor Mills, who previously had expressed a preference for the first of the three alternatives set forth in the revised draft of reply distributed prior to this meeting, said at this point that he would be willing to accept the second alternative provided the word "practice" was used instead of the words "general practice". He would also accept certain minor changes in the body of the letter that had been suggested earlier by Governor Balderston.

Subsequently, Governor Robertson stated that he would consider it unfortunate to omit the word "general" because the letter might then

be construed by the Justice Department as meaning an absolute refusal on the part of the Board to consider a request for deferment in any case. As he understood it, several members of the Board were using the word "practice" in the sense of a general practice. If this was actually the intent, he felt that he could vote in favor of a reply incorporating the word "practice" rather than the words "general practice", although he thought this would be a mistake and might lead to difficulties. To put it another way, his favorable vote for the reply to the Justice Department would be on the basis that the word "practice" meant a general practice to which exceptions might be made in meritorious cases.

Comments by other members of the Board indicated that they would not regard the word "practice" as signifying a rigid and inflexible position from which there could be no deviation in exceptional circumstances.

In view of these comments, Governor Mills stated that, in order that there might be no doubt as to his position, he would dissent from an action to approve sending a letter in this form. His position was that he would favor a letter incorporating the language set forth as the first alternative in the proposed reply submitted prior to this meeting.

Accordingly, approval was given to a letter to the Department of Justice in the form attached as Item No. 4, Governor Mills dissenting.

Messrs. Molony, Hexter, and Nelson then withdrew from the meeting.

Problem banks. A memorandum from the Division of Examinations dated July 13, 1960, which submitted a memorandum of June 30, 1960, reviewing problem State member banks as of April 30, 1960, had completed circulation.

At the request of the Board, Mr. Benner commented on certain of the problem banks covered in the June 30 memorandum, following which a number of questions were raised by members of the Board with respect to the banks concerned and the nature of supervisory efforts looking toward improvement in problem bank cases of long standing.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:

Memorandum dated July 26, 1960, from Mr. Koch, Adviser, Division of Research and Statistics, recommending the appointment of Sarah Anne Foret as Statistical Clerk in that Division, with basic annual salary at the rate of $4,145, effective the date of entrance upon duty.

Memorandum dated July 26, 1960, from Mr. Solomon, Director, Division of Examinations, recommending that authority be given for the establishment of an additional stenographic position in that Division.

Kenneth A. Kenyon
Assistant Secretary

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

Item No. 1
8/3/60

S-1753

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 3, 1960.

Dear Sir:

The Small Business Investment Act of 1958 authorizes national banks, State member banks and nonmember insured banks to purchase shares of stock of small business investment companies. However, the Bank Holding Company Act of 1956 makes it unlawful for a bank to invest in the capital stock of any other subsidiary of the bank holding company. The Board in the latter part of an interpretation published in the 1958 Federal Reserve Bulletin at page 1161, concluded that this provision prevented banking subsidiaries of a bank holding company from purchasing stock of a small business investment company where the latter company is or will be a subsidiary of the bank holding company. The Act of June 11, 1960 (Public Law 86-502) amended section 302(b) of the Small Business Investment Act so as to provide that "Notwithstanding the provisions of section 6(a)(1) of the Bank Holding Company Act" banks may purchase shares of stock of small business investment companies. Therefore, this portion of the above mentioned interpretation has been nullified by amendment to the statute. Accordingly, the Board's interpretation has been amended and will be published in the Federal Register in the form enclosed.

Very truly yours,

Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

TITLE 12 - BANKS AND BANKING

CHAPTER II - FEDERAL RESERVE SYSTEM

SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. Y]

PART 222 - BANK HOLDING COMPANIES

Acquisition of stock in small business investment company

Section 222.107 is amended to read as follows:

§ 222.107 Acquisition of stock in small business investment company.

(a) A registered bank holding company requested an opinion by the Board of Governors with respect to whether that company and its banking subsidiaries may acquire stock in a small business investment company organized pursuant to the Small Business Investment Act of 1958.

(b) It is understood that the bank holding company and its subsidiary banks propose to organize and subscribe for stock in a small business investment company which would be chartered pursuant to the Small Business Investment Act of 1958 which provides for long-term credit and equity financing for small business concerns.

(c) Section 302(b) of the Small Business Investment Act authorizes national banks, as well as other member banks and nonmember insured banks to the extent permitted by applicable State law, to invest capital in small business investment companies not exceeding one percent of the capital and surplus

of such banks. Section 4(c)(4) of the Bank Holding Company Act exempts from the prohibitions of section 4 of the act "shares which are of the kinds and amounts eligible for investment by National banking associations under the provisions of section 5136 of the Revised Statutes". Section 5136 of the Revised Statutes (paragraph "Seventh") in turn provides, in part, as follows:

Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association for its own account of any shares of stock of any corporation.

Since the shares of a small business investment company are of a kind and amount expressly made eligible for investment by a national bank under the Small Business Investment Act of 1958, it follows, therefore, that the ownership or control of such shares by a bank holding company would be exempt from the prohibitions of section 4 of the Bank Holding Company Act by virtue of the provisions of section 4(c)(4) of that Act. Accordingly, the ownership or control of such shares by the bank holding company would be exempt from the prohibitions of section 4 of the Bank Holding Company Act.

(d) An additional question is presented, however, as to whether section 6 of the Bank Holding Company Act prohibits banking subsidiaries of the bank holding company from purchasing stock in a small business investment company where

the latter is a "subsidiary" under that Act.

(e) Section 6(a)(1) of the Act makes it unlawful for a bank to invest any of its funds in the capital stock of any other subsidiary of the bank holding company. However, section 6(a)(1) was, in effect, amended by section 302(b) of the Small Business Investment Act (15 U.S.C. 682) as amended by the Act of June 11, 1960 (Public Law 86 - 502) so as to nullify this prohibition when the "subsidiary" is a small business investment company.

(f) Accordingly, section 6 of the Bank Holding Company Act does not prohibit banking subsidiaries of the bank holding company from purchasing stock in a small business investment company organized pursuant to the Small Business Investment Act of 1958, where that company is or will be a subsidiary of the bank holding company.

(Sec. 5(b), 70 Stat. 137; 12 U.S.C. 1844)

Dated at Washington, D. C., this 3rd day of August, 1960.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
8/3/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 3, 1960.

Dear Sir:

The Board has been requested by the Trust Division, American Bankers Association, through its Committee on Common Trust Funds, to consider an amendment to Section 17(c)(5) Regulation F, which would substitute for the present limitation upon amounts which may be invested by qualified fiduciary accounts in common trust funds established under the provisions of such Section, a limitation of five per cent of a common trust fund, the value of the assets of which is in excess of $2,000,000, while retaining the present limitation on investments in common trust funds with assets valued at $2,000,000 or less. The action so proposed arose, in part at least, from the results of a questionnaire directed in 1959 by the Common Trust Fund Committee to all banks operating common trust funds, the replies to which indicate a majority of such banks favoring either an increase in or complete removal of the present limitation.

In support of this proposal the Trust Division refers to the successful administration of common trust funds since their authorization 22 years ago and to a growing desire to have their benefits extended and enlarged. It is also contended that adoption of the proposed amendment "will permit a wider and more effective use of common trust funds" to the advantage of trust beneficiaries (as a consequence of investment benefits) and of bank trustees (as a consequence of related administrative economies and efficiency). The Trust Division urges that "the benefits of common trust funds should not be restricted because of the size of the (participating) trust"; that "the test should be, ... whether the availability of common trust funds will be of benefit to the trust in whole or in part." An overriding feature of the Trust Division's thesis is that the concept underlying the initial authorization of common trust funds (to serve better the needs of "small" trusts) "has been outgrown and outmoded by the force of circumstances" and that "time and experience have proved that the 'small trust' limitation, in any amount, has been and should be discarded." A copy of the letter dated May 16, 1960, from the Committee on Common Trust Funds, and of the memorandum supporting the amendment therein proposed, are enclosed.

The Board is impressed with the unusual importance of this proposal not only as it relates to the authority of the Board, under Section 584 Internal Revenue Code, to regulate common trust funds, but as it affects long-standing concepts relative to the purpose and use of common trust funds as well as recognized principles and practices of trust administration generally. Consequently, it would be helpful to the Board, in gaining a full understanding of the purposes, need and probable effect of the proposed amendment, to have the views of your Bank. We would also appreciate your observations relative to any special developments and trends in common trust fund administrative practices in your District as they may relate to the pending proposal, e.g., the use of multiple (split) funds; the extent of participation in existing common trust funds of portions of trusts larger than the present dollar limit on account participation.

It is also suggested that you seek the views and supporting reasons relative to this proposal from each bank in your District that maintains a common trust fund and that there be summarized for the Board's use the opposing as well as the supporting arguments to the Trust Division's proposal which are thus obtained.

Very truly yours,

Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 3
8/3/60

August 3, 1960

Mr. Walter K. Davies,
Executive Vice President,
Morgan Guaranty International Banking Corporation,
23 Wall Street,
New York 8, New York.

Dear Mr. Davies:

In accordance with the request contained in your letter of June 14, 1960, transmitted through the Federal Reserve Bank of New York, and on the basis of the information furnished, the Board of Governors grants its consent for Morgan Guaranty International Banking Corporation to purchase and hold 18,000 shares, par value Mexican pesos 100 each, of the capital stock of Credito Bursatil S. A., Mexico, D. F., Mexico, at a cost of approximately US$288,000, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted upon condition that Morgan Guaranty International Banking Corporation shall dispose of its holdings of stock in the Mexican corporation, as promptly as practicable, in the event that the Mexican corporation should at any time (1) engage in issuing, underwriting, selling or distributing securities in the United States; (2) engage in the general business of buying or selling goods, wares, merchandise, or commodities in the United States or transact any business in the United States except such as is incidental to its international or foreign business; or (3) conduct its operations in a manner inconsistent with Section 25(a) of the Federal Reserve Act or regulations thereunder.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 4
8/3/60

OFFICE OF THE VICE CHAIRMAN

August 3, 1960

The Honorable Robert A. Bicks,
Assistant Attorney General,
Antitrust Division,
Department of Justice,
Washington 25, D. C.

Dear Mr. Bicks:

This refers to your letter of June 30, 1960, with which you enclosed copies of reports submitted by the Department of Justice, under Public Law 86-463, to the Comptroller of the Currency and the Federal Deposit Insurance Corporation. You indicate that you propose to follow the practice of sending copies of your reports under that statute to each of the banking agencies in the future after the 30-day period for reporting has passed.

You also state that you would welcome the receipt of copies of the reports of this Board after the expiration of the 30-day period, in order that you may benefit from the Board's experience and knowledge in the banking field. Accordingly, the Board will send you copies of its reports after the respective agencies have acted upon the applications. We assume that your Department will not release these reports or use them publicly.

In response to your request that copies of the opinions or approvals of applications be sent to you at the same time the banks are informed of the Board's action, arrangements have been made to forward copies of approvals or disapprovals to you.

With respect to your request to "receive notice five days before the date on which the banks are permitted to merge," it may be noted that the application, of which you receive a copy, includes information as to the date on which the applicants propose to merge. While such date is not necessarily conclusive, there are also the statutory requirements of published notice, and the necessary 30-day period for receiving reports from other agencies. It would appear that all of these together provide considerable advance notice of proposed bank mergers.

The Board is of the opinion that it would not be appropriate for it to adopt a practice of deferring the effective date of approvals of bank mergers in order to provide an additional five-day notice such as you request.

Sincerely yours,

C C Balderston

C. Canby Balderston.