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. Robertson
Gov. Balderston
Gov. Shepardson
Gov. Mitchell
Gov. Daane
Gov. Maisel
Minutes of the Board of Governors of the Federal Reserve System on Thursday, May 6, 1965. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. Shepardson
Mr. Maisel

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Hooff, Assistant General Counsel
Mr. Leavitt, Assistant Director, Division of Examinations
Mrs. Semia, Technical Assistant, Office of the Secretary
Mr. Plotkin, Senior Attorney, Legal Division
Mr. Forrestal, Attorney, Legal Division
Mr. Egertson, Supervisory Review Examiner, Division of Examinations

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

Letter to Manufacturers and Traders Trust Company, Buffalo, New York, approving the establishment of a branch on Dorrance Avenue.

Letter to Central Trust Company, Rochester, N. Y., Rochester, New York, approving the establishment of a branch on Waring Road.

Letter to The People's Savings and Trust Company, Hazleton, Pennsylvania, approving the establishment of a branch at the location of its main office while operations are temporarily transferred to 2-10 East Broad Street.
Letter to the Federal Deposit Insurance Corporation regarding the application of The Nashville State Bank, Nashville, Indiana, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.

Letter to Fowler State Bank, Fowler, Indiana, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.

Letter to the Federal Reserve Banks regarding whether a member bank may accept as a savings account a deposit made by an industrial corporation consisting of funds pledged by an individual.

Applications for unlisted trading privileges (Item No. 7).

There had been distributed a memorandum dated May 4, 1965, from the Legal Division regarding applications of the Boston Stock Exchange and the Philadelphia-Baltimore-Washington Stock Exchange, pursuant to section 12(f) of the Securities Exchange Act of 1934, for unlisted trading privileges as to the capital stock of The Chase Manhattan Bank, New York, New York. The stock had become registered for trading on the New York Stock Exchange on March 12, 1965, after the bank filed a registration statement with the Board. Section 12(f) in effect permitted the Board to authorize any exchange to conduct unlisted trading in the stock of a member State bank listed on another exchange, provided that, after notice and opportunity for hearing, the Board found that such trading was necessary or appropriate in the public interest or
for the protection of investors. The statute required, in the present case, that not less than 10 days' notice be given to the applicant exchanges, to Chase Manhattan, and to the New York Stock Exchange. If no requests for hearing were received during the time specified for receipt of such requests, the staff would then submit recommendations with respect to the merits of the applications. Attached to the memorandum was a draft of notice that might be sent to the interested organizations and published in the Federal Register.

The Legal Division suggested that similar notices regarding future applications be published and be sent to interested parties without individual authorization by the Board.

After discussion unanimous approval was given to the notice, subject to certain editorial changes, with the understanding that it would be published in the Federal Register and sent to the interested organizations, and that a similar procedure would be followed in connection with applications for unlisted trading privileges received hereafter, without specific authorization by the Board. Since these were the first such applications, it was understood that a brief press statement would be issued. A copy of the notice is attached as Item No. 7.

Study of Board's offices. For reasons stated by Governor Shepardson, it was understood that the meeting with representatives of Raymond Loewy/William Snaith, Inc., would be scheduled for the afternoon of May 18, 1965, rather than the morning of May 17.
The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board a memorandum from Governor Maisel recommending the transfer of Hubert L. Steward from the position of Messenger in the Division of Administrative Services to the position of Messenger in the Board Members' Offices, with an increase in basic annual salary from $3,385 to $3,680, effective May 9, 1965.
May 6, 1965

Board of Directors,
Manufacturers and Traders Trust Company,
Buffalo, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Manufacturers and Traders Trust Company, Buffalo, New York, of an in-town branch at 490-518 Dorrance Avenue, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)
Board of Directors,
Central Trust Company,
Rochester, N. Y.,
Rochester, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Central Trust Company, Rochester, N. Y., Rochester, New York, of an in-town branch at 314 Waring Road, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board’s letter of November 9, 1962 (S-1846), should be followed.)
May 6, 1965

Board of Directors,
The People's Savings and Trust Company,
Hazleton, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The People's Savings and Trust Company, at the location of the bank's main office while main office operations are temporarily transferred to 2-10 East Broad Street, Hazleton, Pennsylvania, during the main office remodeling program.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.
Honorable Kenneth A. Randall, Chairman,
Federal Deposit Insurance Corporation,
Washington, D. C. 20429.

Dear Mr. Randall:

Reference is made to your letter of April 12, 1965, concerning the application of The Nashville State Bank, Nashville, Indiana, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

There have been no corrective programs urged upon the bank, or agreed to by it, which have not been fully consummated, and there are no such programs that the Board would advise be incorporated as conditions of admitting the bank to membership in the Corporation as a nonmember of the Federal Reserve System.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.
Board of Directors,
Fowler State Bank,
Fowler, Indiana.

Gentlemen:

The Federal Reserve Bank of Chicago has forwarded to the Board of Governors President Gibson's letter of April 17, 1965, together with the accompanying resolutions dated April 12, 1965, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

The Board of Governors waives the requirement of six months' notice of withdrawal. Upon surrender to the Federal Reserve Bank of Chicago of the Federal Reserve Bank stock issued to your institution, such stock will be canceled and appropriate refund will be made thereon. Under the provisions of Section 208.10(c) of the Board's Regulation H, your institution may accomplish termination of its membership at any time within eight months from the date the notice of intention to withdraw from membership was given.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of Chicago.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.
Dear Sir:

The Board of Governors has been asked by a Federal Reserve Bank to consider whether a member bank may accept as a savings account a deposit made by an industrial corporation consisting of funds pledged by an individual. The account was established by the corporation pursuant to a pledge agreement as security for all past, present, and future indebtedness arising from a contractual relationship between the corporation and an individual.

It is understood that the pledged funds are maintained by the corporation in its own name in a separate account specifically denominated as a "pledge account." The interest earned on the deposit is retained in the account subject to the pledge. Withdrawals are authorized to be made upon presentation of a passbook, and the amount of the withdrawal forwarded to the corporation by check drawn in its favor where it is credited to the individual's account with the corporation. Upon termination of the contractual relationship, the corporation is authorized to close out the account and apply the pledged funds to any indebtedness due the corporation, and thereafter to account for the balance of the funds to the individual party to the contract.

It is the conclusion of the Board that while the deposit stands in the name of a corporation which is operated for profit and the legal title to the account rests in the corporation, under the facts as presented the entire beneficial interest in the account is held by an individual within the meaning of section 217.1(e)(1)(i) of Regulation Q. Consequently, the account may be accepted by a member bank and treated as a savings deposit provided it otherwise conforms to the provisions of Regulation Q.
However, in the event that the corporation is required under the terms of the pledge agreement to exercise its dominion over the funds so that the beneficial interest is transferred to the corporation, the account will cease to be a savings deposit.

It is assumed that the corporation will not enjoy the right to write checks against the funds in the account, and that the account will not be treated in any other manner as a demand deposit.

Very truly yours,

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS
FEDERAL RESERVE SYSTEM
THE CHASE MANHATTAN BANK

Applications for Unlisted Trading Privileges

Notice is hereby given that the Boston Stock Exchange and Philadelphia-Baltimore-Washington Stock Exchange, both of which are national securities exchanges, have applied to the Board of Governors, pursuant to sections 12(f) and 12(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78l), for unlisted trading privileges as to the capital stock of The Chase Manhattan Bank, which security is listed and registered on the New York Stock Exchange, a national securities exchange.

In determining whether to grant the applications, the Board is required by section 12(f)(2) of the Act to determine whether the requested unlisted trading privileges are necessary or appropriate in the public interest or for the protection of investors.

Upon receipt of a request from any interested person, on or before May 24, 1965, for a hearing on the applications, the Board will determine whether to order such a hearing. Any such request should state the nature of the interest of the person making the request and the position he proposes to take at the hearing, if a hearing is held. In addition, on or before the specified date any interested person may submit his views or any additional information bearing on the applications. Communications should be addressed to the Secretary,
Board of Governors of the Federal Reserve System, Washington, D. C. 20551. At any time after the specified date, an order disposing of the applications may be issued by the Board upon the basis of the information presented therein and other available information.

Dated at Washington, D. C., this 6th day of May, 1965.

By order of the Board of Governors.

(SEAL) (Signed) Merritt Sherman

Merritt Sherman,
Secretary.