

FEDERAL RESERVE BANK  
OF NEW YORK

[Circular No. 1841, April 29, 1938  
Reference to Circulars Nos. 1899,  
1556, 1582, and 1616]

LOANS TO EXECUTIVE OFFICERS OF MEMBER BANKS  
(Section 22(g) of the Federal Reserve Act as Amended April 25, 1938)

To all Member Banks in the  
Second Federal Reserve District:

The following bill (S. 3400) passed by both houses of Congress was approved by the President on April 25, 1938:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (g) of section 22 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 375a), is amended by striking out the word "five" in the first sentence of such subsection and inserting in lieu thereof the word "six".

The first sentence of subsection (g) of section 22 of the Federal Reserve Act, as thus amended, reads as follows:

(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: *Provided*, That loans made to any such officer prior to June 16, 1933, may be renewed or extended for periods expiring not more than six years from such date where the board of directors of the member bank shall have satisfied themselves that such extension or renewal is in the best interest of the bank and that the officer indebted has made reasonable effort to reduce his obligation, these findings to be evidenced by resolution of the board of directors spread upon the minute book of the bank: *Provided further*, That with the prior approval of a majority of the entire board of directors, any member bank may extend credit to any executive officer thereof, and such officer may become indebted thereto, in an amount not exceeding \$2,500.

The text of the remainder of subsection (g) of section 22 will be found in the Appendix to Regulation 0 of the Board of Governors of the Federal Reserve System, effective January 1, 1936, a copy of which regulation was transmitted to each member bank in the Second Federal Reserve District accompanying Circular No. 1616, dated December 2, 1935.

This circular is sent to all member banks in the Second Federal Reserve District for their information.

GEORGE L. HARRISON,  
*President.*