

**FEDERAL RESERVE BANK  
OF NEW YORK**

[Circular No. 1602, October 21, 1935. Supplementing  
Circular No. 1394, June 25, 1934; Circular No. 1403,  
July 23, 1934; Circular No. 1419, September 19, 1934,  
and Circular No. 1486, December 5, 1934.]

**EXTENSION OF PERMIT FOR CORRESPONDENT RELATIONSHIPS  
BETWEEN MEMBER BANKS AND DEALERS IN SECURITIES**

*To all Member Banks in the  
Second Federal Reserve District:*

This circular supplements my Circulars No. 1394, dated June 25, 1934; No. 1403, dated July 23, 1934; No. 1419, dated September 19, 1934; and No. 1486, dated December 5, 1934.

At the request of the Board of Governors of the Federal Reserve System all member banks in the Second Federal Reserve District are advised that the Board has, by telegram dated October 21, 1935, extended until January 1, 1936, the revocable permit granted by the Board under Section 32 of the Banking Act of 1933 (by its telegram to me of June 23, 1934, referred to in my Circular No. 1394 mentioned above) for correspondent relationships between any member bank or banks and any dealer or dealers in securities in connection with underwriting and dealing in the following types of securities only: obligations of the United States, general obligations of any State or of any political subdivision thereof, obligations issued under the authority of the Federal Farm Loan Act, obligations issued by the Federal Home Loan Banks, and/or obligations issued by the Home Owners' Loan Corporation; provided, however, that member banks exercising the privilege granted by such permit as extended are not required to furnish information concerning their operations under such permit unless and until the Board shall make further requirements in this connection.

The attention of member banks is also invited to Section 307 of the Banking Act of 1935 which provides as follows:

“SEC. 307. Effective January 1, 1936, section 32 of the Banking Act of 1933, as amended, is amended to read as follows:

“SEC. 32. No officer, director, or employee of any corporation or unincorporated association, no partner or employee of any partnership, and no individual, primarily engaged in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities, shall serve the same time as an officer, director, or employee of any member bank except in limited classes of cases in which the Board of Governors of the Federal Reserve System may allow such service by general regulations when in the judgment of the said Board it would not unduly influence the investment policies of such member bank or the advice it gives its customers regarding investments.’”

The foregoing amendment to Section 32 of the Banking Act of 1933, which becomes effective on January 1, 1936, will eliminate from that section all reference to correspondent relationships, and will, therefore, make any further extension of the above mentioned permit unnecessary.

**J. H. CASE,**  
*Federal Reserve Agent.*