FR 609

Minutes for September 15, 1965

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 Wednesday, September 15, 1965. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Brill, Director, Division of Research and Statistics
Mr. Solomon, Director, Division of Examinations
Mr. Johnson, Director, Division of Personnel Administration
Mr. Kakalec, Controller
Mr. Schwartz, Director, Division of Data Processing
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Shay, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Daniels, Assistant Director, Division of Bank Operations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Kern, Assistant Director, Division of Administrative Services
Mr. Langham, Assistant Director, Division of Data Processing
Mrs. Semia, Technical Assistant, Office of the Secretary
Mr. Rowe, Chief, Economic Graphics Section, Division of Data Processing

Circulated 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 Citizens Fidelity Bank and Trust Company, Louisville, Kentucky, approving the establishment of a branch at the Medical Towers South Building.	1
Letter to Surety National Bank, Los Angeles (Encino), California, granting its request for permission to continue to maintain reduced reserves.	2
Letter to the Federal Reserve Bank of Cleveland regarding plans to hire Mr. W. Martin Morrison as Consultant to the President on matters pertaining to the Cincinnati Branch building and Mr. Laird Landis as Consultant to the Research Department following their forthcoming retirements.	3

Report on H. R. 7496 (Item No. 4). There had been distributed a memorandum dated September 9, 1965, from the Legal Division regarding a request from the House Committee on Banking and Currency for a report on H. R. 7496, a bill to amend section 5155 of the Revised Statutes, relating to the establishment and operation of branches by national banks.

The memorandum explained that the New York State Bankers Association had recommended State legislation that would authorize State-wide branch banking through merger, but would retain the prohibition against the establishment of "new" branches on a State-wide basis. In Utah, which already had such a statute, the Comptroller of the Currency had authorized the establishment of a "new" branch by a national bank, and he had stated that he would take the same position in New York if the State law were amended as proposed. The Comptroller's position on this point was now being tested in the courts. Bill H. R. 7496 was

aimed principally at preventing such an interpretation by providing that a State law permitting State banks to gain branches through mergers "shall not be deemed to empower a national bank to open or establish new branch offices." Accordingly, the proposed amendment to section 5155 would (1) permit a national bank to acquire branches through merger, consolidation, or acquisition of assets, in States that permitted State bank branching in certain locations on this basis only; (2) require national banks to comply with provisions of State law requiring branches so acquired to be closed within a specified time; and (3) prevent the Comptroller from taking the position that branches acquired through merger were "new" branches within the meaning of Federal statutes, and that, therefore, when State law permitted branching only through merger, national banks might establish branches without a merger taking place.

Attached to the memorandum was a draft of letter to Chairman Patman of the House Committee on Banking and Currency that would state that "If court decisions are favorable to the Comptroller's position, the dual banking system, insofar as the establishment of branches is concerned, would be seriously unbalanced, and the Congressional purpose to place State banks and national banks on a basis of competitive equality with respect to the establishment of branches would be partly frustrated. The Board believes that the proposed legislation is desirable in order to clarify the 'rules' that govern the establishment of branches by national banks."

There had also been distributed a memorandum dated September 9, 1965, in which Mr. Hexter, after providing additional background information, pointed out the possible conflict between two principles -- equality of opportunity for banks of different classes and preservation of banking competition. State laws usually reflected the State's belief as to what policy on branching would best promote the general welfare, but statutes such as those of Utah (and Virginia) seemingly were not based on a conviction that State-wide branching was either good or bad, since they permitted State-wide branching through mergers but prohibited it through the establishment of new banking offices. It might be argued that laws of this character were inimical to the preservation of banking competition. They provided additional incentive to bank mergers, which reduced the number of competing institutions and tended toward greater banking concentration. If the Board, although accepting the validity of the principle of State and national bank equality of opportunity in section 5155, should decide that the principle of preservation of competition was even more vital, and that H. R. 7496, while promoting the former principle, would further undermine the latter, it might wish to recommend -- in lieu of the amendment in the pending bill -- an amendment that would incorporate the Comptroller's administrative approach into the statute. In other words, it might be thought beneficial for the Federal branch law to provide specifically that if State law authorized State-wide branching via mergers, national banks -- with supervisory

approval -- might establish branches State-wide either through mergers or de novo. If the Federal law contained such a provision, almost inevitably the affected States would amend their laws to eliminate pro-merger features.

At the Board's request Mr. Hexter commented on the relevant statutory provisions and on the two conflicting principles discussed in his memorandum. In response to questions he elaborated on the terms of the Federal law and on the effect of the proposed amendment from the standpoint of equality of opportunity for national and State banks to establish branches.

Governor Robertson then proposed a revision in the final paragraph of the proposed letter so as to state that the Congressional purpose of existing legislation in this field was to place State banks and national banks on a basis of competitive equality with respect to the establishment of branches, that the proposed legislation apparently was designed to reaffirm that purpose, to prevent administrative interpretations to the contrary, and thus to clarify the rules governing the establishment of branches by national banks, and that the Board favored the proposal. He added that if the Board so desired it could state that it favored the proposal even though it was not in sympathy with the anti-competitive tendency of certain State laws. However, he would recommend leaving off this final clause.

Governor Maisel suggested that since there were two conflicting principles involved, as mentioned by Mr. Hexter, the matter perhaps

came down to a question of policy that the Congress itself should decide. In other words, the Board could point out that there was a conflict of principles and leave the matter for the Congress to resolve as a political decision.

Mr. Hexter observed that in the field of bank supervision the Board had followed a practice of attempting to give the Congress the benefit of its views on conflicting points of policy. Governor Maisel then suggested simply pointing out the nature of the conflict and saying that the Board had no strong feeling as to which of the two principles should be regarded as paramount. Mr. Hexter commented that this could be done, of course, if the Board had no strong views.

Governor Robertson said it was his view that the principle of equality of opportunity for national and State banks should take precedence over any anti-competitive aspect of particular branch laws in particular States.

Mr. Hackley said he was not sure it was clear that State laws like those of Utah and Virginia necessarily had anti-competitive implications. The establishment by a large bank of a branch in a place where a small bank was located might, in some circumstances, have a greater anti-competitive effect than the acquisition of a small bank by merger. He saw merit in the argument that the principle of equality of opportunity outweighed a possible adverse competitive effect. There was a supervisory apparatus available, he pointed out, to take care of situations where an anti-competitive effect might otherwise prevail.

Mr. Solomon commented that if the Congress decided it should make a definite change in policy on branching by national banks and specify such a policy in the law, that was one thing. But it seemed to him that the alternative suggested by Mr. Hexter would not really accomplish the purpose. It would represent a partial acceptance and partial rejection of State policy.

Chairman Martin said it was clear to him that the over-riding principle was equality of opportunity, without which the dual banking system would be damaged severely.

Upon request, Governor Robertson then read again the language that he had proposed for the final paragraph of the letter, and after further discussion the letter to Chairman Patman was approved in such form. A copy is attached as Item No. 4.

Availability of merger and holding company applications (Items 5 and 6). On April 22, 1965, in connection with its consideration of a request from Chairman Celler of the House Committee on the Judiciary for a copy of a certain bank merger application, the Board decided to publish in the Federal Register for comment a proposed amendment to the Board's Rules of Procedure (with a supporting change in the Rules Regarding Information, Submittals, and Requests) under which copies of bank merger and bank holding company applications would ordinarily be made available for inspection by the public, with appropriate deletions. The present form of the rules provided that in any bank merger or bank

holding company case in which the Board had ordered a public hearing or a public oral presentation of views, notice of such proceeding would be published in the Federal Register and the application would be made available for public inspection, except such portions as to which the Board found that disclosure would not be in the public interest. If no public proceeding was ordered by the Board, a request for access to an application could be made, but the Board's rules for the safeguarding of unpublished information provided that such information was not to be disclosed except in circumstances in which the Board deemed disclosure to be in the public interest. At the time the proposed amendment was published in the Federal Register for comment, views were solicited also from the Federal Reserve Banks, the Department of Justice, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

There had now been distributed a memorandum dated September 13, 1965, from the Legal Division, reporting that 14 commercial banks had submitted objections to the proposal, as had the American Bankers Association. However, most of the Federal Reserve Banks that commented had viewed the proposal favorably. No comments were received from or on behalf of any bank holding company. The proposal was endorsed by the Department of Justice, but no views or comments were received from the Federal Deposit Insurance Corporation or the Comptroller. (Neither the Corporation nor the Comptroller ordinarily made merger applications

publicly available.) A summary of the comments received was attached to the memorandum.

The Legal Division recommended that the Board now adopt an amendment along the lines of the proposal that had been published for comment, to be effective at some date within a few weeks. The Division of Examinations, however, recommended that the Board not adopt such an amendment. The core argument offered in support of the Legal Division's recommendation was that the need for access to applications was not dependent on public proceedings. The availability for public inspection of applications where public proceedings had been ordered enabled interested members of the public who might wish to appear for or against the proposal to be informed adequately. However, it was difficult to argue convincingly that when a public proceeding had not been ordered public notice of the filing of an application served any real benefit to persons or institutions to whom the application might be important unless they were to have the opportunity of access to the application. The memorandum set out other considerations bearing upon the Legal Division's favorable recommendation and discussed the basis for the adverse recommendation of the Division of Examinations.

After introductory remarks by Mr. Shay, Mr. Solomon commented on the Division of Examinations' reversal of its previous attitude in favor of the proposed amendment. Basically, the Division's consideration of the comments received from banks led it now to believe that the

benefits to be derived from making all applications available for public inspection were not sufficient to offset the resentment that such a practice might cause among State member banks. It seemed apparent that the practice would further among State member banks the feeling that they were discriminated against, because neither the Comptroller of the Currency nor the Federal Deposit Insurance Corporation followed such a practice with respect to merger applications by national banks or non-member insured banks. This resentment, deriving from a series of situations, was cumulative in nature. Moreover, in the absence of a general practice of disclosure, no one who really needed the information contained in an application was necessarily deprived of it; the Board could specifically grant access to anyone who demonstrated a legitimate need.

Governor Robertson asked if the principal interest would not be on the part of an applicant's competitors, to which Mr. Solomon replied that in practice more interest might be found on the part of persons desiring, for example, to write articles that would spread the bank's business before the public and cause general uneasiness. In his view, such nonspecific interest was less deserving than the specific interest of a person who would be directly affected by a proposed transaction.

Governor Robertson commented that he was not sure how much was to be gained by a practice of allowing public inspection of applications. But he believed that as a matter of general principle the

Board should conduct its operations in such manner that anyone who had a legitimate interest was granted access to pertinent information. With respect to bank stocks, the Congress had prescribed a policy of public disclosure of information, which was carried out as to State member banks by the Board's Regulation F (Securities of Member State Banks); with respect to information regarding bank merger or holding company applications, the Board had adopted a policy of disclosure in any case as to which it ordered a public proceeding. Any party who filed an application was aware of that policy and, not knowing whether or not the Board would order a public proceeding, must be prepared for public inspection of the application.

Mr. Hackley observed that although under the present rule the Board in its discretion could make any application available, with deletion of confidential material, to any interested person who requested access, it seemed probable that the public did not generally realize that such requests were in order, and it might be desirable to make this clear.

Mr. O'Connell stated that he was in favor of the Legal Division's recommendation. Access to an application was a minimum to enable submission of intelligent views from interested parties. A person who wished to protest a proposed transaction would not know how best to frame his objections unless he knew the nature of the transaction, as explained by the applicant. Also, newspaper articles were likely to

be more accurately and responsibly written if the reporter had access to the pertinent documents than if they had to be based partly on conjecture. At present, after necessary excisions, applications as to which the Board had ordered a public proceeding were made available in the Board's Records Section to any member of the public. Admittedly, the necessity for keeping a portion of the record confidential, if all applications were to be made available to the public, would present some practical problems. For example, the copies available in the Board's Records Section and those at the Federal Reserve Banks would have to be blanked out identically. However, such procedural details could be worked out.

Governor Robertson asked if it might not obviate much of the administrative burden if, instead of preparing all applications for public availability, the amendment indicate that inspection would be allowed upon request.

Mr. Hackley stated that it seemed to him clear that in the public interest the Board should have before it all information relevant to an application in order to make a proper judgment. As Mr. O'Connell had indicated, interested persons were not in a position to make full comments unless they were familiar with the application concerned. Although there might be problems of judgment as to what portions of an application were so confidential that it would not be in the public interest to disclose them and administrative problems

in working out the procedures for excising confidential material, those burdens might not be so severe if the work had to be done only when a request was received for access to an application. To him it had been surprising that so few banks had submitted objections, and no bank holding companies. If there had been widespread strong feelings, it seemed probable that an avalanche of protests would have been received.

Mr. Solomon remarked that the viewpoint presented by the American Bankers Association was probably intended to be a collective one, thus tending to keep down the number of submissions by individual banks.

Governor Balderston cited statistics indicating that public disclosure of bank merger applications was forbidden by the laws of about twice as many States as those that permitted it. The important point, however, was that the Board had one principal responsibility -- to make the right decision -- and vital to that was the availability of a complete story. The application could not be depended on to contain the complete story, because the applicant might be fearful that full disclosure would be harmful to its interests. Therefore, it was important that anyone who could contribute information have the opportunity. To the end of facilitating the assembly of all relevant facts, a person coming forward with an objection obviously ought to know to what he was objecting. There might be merit, from an administrative standpoint, in Governor Robertson's suggestion. If a person had sufficient interest in the case to ask to see the application, upon receipt of his request

the application could be reviewed for confidential material that should be excised.

Chairman Martin said he felt strongly that people who wished to engage in a merger or holding company operation should be willing to have their reasons exposed to the public. He had been of the opposite view some years ago, but times had changed. Public interest was greater in these transactions now; there were a greater number of proposals that would serve the vested interests of the applicants; and questions had arisen as to the extent to which merger and holding company operations should be permitted in the public interest. He believed that they should be permitted, within bounds, and that it was not possible to preserve the unit banking system in the way some people wished, with shelter for their little domains. However, the public should know what was involved. Thus he believed that, regardless of the practice of any other supervisory authority, the Board should do its utmost to obtain all the information that was available. If the press was allowed access to such applications, this might help to bring a proposal to the attention of people who would be affected directly or indirectly. Although it might seem logical to have a public hearing on every application, that was a time-consuming procedure. But the same purpose might be achieved, to some extent, if anyone interested in an application had an opportunity to see it.

Governor Maisel suggested that the administrative problems that had been referred to might be lessened through the use of a form on which

the applicant would list the information that he considered confidential. The list could be reviewed when the application was received. The present situation was unfair in a sense because the applicant did not know whether or not a public proceeding would be ordered and whether or not his application would be made available for public inspection. Through the use of a form such as suggested the applicant would know the ground rules and could specify what information it was thought should be withheld from public access. Information on both sides of a proposal was necessary, and would-be objectors should have an opportunity to know the basis of the proposal. The primary consideration was the public interest, and it was of benefit to know what members of the public thought.

Governor Shepardson expressed the view that when a governmental body had power to grant a privilege, the interest of the public in the implications of that privilege justified disclosure of the information upon which the governmental authority based its judgment. The point as to possible discrimination through disclosure of information about banks of a particular class was part of a broader question, on which he had expressed himself in a different connection yesterday, but he did not believe this should be a determining factor in regard to the matter now under consideration. In general, he did not think that a practice of making information publicly available only when there was a public proceeding was a proper position. He was not sure whether anything would be gained by following the suggestion of making applications

available for inspection only upon request. Something might be gained if the proposed change in the Rules of Procedure resulted in receipt of a great many more requests than there had been to date.

Further discussion centered upon administrative procedures for making applications available and determining what information would be withheld from inspection. A suggestion was made that the form of application for holding company transactions, now in process of revision, might provide for segregation of information for which confidentiality was requested; also that it might be possible to establish broad categories of information, such as salaries, that would not be open to inspection. It was brought out that public relations might be affected adversely, once the proposed amended rule had been announced, if access to an application was delayed for some time to permit excision of confidential material. It was observed that there might not be need to specify that applications would be made available "upon request," since the term "available for inspection" really implied a request.

At the conclusion of the discussion unanimous approval was given to an amendment to the Board's published Rules of Procedure (with supporting amendment to the Rules Regarding Information, Submittals, and Requests) effective October 30, 1965, in the form attached as Item No. 5. A copy of the letter in which the Department of Justice was informed of the amended rules is attached as Item No. 6; similar letters were sent to the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

Purchase of charting machine (Item No. 7). There had been distributed a memorandum dated September 10, 1965, from the Division of Data Processing recommending that the Board's present electronic charting machine be replaced by a Dataplotter System Series 3500 manufactured by Electronic Associates, Inc., Long Branch, New Jersey. The cost of the new system would be $62,205, plus shipping charges of about $100. The Division's 1965 budget included $60,000 designated for the purchase. The memorandum discussed the need for the new machine, choices of available equipment, advantages expected to be gained through the system recommended to be purchased, and administrative matters such as installation and space required. Attached to the memorandum was a copy of the letter of intent that had been sent to the company on July 27, 1965.

After discussion, the proposed purchase was approved unanimously. A copy of the letter reflecting this action is attached as Item No. 7. The Board's action included approval of an overexpenditure of approximately $2,305 in the pertinent account of the 1965 budget of the Division of Data Processing.

Farmers and Merchants Bank of Long Beach. Mr. O'Connell reported that the Federal Reserve Bank of San Francisco had requested that he come to San Francisco during the week of September 20 to assist in analyzing the current examination report of Farmers and Merchants Bank of Long Beach, Long Beach, California, in preparation for response to a

reiterated request by the United States Attorney in Los Angeles that the Board issue a warning pursuant to section 30 of the Banking Act of 1933 based on occurrences in the member bank between 1958 and 1961 in connection with which certain officers of the bank were presently under indictment. There was also involved a request by the United States Attorney for permission to use as evidence in the forthcoming trial certain documents in the possession of the Federal Reserve Bank of San Francisco.

There was unanimous agreement that Mr. O'Connell should go to San Francisco for the purposes mentioned.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today noted on behalf of the Board a memorandum from the Division of Research and Statistics advising that Helene F. Baur, Statistical Assistant in that Division, had filed application for retirement, effective October 1, 1965.

Secretary

Item No. 1
9/15/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 15, 1965

Board of Directors,
Citizens Fidelity Bank and Trust Company,
Louisville, Kentucky.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Citizens Fidelity Bank and Trust Company, Louisville, Kentucky, of a branch at the Medical Towers South Building on the southwest corner of the intersection of Floyd and Gray Streets, Louisville, Kentucky, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
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 GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 2
9/15/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 15, 1965

Board of Directors,
Surety National Bank,
Los Angeles (Encino), California.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Surety National Bank to continue to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, effective as of the date it opened a branch in Los Angeles.

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

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 3
9/15/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 15, 1965

Mr. W. Braddock Hickman, President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Hickman:

Thank you for your letter of August 12, 1965, advising of plans to hire Mr. W. Martin Morrison as Consultant to the President on matters pertaining to the Cincinnati Branch building, and Mr. Laird Landis as Consultant to the Research Department on various matters, following their retirements in October and January, respectively.

The Board of Governors has noted the details of the arrangements regarding these appointments, as outlined in your letter, and the proposal to review such arrangements at the end of six months.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 4
9/15/65

OFFICE OF THE CHAIRMAN

September 16, 1965

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

Dear Mr. Chairman:

This refers to your letter of August 3, 1965, requesting a report on the Bill, H.R. 7496, to amend section 5155 of the Revised Statutes of the United States. It is understood that the purpose of this proposed legislation is to effectuate the general policy that national banks should be subject to the same restrictions and limitations as are State banks with respect to the establishment of branches. This legislation has especially in mind the situation where State law provides (as has been proposed in New York) for the acquisition of additional offices by State banks anywhere in the State through merger with other banks, but prohibits the establishment of "new" branches except within narrower geographic limits.

In Utah, which has a similar statutory provision, the Comptroller of the Currency has authorized a national bank to establish a "new" branch under the theory that the acquisition of a branch by merger is the establishment of a new branch within the purview of R. S. 5155(c). The Comptroller's position is now being tested in the courts.

The principal purpose of the proposed legislation is to expressly authorize the State-wide branching of national banks in circumstances in which State banks may do so, but to make clear that national banks will not thereby obtain authority to establish so-called "de novo" branches on a State-wide basis where State banks are not permitted to do so.

The congressional purpose of existing legislation in this field was to place State banks and national banks on a basis of competitive equality with respect to the establishment of branches. The proposed legislation apparently is designed to reaffirm that purpose and prevent administrative interpretations to the contrary and thus to clarify the "rules" that govern the establishment of branches by national banks. The Board favors this proposal.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Item No. 5
9/15/65

TITLE 12 - BANKS AND BANKING

CHAPTER II - FEDERAL RESERVE SYSTEM

PART 261 - RULES REGARDING INFORMATION, SUBMITTALS, AND REQUESTS

PART 262 - RULES OF PROCEDURE

1. Effective October 30, 1965, § 261.2(d)(2)(v) is amended by inserting before the period at the end thereof the following: "and except as provided in § 262.2(f)(7) of this Chapter concerning bank holding company and bank merger applications".

2. Effective October 30, 1965, § 262.2(f)(7) is amended to read as follows: "(7) Unless the Board shall otherwise direct, each holding company and merger application received subsequent to October 30, 1965, shall be made available for inspection by the public except for portions thereof as to which the Board determines that disclosure would not be in the public interest".

3a. The purpose of these amendments is to make available for public inspection bank holding company and bank merger applications received by the Board subsequent to October 30, 1965, subject to certain limitations, whether or not the Board has ordered public hearings or oral presentations of views with respect to the applications. At present, such an application shall be available for inspection by the public, except such portions thereof as to which the Board finds that disclosure would not be in the public interest, if the Board orders a public hearing or oral presentation of views with respect to the application. The

exception with respect to portions of the applications as to which disclosure would not be in the public interest will be continued by the amendments.

b. Notice, public participation, and deferred effective date, are not required by section 4 of the Administrative Procedure Act for rules of agency procedure or practice and, therefore, were not necessary in connection with the adoption of these amendments. Nevertheless, the amendments set forth herein were the subject of a notice of proposed rule making published in the Federal Register (30 F.R. p. 6275) and were adopted by the Board after consideration of all relevant matters, including the views and arguments received from interested persons.

(Sec. 11(i), 38 Stat. 262; 12 U.S.C. 248(i))

Dated at Washington, D. C., this 15th day of September, 1965.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(signed)-- Merritt Sherman

Merritt Sherman,
Secretary.

Certified to be a true copy of the original.

(signed)-- Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

Item No. 6
9/15/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 16, 1965.

Mr. Donald F. Turner,
Assistant Attorney General,
Antitrust Division,
Department of Justice,
Washington, D. C. 20530

Dear Mr. Turner:

The Board has adopted, effective October 30, 1965, amendments to its Rules Regarding Information, Submittals, and Requests (12 CFR 261) and its Rules of Procedure (12 CFR 262) under which bank holding company and bank merger applications, subject to certain limitations, will be available for public inspection whether or not the Board has ordered public hearings or oral presentations of views with respect to the applications. Under the amendments, before applications become available for inspection by the public, there will be deleted from the applications such portions thereof as to which the Board determines disclosure would not be in the public interest. The amendments apply to applications received subsequent to October 30, 1965. Enclosed is a copy of the amendments in the form submitted for publication in the Federal Register.

Proposed amendments along the lines of those that the Board has now adopted were the subject of the Board's letter to Mr. Orrick of April 29, 1965. Enclosed with that letter was a copy of the Notice of Proposed Rule Making that was published in the Federal Register for May 5, 1965. The Board's letter invited views or comments with respect to the proposed amendments. Mr. Orrick's letter of May 17 endorsed the proposal.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure

Item No. 7
9/15/65

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 24, 1965.

Electronic Associates, Inc.,
Long Branch,
New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System hereby accepts the proposal contained in your letter of April 23, 1965, and Quotation No. 26121 dated April 23, 1965, as amended by your telegrams dated May 7 and September 16, 1965, and your letter dated July 12, 1965, for furnishing, delivering and installing within the Board's offices in Washington your Series 3500 Dataplotter System consisting of:

Dataplotter, (45 x 60-inch Plotter), Model 99.672-0	1 each	$29,000
Magnetic Tape Input Accessory, Model 2.783	1 each	17,000
Automatic Servo Set Control Chassis - Eight (8) each automatic preset scale factor and data offset controls	16 each	2,400
Provision for 20 Servo Set Controls	1 each	350
Automatic 48-character Printing Capability without a pen turret	1 each	5,500
Automatic Incremental Advance Accessory, modified to automatically reset incremental advance	1 each	1,250
Segmented Vacuum System for 45 x 60-inch Plotter	1 each	900
Engineering to provide "Pen up and down" switch on panel, allow keyboard to be deactivated, and modify printer carriage to allow the removal of the standard pen and the replacing with a single Leroy Adapter for use on 3/16" Stock	1 lot	5,805
Total System Price		$62,205

Additional charge for shipment F.O.B. destination, Federal Reserve Building, Washington, D. C., quoted in your telegram of September 16, 1965	$ 70
Total System Price - delivered	$62,275

Color of Equipment: The Dataplotter equipment is to be supplied in your standard gray crinkle finish.

Delivery: One hundred fifty days after receipt of this contract. It is understood that delivery may be improved due to our letter of intent to purchase this equipment, dated July 27, 1965.

Payment: Net - 30 days. It is understood that twenty percent of the total system price is to be withheld until the completed installation is operating to the satisfaction of the Board. Invoices should be submitted in duplicate in accordance with the terms of this contract.

Installation: It is further understood that you will furnish the necessary technicians to dismantle the machine and reassemble in the room at no additional charge.

The terms and conditions included in your Quotation No. 26121 are to be considered a part of this contract. In addition, the following general provisions are to apply:

Walsh-Healey Public Contracts Act

If this contract is for the manufacture or furnishing of materials, supplies, articles, or equipment in an amount which exceeds or may exceed $10,000 and is otherwise subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S. Code 35-45), there are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect.

Equal Opportunity

(The following clause is applicable unless this contract is exempt under the rules and regulations of the President's Committee on Equal Employment Opportunity (41 CFR, Chapter 60). Exemptions include contracts and subcontracts (i) not exceeding $10,000, (ii) not exceeding $100,000 for standard commercial supplies or raw materials, and (iii) under which work is performed outside the United States and no recruitmemt of workers within the United States is involved.)

During the performance of this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under this nondiscrimination clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, as amended, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

(e) The Contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, as amended, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the nondiscrimination clause of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, as amended, and

such other sanctions may be imposed and remedies invoked as provided in the said Executive order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, as amended, so that such provisions will be binding upon each subcontractor or vendor.* The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

*Unless otherwise provided, the Equal Opportunity Clause is not required to be inserted in subcontracts below the second tier except for subcontracts involving the performance of 'construction work' at the 'site of construction' (as those terms are defined in the Committee's rules and regulations) in which case the clause must be inserted in all such subcontracts. Subcontracts may incorporate by reference the Equal Opportunity Clause.

Officials Not To Benefit

No member of or delegate to Congress, or resident Commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

Buy American Act

Unless otherwise specified, it is understood and agreed that only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States shall be delivered pursuant to this contract.

The Contractor shall not, without the consent of Board, assign this agreement or any payment due or to become due here-

under, it being understood, however, that the Contractor may engage agents and subcontractors in the performance of services under this agreement, but, in so doing, shall remain responsible for the proper performance thereof.

If the above terms and conditions meet with your approval, please signify your acceptance thereof by signing the enclosed copy of this letter and returning it to the Board.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure.