

**FEDERAL RESERVE BANK  
OF NEW YORK**

**Fiscal Agent of the United States**

[Circular No. 1587]  
September 11, 1935]

**Exchange Subscription Books to Close September 14, 1935**

**On Exchange Offering of United States of America 1½ Percent Treasury  
Notes of Series C-1939**

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*To all Banks and Others Concerned  
in the Second Federal Reserve District:*

In accordance with instructions received today from the Treasury Department the subscription books for the offering of United States of America 1½ percent Treasury notes of Series C-1939, dated and bearing interest from September 16, 1935, due March 15, 1939, in payment of which only Fourth-called Fourth Liberty Loan bonds may be tendered, will close at the close of business Saturday, September 14, 1935. Any exchange subscription placed in the mail before midnight, Saturday, September 14, 1935, as evidenced by postoffice cancellation, will be considered a timely subscription.

The subscription books will remain open until further notice for the receipt of exchange subscriptions for United States of America 2¾ percent Treasury bonds of 1945-47 in payment of which only Fourth-called Fourth Liberty Loan bonds may be tendered.

**GEORGE L. HARRISON,**  
*Governor.*

FEDERAL RESERVE BANK  
OF NEW YORK

September 13, 1935

To All Member State Banks and Trust Companies  
in Federal Reserve District No. 2.

Subject: Terms of Waiver of Requirement for  
Submission of Reports of Affiliates  
of State Bank Members.

Dear Sirs:

Under the terms of Section 325 of the Banking Act of 1935, approved August 23, 1935, which amended Section 21 of the Federal Reserve Act, the Board of Governors of the Federal Reserve System and the Comptroller of the Currency are authorized to waive the requirement for the submission of reports of affiliates of State member banks and National banks, respectively, where such reports are not necessary to disclose fully the relations between the bank and the affiliate and the effect thereof upon the affairs of the bank. Pursuant to this authorization the Board of Governors of the Federal Reserve System has adopted the following terms of waiver:

Pursuant to Section 21 of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System waives the requirement for the submission of reports of affiliates (other than of holding company affiliates, as defined in section 2 (c) of the Banking Act of 1933, as amended) of State bank members of the Federal Reserve System, except:

- a. Where the affiliation exists by reason of control by the member bank as defined in Section 2 (b) (1) of the Banking Act of 1933, as amended, which provision reads as follows:

"Except where otherwise specifically provided, the term 'affiliate' shall include any corporation, business trust, association, or other similar organization--

"Of which a member bank, directly or indirectly, owns or controls either a majority of the voting shares or more than 50 per centum of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees, or other persons exercising similar functions."

- b. Where the affiliate has been indebted to the member bank for more than six months in the twelve months preceding the report date in an amount in excess of 1 per cent of the bank's unimpaired capital and surplus or \$5,000, whichever amount is the smaller, regardless of whether the affiliate is so indebted on the report date.
- c. Where the affiliate on the report date is indebted to the member bank or the member bank owns obligations of or an interest in said affiliate on said date and the aggregate amount of such indebtedness, obligations, and interest is in excess of 1 per cent of the member bank's unimpaired capital and surplus or \$5,000, whichever amount is the smaller.

The Board of Governors of the Federal Reserve System also waives the requirement for the submission of reports of affiliates in all cases where the affiliate relationship is based solely on ownership or control of any voting shares of the affiliate by a member bank as executor, administrator, trustee, receiver, agent, depository, or in any other fiduciary capacity, except where such shares are held for the benefit of all or a majority of the stockholders of such member banks.

The above provisions with respect to the waiving of the requirements for submission of reports of affiliates are subject to change whenever deemed advisable by the Board of Governors of the Federal Reserve System in order to require the submission of reports which are necessary to disclose fully relations between member banks and their affiliates and the effect thereof upon the affairs of member banks.

The fact that under the foregoing terms of waiver a bank is exempted from submitting and publishing the report of a particular affiliate does not dispense with the obligation of the bank to report such affiliate on Schedule "O", which accompanies the bank's condition report on Form 105, as in the past.

The Board has informed us that the above terms will be set forth in the printed instructions which will be issued at the time of the next call for reports of State member banks and their affiliates.

Very truly yours,

W. H. Dillistin,  
Assistant Federal Reserve Agent.