

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1894, November 9, 1938]
[Reference to Circulars Nos. 1625 and 1871]

REGULATION L OF THE BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM
RELATING TO INTERLOCKING BANK DIRECTORATES UNDER THE CLAYTON ACT
Amendment Effective November 8, 1938

To each Member Bank in the
Second Federal Reserve District:

We have been advised by the Board of Governors of the Federal Reserve System that Regulation L has been amended, effective immediately, as follows:

(1) By adding the following after the semicolon at the end of section 3(a) thereof:

“and any private banker or any director, officer, or employee of a member bank of the Federal Reserve System who is lawfully serving as a director, officer, or employee of a Morris Plan bank or similar institution on January 31, 1939 may continue such service until August 1, 1939;”

(2) By changing the period at the end of section 3 to a semicolon and adding at the end of that section a new subsection “(e)” as follows:

“(e) Any director, officer, or employee of any member bank of the Federal Reserve System who, on August 23, 1935, was lawfully serving at the same time as a private banker or as a director, officer, or employee of any other bank, banking association, savings bank, or trust company and whose services in such capacities have been continuous since such date, may continue, until August 1, 1939, to serve such member bank and not more than one other such bank, banking association, savings bank, trust company or private banker.”

The Board of Governors of the Federal Reserve System is giving to the press the following statement regarding this action:

“The Board believes that the principles of section 8 of the Clayton Act, which relate to interlocking bank directorates, are in the public interest and should be applied to all classes of banks. The law is now discriminatory in that it applies only to cases involving member banks of the Federal Reserve System or private banks. The Board does not believe that there should be discrimination in any respect among classes of banks subject to Federal authority.

“In view of the fact that less than a month will elapse between the convening of the new Congress and February 1, 1939, on which date certain existing relationships would terminate, the Board has exercised its discretion under the law, as to such relationships involving not more than two banks, to extend this time to August 1, 1939. This action was taken for the purpose of calling the matter to the attention of Congress when it convenes, with a recommendation that the existing discrimination between member banks and nonmember banking institutions be removed so that the provisions of the law will apply alike to all banks under Federal authority.”

Additional copies of this circular will be furnished upon request.

GEORGE L. HARRISON,
President.