

Minutes for September 12, 1963

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 7 Amendments to Regulation Y,
Bank Holding Companies.

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

M

Gov. Mills

[Signature]

Gov. Robertson

R

Gov. Balderston

CB

Gov. Shepardson

[Signature]

Gov. King

[Signature]

Gov. Mitchell

[Signature]

Minutes of the Board of Governors of the Federal Reserve System on Thursday, September 12, 1963. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman 1/
Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. King
Mr. Mitchell

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Miss Carmichael, Assistant Secretary
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. O'Connell, Assistant General Counsel
Mr. Koch, Associate Director, Division of Research and Statistics
Mr. Holland, Adviser, Division of Research and Statistics
Mr. Conkling, Assistant Director, Division of Bank Operations
Mr. Goodman, Assistant Director, Division of Examinations
Mr. Thompson, Assistant Director, Division of Examinations
Mr. Langham, Assistant Director, Division of Data Processing
Mr. Bakke, Senior Attorney, Legal Division
Mr. Doyle, Attorney, Legal Division
Mr. Eckert, Chief, Banking Section, Division of Research and Statistics
Mr. Poundstone, Review Examiner, Division of Examinations

Letters from Banking and Currency Committee (Item No. 1). There had been distributed a memorandum from Mr. Koch dated September 6, 1963, transmitting a draft set of answers to a number of questions pertaining

1/ Withdrew from meeting at point indicated in minutes.

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to monetary policy and related fields that had been sent to the individual members of the Board in letters dated August 21, 1963, from Chairman Patman of the House Banking and Currency Committee. Similar questions had been sent to each Reserve Bank President.

Chairman Martin noted that a joint reply from the Reserve Bank Presidents had been completed, and he believed it would be desirable if the Board's response could be submitted to the Committee as promptly as possible. He suggested that it would seem appropriate to make such changes in the draft set of answers as all of the members of the Board might agree upon. Then, if individual members wished to file demurrers with respect to any of the questions, those could be set forth following the respective answers. There was general agreement with the procedure suggested by the Chairman.

Mr. Koch reported that a memorandum had been received from Governor Mills suggesting a number of changes in the proposed answers. Mr. Koch said he felt that most of these changes could be taken account of without difficulty in the replies. He mentioned especially, however, Governor Mills' comments regarding the proposed response to Question VIII, relating to specific occasions when differences of views may have existed between the Board of Governors and the Treasury. In the draft of reply, reference was made to the fact that differences in emphasis and judgment would frequently emerge as to the magnitude of the effects of proposed

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actions both within each organization as well as between them, but no more so than might be expected among any group of technicians and policy makers. Governor Mills had expressed the view that the tone of the answer should not imply that there were not sometimes pronounced differences of views on policy matters among the members of the Board.

Following discussion of this point, it was suggested that the reference to differences among members of the Board be deleted since the Committee's question had not made inquiry on that score.

During discussion of the proposed answers, Governor Robertson said he favored a joint reply, but he believed it should be broad enough to accommodate the views of all Board members to the extent possible. Having this in mind, he suggested a number of changes in the answers that would satisfy him and that he thought might be acceptable to the other members of the Board.

At the conclusion of the discussion, during which a number of additional changes in wording were suggested, it was agreed that the staff would redraft several of the answers to reflect the views that had been expressed and that a joint response would be sent to the Committee after the revisions had been reviewed by members of the Board. It was understood that the joint reply would include any demurring statements that individual Board members might wish to submit.

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Pursuant to this action a joint response, with no demurring statements, was sent to the House Banking and Currency Committee later in the day. A copy of the transmittal letter is attached as Item No. 1; a copy of the joint reply to the questions has been placed in the Board's files.

During the foregoing discussion Chairman Martin withdrew from the meeting.

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

	<u>Item No.</u>
Letter to Bankers International Financing Company, Inc., New York, New York, terminating the general consent for that company to purchase and hold stock in generally designated types of organizations in view of the adoption of a revised Regulation K. (With similar letters to Chase International Investment Corporation, Chemical International Finance, Ltd., and Morgan Guaranty International Finance Corporation, all of New York, New York; and Philadelphia International Investment Corporation, First Pennsylvania Overseas Finance Corporation, and The Company for Investing Abroad, all of Philadelphia, Pennsylvania.)	2
Letter to Chemical International Finance, Ltd., New York, New York, granting consent to the purchase of shares of Industrialization Fund of Finland, Helsinki, Finland.	3
Letter to Manufacturers Hanover International Finance Corporation, New York, New York, granting consent to the purchase of shares of Industrialization Fund of Finland, Helsinki, Finland.	4

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	<u>Item No.</u>
Letter to Morgan Guaranty International Finance Corporation, New York, New York, granting consent to the purchase of shares of The Pakistan Industrial Credit and Investment Corporation Limited, Karachi, Pakistan.	5
Letter to Chemical International Finance, Ltd., New York, New York, granting consent to the purchase of shares of C. A. Venezolana de Desarrollo (Sociedad Financiera), Caracas, Venezuela.	6
Letter to Manufacturers Hanover International Finance Corporation, New York, New York, granting consent to the purchase of shares of C. A. Venezolana de Desarrollo (Sociedad Financiera), Caracas, Venezuela.	7

Messrs. Koch, Doyle, and Poundstone then withdrew from the meeting.

Bank holding company application forms. On July 23, 1962, the Board tentatively adopted revisions of (1) Form F.R. Y-1, Application for Prior Approval of Action to Become a Bank Holding Company Pursuant to Section 3(a)(1) of the Bank Holding Company Act of 1956, and (2) Form F.R. Y-2, Application for Prior Approval of Acquisition of Bank Shares Pursuant to Section 3(a)(2) of the Bank Holding Company Act of 1956. At that time it was understood that notice of their prospective final adoption would be published in the Federal Register and that copies would be sent to the Federal Reserve Banks and others for comments.

There had been distributed a memorandum from the Division of Examinations dated July 8, 1963, recommending approval of revised drafts of the two forms that had been prepared after considering comments and suggestions received with respect to the drafts published pursuant to the July 23, 1962, action.

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A memorandum from the Legal Division dated August 22, 1963, commenting on certain changes in the proposed forms, recommending certain further changes therein, and recommending several amendments to Regulation Y, Bank Holding Companies, had also been distributed. It was indicated that the Division of Examinations concurred in the suggestions of the Legal Division with respect to the forms.

Following comments by Mr. Thompson and Mr. Bakke on points regarding the forms covered in the two memoranda, Governor Mitchell observed that while he had not had an opportunity to discuss with the staff the proposed revisions in the forms, he had an impression that perhaps some vital information that was essential for the understanding of an application was not being asked for and some information was being requested for which the Board had no significant need.

Following further comments by Governor Mitchell regarding specific types of information that he believed should be requested in the forms, Governor Balderston raised a question as to the feeling of the staff with respect to a shorter form that could be supplemented if additional information was needed. In this connection, Mr. Solomon noted that there was a general instruction to the effect that in special situations the form could be abbreviated. It was his feeling, however, that the emphasis should be on the complete form rather than on an abbreviated form; the filing of an abbreviated form might necessitate going back to the applicant later for additional information. Along

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this line, Mr. O'Connell pointed out that in a case of a simple application there had been no substantial problem in the past in using the longer form and merely noting that certain parts were not applicable.

After a general discussion, it was suggested that further consideration of the forms be held over until Governor Mitchell had had an opportunity to discuss with the staff the questions he had raised.

There was agreement with this suggestion.

Amendments to Regulation Y (Item No. 8). In the August 22, 1963, memorandum from the Legal Division that had been distributed, several amendments to Regulation Y, Bank Holding Companies, had been recommended. Attached to the memorandum was a draft of notice for publication in the Federal Register in the event of Board approval of the amendments.

Mr. Bakke referred to the proposed amendments and raised a question as to whether the Board would wish to take action on them at this time, with the understanding that the effective date would not be determined until the bank holding company forms (F.R. Y-1 and F.R. Y-2) had been approved.

Mr. Bakke then described the proposed amendments to sections 222.4, 222.5, and 222.7 of Regulation Y, noting that their purpose was (1) to allow the number of copies of applications that must be filed in seeking the Board's approval of certain transactions referred to in section 3(a) of the Bank Holding Company Act of 1956 to be controlled by requirements

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set forth in the form of application itself, (2) to eliminate the requirement that such applications must be filed not less than 60 days prior to the proposed consummation of the transaction and related references, and (3) to clarify and expand the regulation in certain respects regarding the Board's procedures applicable to such applications and applications under section 4(c)(6) of the Bank Holding Company Act. He stated that the Legal Division would not propose publishing in the Federal Register a preliminary statement of proposed rule making with respect to the amendments since they were noncontroversial in nature. Accordingly, there would be no need to ask for comments under the Administrative Procedure Act.

Thereupon, the amendments to Regulation Y were approved unanimously in the form set forth in the notice prepared for publication in the Federal Register, a copy of which is attached as Item No. 8. It was understood that the effective date would be determined following Board approval of forms F.R. Y-1 and F.R. Y-2, that the amendments would then be published in both the Federal Register and the Federal Reserve Bulletin, and that a covering press release would be issued.

Messrs. O'Connell and Bakke then withdrew from the meeting.

Call report form (Item No. 9). Mr. Conkling reported that, pursuant to the understanding at the Board meeting on August 27, 1963, the staff was continuing to work with representatives of the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation in an effort to formulate a uniform report of condition for the

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December call. A meeting was scheduled for the week of September 23, and Mr. Conkling indicated that he would appreciate having any suggestions that members of the Board or staff might have prior to that time.

Mr. Holland then referred to the Board's consideration on September 9, 1963, of a proposed letter to the Presidents of all Federal Reserve Banks transmitting forms and instructions for use of State member banks and their affiliates in submitting reports as of the fall call date this year. That letter would state that the national bank report of condition was being revised and that the revisions, decided upon unilaterally, would make it practically impossible to tabulate data for all member banks. In the circumstances, the letter would indicate that State member banks were being relieved of the burden of completing the detailed schedule on the back of the form and they should be informed that for the purpose of this call they would need to complete only the face side of the report and several related items on the reverse side that were required for deposit insurance assessment purposes. The Reserve Banks would be advised by the letter that they need not tabulate reports for this call and that editing could be limited to such editing as might be necessary to insure substantial accuracy of the publisher's copy and the items required for assessment purposes.

Mr. Holland noted that Board action on the proposed letter had been deferred in view of questions that had been raised by the Division

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of Research and Statistics, particularly as to whether some tabulation might be made of the data for State member banks and insured nonmember banks, assuming that the Federal Deposit Insurance Corporation would continue collecting the information previously called for on the back of the old uniform condition report form. Since that time, Mr. Holland noted, it had been learned that the Corporation was not planning to collect these data. It was the view of the Division of Research and Statistics that collection and tabulation of the data for State member banks only would not serve a useful purpose. Accordingly, there appeared to be no reason for not sending the proposed letter to the Reserve Banks.

With reference to Mr. Conkling's request for suggestions regarding possible changes in the end-of-year call report form, Governor Robertson expressed the view that a point had been reached at which the Board should not be thinking in terms of conceding certain points but rather along the lines of developing a form that would furnish needed information. He believed that the Board's staff should meet with representatives of the other Federal bank supervisory agencies, as scheduled, but with a definite idea as to the type of information that was needed rather than with the thought of giving here and giving there on the form.

Governor Mitchell said it would be his suggestion to instruct the staff to bring before the Board a program for providing the needed

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banking statistics independent of any action the Comptroller might take. The time had come for the Board to have a definite program of its own, which he believed should include the Board's own call report once each year, as well as a sample of banks from which the Board could obtain selected data to build an all-bank statement. Negotiations with the other agencies could be continued, but he considered it important for the staff to come in soon with a definite independent program for the Board's consideration.

At the end of the discussion, it was understood that the staff would proceed along the lines suggested by the comments that had been made.

The letter to the Federal Reserve Banks regarding procedures for the fall call report was then approved unanimously. A copy is attached as Item No. 9.

The meeting then adjourned.

Secretary's Notes: Acting in the absence of Governor Shepardson, Governor Robertson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Cleveland (attached Item No. 10) approving the appointment of Anthony John DiMare as assistant examiner.

Memoranda from appropriate individuals concerned recommending the following actions relating to the Board's staff:

Appointments

Sally L. Hayes as Clerk-Stenographer, Division of Personnel Administration, with basic annual salary at the rate of \$4,110, effective the date of entrance upon duty.

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Appointments (continued)

Christine Mason as Clerk-Stenographer, Division of Personnel Administration, with basic annual salary at the rate of \$4,110, effective the date of entrance upon duty.

Gretchen Donna Walrath as Clerk-Typist, Division of Personnel Administration, with basic annual salary at the rate of \$3,820, effective the date of entrance upon duty.

Catherine M. Zambri as Clerk-Stenographer, Division of Personnel Administration, with basic annual salary at the rate of \$4,110, effective the date of entrance upon duty.

Fred L. Robinson as Messenger, Division of Administrative Services, with basic annual salary at the rate of \$3,245, effective the date of entrance upon duty.

Salary increases

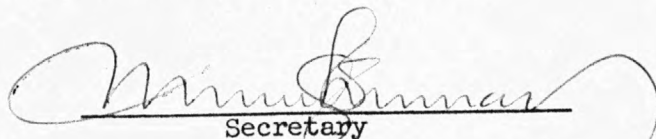
Theodore L. Jones, from \$3,560 to \$3,770 per annum, with a change in title from Messenger to Mail Clerk-Messenger, Division of Administrative Services, effective September 15, 1963.

James H. Newton, from \$4,295 to \$4,505 per annum, with a change in title from Messenger to Lead Messenger, Division of Administrative Services, effective September 15, 1963.

Military leave

Charles E. Evans, Operator, Duplicating Devices, Division of Administrative Services, for a two-year tour of military duty beginning September 25, 1963.

Acting in the absence of Governor Shepardson, Governor Robertson today noted on behalf of the Board a memorandum advising that application for retirement had been filed by Benjamin D. Berry, Foreman-Operator, Division of Administrative Services, effective at the close of business September 30, 1963.


Secretary

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 1
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OFFICE OF THE CHAIRMAN

September 12, 1963.

The Honorable Wright Patman,
Chairman,
Committee on Banking and Currency,
House of Representatives,
Washington 20515, D. C.

Dear Mr. Chairman:

On August 21, 1963, you addressed letters to each of the members of the Board enclosing questions that had been prepared by Drs. Brunner and Meltzer relating to a study of several aspects of the effectiveness of monetary policy.

The members of the Board have considered these questions and have indicated their substantial agreement on the answers they would supply. Accordingly, the members of the Board join in submitting the enclosed set of answers to the eight questions you presented.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosures

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

Item No. 2
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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 12, 1963.



Bankers International Financing Company, Inc.,
16 Wall Street,
New York 15, New York.

Gentlemen:

Reference is made to the Board's letter of June 21, 1963, extending, without specific date until further notice, the termination date contained in the Board's letter of May 3, 1962, as extended, granting general consent to Bankers International Financing Company, Inc., to purchase and hold stock in generally designated types of corporations, subject to the conditions therein contained.

In view of the adoption of a revised Regulation K, effective September 1, 1963, which contains in Section 211.8(a) a General Consent for investment in shares of other corporations in certain situations, the general consent contained in the Board's letter of May 3, 1962, is hereby terminated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Item No. 3
9/12/63

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 12, 1963



Chemical International Finance, Ltd.,
20 Pine Street,
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of August 1, 1963, transmitted through the Federal Reserve Bank of New York, and on the basis of information furnished, the Board of Governors grants consent for Chemical International Finance, Ltd. to purchase and hold 160 shares of Series A stock, par value Finnish Markkas 1,000 each, of Industrialization Fund (Teollistamisrahasto Oy) of Finland, Helsinki, Finland, at a cost of approximately US\$50,000 equivalent, provided such stock is acquired within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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Item No. 4
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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 12, 1963.

Manufacturers Hanover International
Finance Corporation,
44 Wall Street,
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of August 21, 1963, transmitted through the Federal Reserve Bank of New York, and on the basis of information furnished, the Board of Governors grants consent for Manufacturers Hanover International Finance Corporation to purchase and hold Series A shares, par value Finnish Markkas 1,000 each, of Industrialization Fund (Teollistamisrahasto Oy) of Finland, Helsinki, Finland, at a cost of approximately US\$100,000 (equivalent), provided such stock is acquired within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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Item No. 5
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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 12, 1963.

Morgan Guaranty International Finance Corporation,
23 Wall Street,
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of August 15, 1963, transmitted through the Federal Reserve Bank of New York, and on the basis of information furnished, the Board of Governors grants consent for Morgan Guaranty International Finance Corporation to purchase and hold 40,000 ordinary shares, par value Rupees 10 each, of The Pakistan Industrial Credit and Investment Corporation Limited, Karachi, Pakistan, at a cost of approximately US\$94,000, provided such stock is acquired within one year 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. 6
9/12/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 12, 1963.

Chemical International Finance, Ltd.,
20 Pine Street,
New York 15, New York.

Gentlemen:

In accordance with the request and on the basis of information furnished in your letter of August 6, 1963, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants its consent for Chemical International Finance, Ltd., to purchase and hold 5,000 shares, par value Bolivares 100 each, of C. A. Venezolana de Desarrollo (Sociedad Financiera), Caracas, Venezuela, at a cost of approximately Bolivares 500,000 (US\$108,000 equivalent), provided such stock is acquired within one year 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
9/12/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 12, 1963.



Manufacturers Hanover International
Finance Corporation,
44 Wall Street,
New York 15, New York.

Gentlemen:

In accordance with the request and on the basis of information furnished in your application of August 12, 1963, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants its consent for Manufacturers Hanover International Finance Corporation ("MHIFC") to purchase and hold 15,000 shares, par value Bolivares 100 each, of C. A. Venezolana de Desarrollo (Sociedad Financiera) ("CAVD"), Caracas, Venezuela, at a cost of approximately Bolivares 1,500,000 (US\$330,000 equivalent), provided such stock is acquired within one year from the date of this letter.

The Board also approves the purchase and holding of shares of CAVD within the terms of the above consent in excess of 10 per cent of MHIFC's capital and surplus.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Applications

1. Effective paragraphs (d), (e)(1), (f) and (g) of § 222.4, paragraph (b) of § 222.5, and § 222.7 are amended to read as follows:

§ 222.4 - Acquisition of Bank Shares or Assets

(d) Submission of applications. - An application for approval by the Board of any transaction requiring such approval under paragraph (a) of this section shall be filed with the Federal Reserve Bank,³ together with the number of copies specified in the appropriate form of application, obtainable from the Federal Reserve Bank. A separate application shall be filed with respect to each bank the voting shares or assets of which are sought to be acquired by an existing bank holding company or nonbanking subsidiary thereof.

(e) Procedure on applications. - (1) A Federal Reserve Bank receiving an application under this section will retain one copy thereof and will forward all other copies to the Board. If either the applicant

³ The term "Federal Reserve Bank," as used herein, means the Federal Reserve Bank of the Federal Reserve District in which the applicant has its principal office.

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or the bank the voting shares or assets of which are sought to be acquired is a national bank or a District Bank, the Board will transmit a copy of the application to the Comptroller of the Currency, and will advise the Department of Justice and the appropriate State supervisory authority of the receipt of such application. If either the applicant or the bank the voting shares of which are sought to be acquired is a State bank, the Board will transmit a copy of the application to the bank supervisory authority of the State in which such bank is located, and will advise the Department of Justice and the Comptroller of the Currency of the receipt of such application.

* * * * *

(f) Hearings or oral presentations on applications. - (1) In any case in which the Board receives written advice of disapproval of the application from the Comptroller of the Currency (if a national or District bank is involved) or the State supervisory authority (if a State bank is involved), as the case may be, within 30 days from the date of receipt of the application by the appropriate authority, section 3(b) of the act requires that a formal hearing be held. In such cases, the Board will so notify the applicant in writing, directing the applicant's attention to the provisions of the said section 3(b). Within three days after the date of the sending of such notice to the applicant, the Board will notify in writing the applicant and the Comptroller of the Currency or the appropriate State supervisory authority, as the case

may be, of the date fixed by the Board for the commencement of the hearing and of the place and time at which such hearing will be held. Any such hearing will be commenced not less than ten days nor more than thirty days after the date on which the Board sent the applicant notice of the disapproval of the Comptroller of the Currency or the appropriate State supervisory authority.

(2) Apart from the circumstances under which a hearing must be held on an application under this section, the Board may, in a particular case, order a formal hearing if it determines that such a proceeding would be desirable in the interests of the parties or the public.

(3) In any case in which a formal hearing is not ordered by the Board, an opportunity may be offered the applicant and other properly interested persons (including Government agencies) to present views orally before the Board or its designated representative.

(4) Unless otherwise ordered by the Board, hearings or oral presentations ordered by the Board on applications under this section will be public.

[See also section 262.2(f), Part 262 of this chapter (Rules of Procedure).]

(g) Action on applications. -- In any case in which a hearing is held in accordance with paragraph (f)(1) or (f)(2) of this section, the Board, after the conclusion of such hearing, will by order grant or deny the application on the basis of the record made at such hearing.

Board of Governors

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(2) In any case in which an oral presentation is held in accordance with paragraph (f)(3) of this section, the Board, after the conclusion of such proceeding, will by order grant or deny the application on the basis of the record before it, including the record made at the oral presentation.

(3) In all other cases, the Board will by order grant or deny the application after receipt of advice that the Comptroller of the Currency or the appropriate State supervisory authority, as the case may be, does not disapprove the application, or, if no such advice is received, after the expiration of thirty days from the date of receipt of the copy of the application by the Comptroller of the Currency or such State authority.

[See also section 262.2(f), Part
262 of this chapter (Rules of
Procedure).]

§ 222.5. - Interest in Nonbanking Organizations

(b) Shares of financial, fiduciary, or insurance companies. -

Any bank holding company which is of the opinion that a company all the activities of which are of a financial, fiduciary, or insurance nature is so closely related to the business of banking or of managing or controlling banks, as conducted by such bank holding company or its banking subsidiaries, as to be a proper incident thereto and as to make it unnecessary for the prohibitions of section 4 of the act to apply in order to carry out the purposes of the act, may request the Board for

Board of Governors

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such a determination pursuant to section 4(c)(6) of the act. Any such request shall be filed in duplicate with the Federal Reserve Bank. After receipt of any such request, the Board will notify the bank holding company of the place and time fixed for a hearing on the requested determination, as required by the said section 4(c)(6); and, after the conclusion of such hearing and on the basis of the record made at the hearing, the Board will by order make or decline to make the requested determination. Unless otherwise ordered by the Board, hearings held on requests under this paragraph will not be public.

§ 222.7 - Hearings and Oral Presentations

(a) When ordered. - In addition to the proceedings referred to in § 222.4(f) and § 222.5(b), a hearing or oral presentation may be ordered by the Board in its discretion with respect to any application or request under this part, either upon its own motion or upon the request of any party in interest, if the Board deems such hearing to be in the interests of the parties or the public.

(b) Procedure. - Notice of any hearing or oral presentation ordered by the Board will be published in the Federal Register a reasonable time in advance of the date fixed. Hearings will ordinarily be held before trial examiners appointed in accordance with the provisions of the Administrative Procedure Act, and will be conducted in accordance with Part 263 of this chapter (Rules of Practice For Formal Hearings). Oral presentations will ordinarily be held before the Board of Governors.

(c) Record of proceedings. - The record in any proceeding under this part upon which an order of the Board is based shall consist of the application or request filed with the Board in connection with such proceeding; any views and recommendations received by the Board from the Comptroller of the Currency or the appropriate State supervisory authority pursuant to section 3(b) of the act; the transcript of any hearing or oral presentation held with respect to such application or request any exhibits admitted into evidence thereat; any report and recommendation made by the trial examiner or hearing officer before whom a hearing was held; any other document or writing relied upon by the Board in making disposition of the matter; any order of the Board issued in connection with the proceeding; and any statement of reasons issued by the Board in support of such order.

2a. The purpose of these amendments is (i) to allow the number of copies of applications which must be filed in seeking the Board's approval of certain transactions referred to in section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842) to be controlled by the requirements set forth in the form of application itself, (ii) to eliminate the requirement that such applications must be filed not less than 60 days prior to the proposed consummation of the transaction and related references, and (iii) to clarify and expand the regulation in certain respects regarding the Board's procedures applicable to such applications and applications under section 4(c)(6) of the said act.

Board of Governors

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b. The change regarding the number of copies of applications to be filed was included in a proposed revised form of application which was distributed to all existing bank holding companies for comment, and no adverse comments have been received regarding this matter. So far as concerns elimination of reference to the 60-day filing requirement, this has been done because as a practical matter more than 60 days is usually required for disposition of an application, and it is therefore believed that reference to a 60-day interval in the Regulation might be misleading. The remaining changes have been made in order that the Regulation may accurately reflect the nature and scope of the Board's procedures and practices regarding bank holding company applications which have evolved since the Regulation was drafted.

c. The notice, public procedure, and effective date requirements described in sections 4(a), (b), and (c) of the Administrative Procedure Act are not followed in connection with these amendments for good cause found, as stated in § 262.1(e) of the Board's Rules of Procedure (Part 262); viz, it is not believed that the nature of the amendments in question is such as to make such procedures necessary or desirable.

[12 U.S.C. 1844. Interprets or applies 12 U.S.C. 1842.]

By order of the Board.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 9
9/12/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 16, 1963.

Dear Sir:

The indicated number of copies of the following forms are being forwarded to your Bank under separate cover for use of State member banks and their affiliates in submitting reports as of the next call date. A copy of each form is attached.

Number of
copies

Form FR 105 (Call No. 169), Report of Condition
of State member banks.

Form FR 105e (Revised February 1961), Publisher's
copy of report of condition of State member banks.

Form FR 105e-1 (Revised February 1961), Publisher's
copy of report of condition of State member banks.

Form FR 220 (Revised March 1952), Report of affiliate
or holding company affiliate.

Form FR 220a (Revised March 1952), Publisher's copy of
report of affiliate or holding company affiliate.

All of the forms are the same as those used on June 29, 1963.

The Office of the Comptroller of the Currency has informed the Board that the national bank report of condition will be revised; the revisions are described in an attachment. The Board was not informed of the proposed revisions until August 19, which did not allow time for negotiations with the State banking departments with which joint publication arrangements have been developed over the years, or with the Bureau of the Budget and its Advisory Committee, or to submit the draft form to the Federal Reserve Banks for comments and suggestions.

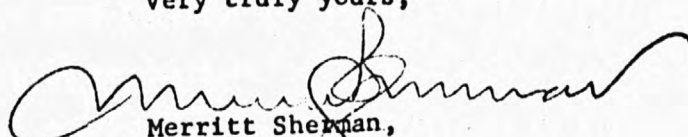
-2-

Substantial differences in form will make it practically impossible to tabulate all member bank data under present automated processing techniques or to obtain comparable statistical data for this call. In the circumstances, State members may be relieved of the burden of completing the detailed schedules on the back of the form and should be informed that, for purposes of this call, they need complete and submit only the face of the report, which is to be published, and the following items on the reverse of the form which are required for deposit insurance assessment purposes: Schedule D, item 1 "Cash items in process of collection," subitem (a) and subitem (b) or (c); Schedule E, item 9 "Total demand deposits;" Schedule F, item 2 "Deposits accumulated for payment of personal loans;" and item 10 "Total time and savings deposits;" and Schedule FDI "Other data for deposit insurance assessments."

The Federal Reserve Banks need not key punch or tabulate the reports for this fall call, and editing may be limited to that necessary on State member reports to insure substantial accuracy of the publisher's copy and the items required by the Federal Deposit Insurance Corporation for assessment purposes.

The loss of benchmark data for all insured commercial banks at the fall call makes it necessary for the Reserve Banks to edit the weekly form FR 416 and the semimonthly form FR 644 even more carefully than heretofore in order to maintain continued comparability and consistency in the Board's weekly reporting member bank and semimonthly all-bank series. If these weekly or semimonthly forms received from national banks should indicate shifts in reporting patterns, the banks involved should be urged either to report as they have in the past for these two series or to interline the items so that Reserve Banks may make statistical adjustments; for example: corporate stocks should continue to be included in other securities; "Federal funds sold" and "Federal funds purchased" should be included in loans and borrowings, respectively; securities and capital accounts should be reported net of valuation reserves; real estate loans should be reported in accordance with current instruction pamphlets; and total loans on Form FR 644 should be reported net of valuation reserves. Tentatively, direct lease financing transactions should be included in other assets.

Very truly yours,


Merritt Sherman,
Secretary.

Enclosures

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

Changes in National Bank Report of Condition--
Effective For 1963 Fall Call

1. Reporting of loans and investment items on a gross basis on the face side of the report, with valuation reserves shown in a separate section following "Total liabilities." Three separate valuation reserve items are listed:

Reserve for loan losses under
Internal Revenue Code
Valuation reserve on securities
Other valuation reserves

The item of total valuation reserves on loans continues to be reported separately in the loan Schedule A. Items in Schedule B, Government securities, are to be reported gross, instead of net of reserves as heretofore.

2. Omission of present Asset item 5, "Corporate stocks (including \$_____ stock of Federal Reserve Bank)." It is not known where these stocks are to be reported by national banks, presumably in other assets.
3. New items, "Federal funds sold" and "Federal funds purchased," to follow the loans and borrowings items, respectively.
4. New item, "Direct lease financing," to follow the new item "Federal funds sold."
5. Change of present item, "Investments and other assets indirectly representing bank premises or other real estate," to "Loans to and investments in corporations owning bank premises."
6. New item, "Debentures" added under Capital Accounts, followed by preferred and common stock in that order, i.e., a reversal of form FR 105 order.

-2-

7. New subtotal, "Total valuation reserves and capital funds" following valuation reserves and capital accounts.
8. Deletion under "Memoranda" of the present item, "Assets pledged or assigned to secure liabilities...."
9. New memorandum item, "Time certificates of deposit outstanding."
10. Schedule A on the back of the report has been revised to change the first line to read, "All loans secured by real estate, in whole or in part."

3159

Item No. 10
9/12/63

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 12, 1963



Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of September 5, 1963, the Board approves the appointment of Anthony John DiMare as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.