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Minutes for October 24, 1962

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

AM

Gov. Mills

[Signature]

Gov. Robertson

R

Gov. Balderston

CCB

Gov. Shepardson

LS

Gov. King

[Signature]

Gov. Mitchell

[Signature]

Minutes of the Board of Governors of the Federal Reserve System on Wednesday, October 24, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
 Mr. Mills
 Mr. Shepardson
 Mr. King
 Mr. Mitchell

Mr. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Fauver, Assistant to the Board
 Mr. Hackley, General Counsel
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Johnson, Director, Division of Personnel Administration
 Mr. Hexter, Assistant General Counsel
 Mr. Shay, Assistant General Counsel
 Mr. Hooff, Assistant General Counsel
 Mr. Kiley, Assistant Director, Division of Bank Operations
 Mr. Masters, Associate Director, Division of Examinations
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Thompson, Assistant Director, Division of Examinations
 Mr. Schwartz, Assistant to the Director, Division of Research and Statistics
 Mr. Poundstone, Review Examiner, Division of Examinations

Circulated or distributed items. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

Item No.

Letter to Security Trust Company, Lynn, Massachusetts, approving an investment in bank premises.

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Item No.

- Letter to Chemical International Finance, Ltd.,
New York, New York, noting without objection
the transfer of certain of its assets to Chemical
Overseas Finance Corporation, Paget, Bermuda,
and the transfer of some assets of Chemical
Overseas Finance Corporation to Chemical Inter-
national Finance, Ltd., New York, New York; and
also granting consent to the purchase and holding
by the latter of shares in certain foreign
companies. 2
- Letter to the Federal Reserve Bank of Atlanta
approving the payment of salaries to two newly-
appointed officers of the Birmingham Branch at
rates fixed by the Bank's Board of Directors. 3
- Letter to The Colonial Bank and Trust Company,
Waterbury, Connecticut, approving (1) the
establishment of a branch in Cheshire, and
(2) an investment in bank premises. 4
- Letter to Raritan State Bank, Raritan, New Jersey,
approving (1) the establishment of a branch in
Hillsborough Township, Somerset County, and (2)
an investment in bank premises. 5
- Letter to Citizens Commercial & Savings Bank,
Flint, Michigan, approving the establishment of
a branch at G-3055 West Pierson Road. 6
- Letter to J. Emil Anderson & Son, Inc., Chicago,
Illinois, regarding its status as a holding
company affiliate. 7
- Letter to The Fitzgerald Insurance Agency, Inc.,
Yuma, Colorado, regarding its status as a holding
company affiliate. 8
- Letter to Counsel for Dauphin Deposit Trust Company,
Harrisburg, Pennsylvania, regarding the bank's
request that the Board reconsider its denial of the
bank's application for permission to merge with The
First National Bank of Mount Holly Springs, Mount
Holly Springs, Pennsylvania. 9

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In connection with Items 7 and 8, although the action taken in each instance was by unanimous vote, certain reservations were expressed regarding the circumstances surrounding the requested section 301 determinations. In the Anderson case (Item No. 7), Governor Shepardson noted that J. Emil Anderson & Son, Inc., in addition to owning directly or indirectly over 80 per cent of the stock of the Evanston Trust and Savings Bank, Evanston, Illinois, owned about 15 per cent of the shares of two other Illinois banks. Substantial quantities of the shares of one of these banks also were owned by two officers of the applicant corporation. In addition, one of these officers owned 20 per cent of the shares of a third bank. It was Governor Shepardson's view that an element of centralized control of these several banks probably existed through the shareholdings of the applicant corporation and its officers. In the Fitzgerald case (Item No. 8), Governor Mills noted that the principal asset of The Fitzgerald Insurance Agency, Inc., consisted of shares of the Farmers State Bank of Yuma, Yuma, Colorado, and that such shares were pledged as collateral for an indebtedness of the insurance agency to the First National Bank of Denver, Denver, Colorado.

The letter sent to Counsel for Dauphin Deposit Trust Company (Item No. 9) included a final paragraph that was added to the original draft as the result of a suggestion made at this meeting. Counsel for Dauphin Deposit had suggested that the fact that the Board's decision to deny the merger application was made by a bare majority of the Board constituted a reason for reconsideration of the case. (When the Board's

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decision was made, Chairman Martin and Governor King were not present; of the remaining members, Governor Mills dissented from the decision to deny.) The purpose of including the additional paragraph in the Board's reply was to make it clear that the non-participation of two members in a decision of this kind was not regarded by the Board as a valid reason for reconsideration.

Messrs. Thompson, Hooff, and Poundstone then withdrew from the meeting and Mr. Molony, Assistant to the Board, entered the room.

Electronic processing equipment at Philadelphia. As described in a memorandum from the Division of Bank Operations dated October 22, 1962, which had been distributed, the Federal Reserve Bank of Philadelphia proposed a cash expenditure of about \$558,000 for the purchase of certain additional IBM electronic check and general data processing equipment, for delivery in April 1963.

In a discussion of this matter, question was raised as to whether the Reserve Bank had made a convincing case of need for the availability of two computers for processing research and general operating data, particularly since the proposal seemed to be based to a considerable extent on a desire to limit the use of the equipment to daytime hours only. Mr. Schwartz pointed out that it was customary in private industry and in Government to make use of computer equipment on an extra-shift basis.

Accordingly, it was agreed that Governors King and Mitchell would arrange to discuss the Philadelphia proposal with President Bopp on the

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occasion of a forthcoming trip by the latter to the Board's offices, after which the proposal would be considered further by the Board.

All of the members of the staff except Messrs. Sherman, Kenyon, and Fauver then withdrew from the meeting.

Director appointment. After discussion of information developed by Governor Mitchell in accordance with a previous understanding, it was agreed to ascertain through the Chairman of the Federal Reserve Bank of Chicago whether Mr. Louis A. Weil, Jr., Publisher and Editor of the Lansing State Journal, Lansing, Michigan, would accept appointment, if tendered, as a director of the Detroit Branch for the unexpired portion of the term ending December 31, 1963, to replace Mr. Carl A. Gerstacker, who resigned effective October 1, 1962. It was further agreed that if it were ascertained that Mr. Weil would accept, the appointment would be made.

Mr. Fauver then withdrew from the meeting.

Reserve Bank officers' salaries. Reporting as Chairman of the Board's Committee on Organization, Compensation, and Building Plans, (Messrs. Mitchell, Balderston, and King), Governor Mitchell said the Committee had met with six Reserve Bank Presidents. From the discussion of officers' salaries, it appeared that two principal questions were involved. First, at certain Banks an adjustment of officer group ranges along lines suggested by the Board's letter to the Reserve Bank Presidents dated October 5, 1962, would result in the salaries of a number of officers being below the minimum of the group to which their positions were allocated.

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On this point, the Committee had expressed the view that it would be reasonable for the Reserve Banks to have a degree of latitude in bringing the salaries of the officers in question up to the applicable minimum. In other words, the Committee had not pushed the Presidents to bring the affected officers to the minimum at this time unless it was felt that the officers were presently underpaid. With this understanding, there appeared to be no significant problem in respect to the revision of the officer group ranges. Second, all of the six Presidents with whom the Committee had met had originally planned to recommend salary increases beginning the first of next year for more than 40 per cent of the officer staff. Adjustments were being made in the original plans, but the question had been raised whether some leeway could not be provided on this occasion on the theory that a period of transition was involved. It was suggested to the Committee that the 40 per cent maximum could more easily be observed in future years. All of the Presidents with whom the Committee had conferred thus far seemed to envisage getting within the general range of 45 per cent, although a desire was evident for assurance that the same standard would be applied throughout the System generally. Governor Mitchell expressed to the Board on behalf of the Committee the view that it might be reasonable to allow some leeway this year, with the expectation that in future years the 40 per cent maximum would be observed.

Comments by Governor King were in support of those expressed by Governor Mitchell, and there was no indication of disagreement by other

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members of the Board with the position taken by the Committee in discussion with the Reserve Bank Presidents.

The meeting then adjourned.

Secretary's Notes: On October 23, 1962, the President signed into law H. R. 8874 (Public Law 87-856), the Bank Service Corporation Act. Pursuant to the action taken by the Board on October 3, 1962, a press release on this matter was issued under date of October 24, 1962. A copy is attached as Item No. 10.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on October 23, 1962, the following actions relating to the Board's staff:

Appointments

Cleo J. Kray as Records Clerk, Office of the Secretary, with basic annual salary at the rate of \$4,110, effective the date of entrance upon duty.

Narita Ann Vermeulen as Clerk, Division of International Finance, with basic annual salary at the rate of \$4,110, effective the date of entrance upon duty.

Transfer

William E. Rumbarger, from the position of Federal Reserve Examiner to the position of Review Examiner, Division of Examinations, with no change in basic annual salary at the rate of \$8,310, effective the date of assuming his new duties.

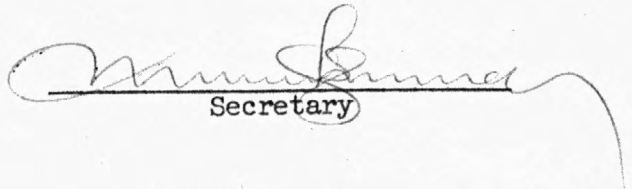
Teaching activity

Paul Gekker, Economist, Division of International Finance, to conduct a seminar in Soviet economics and to serve as an academic consultant at George Washington University.

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Pursuant to the recommendation contained in a memorandum from the Division of Examinations, Governor Shepardson today approved on behalf of the Board the appointment of Robert B. Thornton as Assistant Federal Reserve Examiner in that Division, with basic annual salary at the rate of \$6,900, effective the date of entrance upon duty.


Secretary

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

Item No. 1
10/24/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1962

Board of Directors,
Security Trust Company,
Lynn, Massachusetts.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment by Security Trust Company of \$82,000 to complete renovating and remodeling main office quarters and installing drive-in facilities.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



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

Item No. 2
10/24/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



October 24, 1962

Mr. William B. Beam,
Vice President,
Chemical International Finance, Ltd.,
20 Pine Street,
New York 8, New York.

Dear Mr. Beam:

This refers to your letter of September 14, 1962, and enclosures, transmitted through the Federal Reserve Bank of New York, advising of a recent policy change in your operations and the transfer of certain assets from Chemical International Finance, Ltd. ("CIF") to Chemical Overseas Finance Corporation ("COFC"), Paget, Bermuda, your wholly-owned subsidiary, and the transfer of some assets from COFC to CIF as of September 1, 1962.

With the exception of two investment-type transactions left in COFC for the reasons outlined, it is noted that the policy now is for CIF to handle all investment-type transactions; that in the future export paper involving Export-Import Bank guarantees will be negotiated and held in CIF because Export-Import Bank has not made available such guarantees to the foreign subsidiary; and that all other straight loan transactions will be referred to COFC. Accordingly, you have advised the Board of Governors of this general transfer of assets and have asked specific approval regarding the shares of Investment Company of Nigeria and Development Underwriting Ltd., as well as for such other approvals as the Board may deem appropriate.

On the basis of the information furnished in your letter, and without ruling on the question whether specific Board consent is required with respect to each of the items transferred, the Board notes, without objection, that such transfers were effected as of September 1, 1962 and grants consent to CIF to purchase and hold, subject to the various conditions contained in specific and general consents heretofore granted to CIF and COFC, as the case may be, the following shares:

Mr. William B. Beam

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	<u>Total Par Value</u>	<u>Carrying Value</u>
25,000 shares Investment Company of Nigeria Limited, Lagos, Nigeria	Nig.£25,000	US\$70,072.65
3,000 shares Impresora Mexicana, S.A. de C.V., Mexico, D.F.	P3,000	240.17
300 shares Impresora Mexicana, S.A. de C.V. (Preferred)	P375,000	30,021.01
40,000 shares Development Underwriting Ltd., Sydney, Australia	Aus.£10,000	19,129.35
135,000 shares Gas Natural Colombiana, S.A., Barranquilla, Colombia	P1,350,000	183,005.76
		<u>US\$302,468.94</u>

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 3
10/24/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1962



CONFIDENTIAL (FR)

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

Dear Mr. Bryan:

The Board of Governors approves the payment of salaries to Mr. Marvin W. Stewart at the rate of \$7,600 per annum and to Mr. William E. Thomas at the rate of \$8,900 1/per annum as Assistant Cashiers of the Birmingham Branch, Federal Reserve Bank of Atlanta, effective November 1 through December 31, 1962. These are the rates fixed by your Board of Directors as reported in your letter of October 12, 1962.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

1/ Should be Mr. William H. Thomas.

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

Item No. 4
10/24/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



October 24, 1962

Board of Directors,
The Colonial Bank and Trust Company,
Waterbury, Connecticut.

Gentlemen:

The Board of Governors approves the establishment by The Colonial Bank and Trust Company, Waterbury, Connecticut, of a branch near the junction of Main Street and Highland Avenue, Cheshire, Connecticut, provided the branch is established within 12 months from the date of this letter.

The Board of Governors also approves an additional investment of \$50,000 in bank premises for leasehold improvements on premises to be occupied by the above branch.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 5
10/24/62



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1962

Board of Directors,
Raritan State Bank,
Raritan, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves (1) the establishment of a branch on Route 206 between Hamilton Road and Amwell Road, Hillsborough Township, Somerset County, New Jersey, and (2) an additional investment of \$70,000 in bank premises incident to the establishment of the branch, under the provisions of Section 24A of the Federal Reserve Act, by Raritan State Bank, Raritan, New Jersey. This approval is granted provided (1) the branch is established within one year from the date of this letter, and (2) the bank's plan to increase its capital by the sale of 3,000 shares, par value \$25, at \$100 per share, is consummated prior to the establishment of the branch.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 6
10/24/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



October 24, 1962

Board of Directors,
Citizens Commercial
& Savings Bank,
Flint, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of an in-town branch at G-3055 West Pierson Road, by Citizens Commercial & Savings Bank, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 7
10/24/62



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1962

Mr. Paul W. Brandel, Vice President,
J. Emil Anderson & Son, Inc.,
1809-11 Balmoral Avenue,
Chicago 40, Illinois.

Dear Mr. Brandel:

This refers to your request, submitted through the Federal Reserve Bank of Chicago, for determination by the Board of Governors of the Federal Reserve System as to the status of J. Emil Anderson & Son, Inc. as a holding company affiliate.

The Board understands that the present activities of J. Emil Anderson & Son, Inc. are the design, construction, and financing of industrial and commercial buildings; that the Company owns, directly or indirectly, for investment purposes, over 80 per cent of the outstanding shares of stock of Evanston Trust and Savings Bank, Evanston, Illinois; slightly under 15 per cent of the outstanding shares of stock of the Gary-Wheaton Bank, Wheaton, Illinois, and of the Bank of Ravenswood, Chicago, Illinois, and insignificant amounts of stock of three other banks; but that the Company does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institutions.

In view of these facts, the Board has determined that J. Emil Anderson & Son, Inc. is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, the Company is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act, and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

If, however, the facts should at any time differ from those cited above to an extent which would indicate that J. Emil Anderson & Son, Inc. might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to rescind this

Mr. Paul W. Brandel

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determination and make further determination of this matter at any time on the basis of the then existing facts. Should future activities of, or acquisitions by the Company, or its subsidiaries and affiliates, particularly in bank stocks, even though not constituting control, result in the Company attaining a position whereby the Board may deem desirable a determination that the Company is engaged in the business of holding bank stocks, or the managing or controlling of banks, the determination herein granted may be rescinded.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 8
10/24/62



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1962

Mr. L. E. Fitzgerald, President,
The Fitzgerald Insurance Agency, Inc.,
Yuma, Colorado.

Dear Mr. Fitzgerald:

This refers to the request contained in your letter of July 21, 1962, submitted through the Federal Reserve Bank of Kansas City, for determination by the Board of Governors of the Federal Reserve System as to the status of The Fitzgerald Insurance Agency, Inc. as a holding company affiliate.

The Board understands that The Fitzgerald Insurance Agency, Inc. is primarily engaged in the business of brokering various types of insurance; that the Company is a holding company affiliate by reason of the fact that it owns 73 per cent of the outstanding shares of stock of Farmers State Bank of Yuma, Yuma, Colorado; and that the Company does not, directly or indirectly, own or control any stock of, or manage or control, any banking institution other than Farmers State Bank of Yuma.

In view of these facts, the Board has determined that The Fitzgerald Insurance Agency, Inc. is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, the Company is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act, and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

If, however, the facts should at any time indicate that The Fitzgerald Insurance Agency, Inc. might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to rescind this determination and make further determination of this matter at any time on the basis of the then existing facts.

Mr. L. E. Fitzgerald

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Particularly, should future acquisitions by or activities of the Company result in its attaining a position whereby the Board may deem desirable a determination that the Company is engaged as a business in the holding of bank stock, or the managing or controlling of banks, the determination herein granted may be rescinded.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 9
10/24/62

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1962



Martin P. Snyder, Esq.,
Morgan, Lewis & Bockius,
Fidelity-Philadelphia Trust Building,
Philadelphia 9, Pennsylvania.

Dear Mr. Snyder:

This is in reply to your letter of September 28, 1962, relating to the Board's denial, on July 13, 1962, of the application for its consent to the merger of The First National Bank of Mount Holly Springs into Dauphin Deposit Trust Company. On behalf of the applicant bank, you request reconsideration of the Application and an opportunity to present the matter orally before the Board of Governors.

As you know, section 262.2(f)(6) of the Board's Rules of Procedure provides that, in such matters, the Board will not reconsider its action "unless the request presents relevant facts that, for good cause shown, were not previously presented to the Board, or unless it otherwise appears to the Board that reconsideration would be appropriate."

Your letter of September 28 enumerates a number of "principal reasons for requesting the Board to reconsider its decision", which relate to such matters as the extent of the service areas of First National and of Dauphin Deposit's Carlisle branch, whether substantial competition between these offices would be eliminated by the merger, the degree of existing banking concentration in the area, and the need for trust services in Mount Holly Springs.

The letter of September 28 apparently was not intended to present in full the facts and reasoning on the basis of which you contend that the Board's denial of the application should be rescinded. However, under section 262.2(f)(6) a request for reconsideration of Board action under the Bank Merger Act should be accompanied by a complete statement of the facts and reasoning relied upon. When the facts and arguments mentioned in the letter of September 28 as supporting the enumerated reasons are submitted, the request will be considered by the Board. If the Board should then conclude that there is

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Martin P. Snyder, Esq.

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sufficient basis for reconsideration and if it should appear that oral presentation is necessary or advisable, you will be so informed.

Your letter refers to the fact that the Application in this matter was acted upon by five members of the Board, one of whom dissented, as "another reason why the Board should reconsider the case on the basis of new evidence to be submitted." In order to avoid possible misunderstanding, you are informed that the Board does not regard this circumstance as providing any valid support to a petition for reconsideration.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



FEDERAL RESERVE

press release

Item No. 10
10/24/62

October 24, 1962.

For immediate release

The Board of Governors of the Federal Reserve System today issued a statement to all State chartered member banks explaining provisions of the newly enacted Bank Service Corporation law signed by the President on October 23, 1962. A like statement is being issued to all State nonmember insured banks by the Board of Directors of the Federal Deposit Insurance Corporation.

The Act applies to all banks subject to Federal supervision and is the first Federal legislation in a relatively new area of banking--the use of nonbanking organizations having modern automated equipment for various types of clerical, bookkeeping, accounting, and statistical operations.

The provisions of the Act were effective upon its signing by the President. Some banks already have made, or are contemplating making, arrangements for utilizing outside services of the kind covered by the Act and the explanation of how to comply with its provisions will be of special interest to them.

The statement summarizes the salient features of the new Act including the definition of bank service corporations; how and to what extent banks may invest in such corporations; and the kinds of services covered by the Act. It also explains in some detail provisions regarding the nature of assurances regarding regulation and examination that must be given both by the supplier of the services and the user bank to the appropriate Federal supervisory agency. For State member banks, such assurances will be given to the Board through their respective Federal Reserve Banks.

A copy of the statement issued by the Board is attached.

Attachment