

FEDERAL RESERVE BANK  
OF NEW YORK

Circular No. 6839  
November 15, 1971

Proposal to Permit Bank Holding Companies to Engage  
in Armored-Car and Courier Services

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

Following is the text of a statement issued November 10 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today ordered a hearing to consider the issues involved in bank holding companies engaging in armored car or courier services.

The hearing will be held on December 10, 1971 in the Board Room of the Federal Reserve building at 20th Street and Constitution Avenue in Washington. All written comments on the proposal should be received by the Board by December 31, 1971.

This matter is part of a series of proposals the Board has made concerning activities regarded as closely related to banking under the 1970 amendments to the Bank Holding Company Act and thus permissible activities for bank holding companies, subject to Board approval in individual cases.

Under section 4(c)(8) of the Act, the Board may permit bank holding companies to engage in activities that are "so closely related to banking or managing or controlling banks as to be a proper incident thereto."

The text of the notice regarding the proposed amendment to Regulation Y is printed on the reverse side of this circular. Written comments on the proposed amendment should be submitted by December 31 and may be sent to our Bank Applications Department.

Alfred Hayes,  
President.

(Over)

(Reg. Y)  
**BANK HOLDING COMPANIES**  
Interests in Nonbanking Activities

The Board of Governors proposes to permit bank holding companies, subject to established regulatory procedures, to engage in providing armored car and courier services, following a determination by the Board that such activities are "so closely related to banking or managing or controlling banks as to be a proper incident thereto" within the meaning of section 4(c)(8) of the Bank Holding Company Act.

The Board understands that armored car service involves the use of armed personnel, specially designed armored vehicles, and elaborate security measures. The service is intended primarily for the transportation of items of great value whose misplacement or theft would result in great economic loss. Major items requiring such precautions are cash and other instruments that may be negotiated without additional indorsement — that is, bearer-type negotiable instruments.

The Board understands that courier (or messenger) service involves the transportation of important items having critical time schedules. The items involved are generally not bearer-type negotiable instruments and, accordingly, require only the ordinary security measures accorded any confidential business papers. Among the most common documents and related items carried by messenger services are checks, drafts, money orders, travelers checks, commercial papers, written instruments, and data processing material.

To implement the Board's proposal, § 222.4(a) of Regulation Y would be amended by adding subparagraph (11), to read as follows:

§ 222.4 Nonbanking activities.

(a) Activities closely related to banking

or managing or controlling banks. \* \* \* The following activities have been determined by the Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto:

\* \* \*

(11) performing or carrying on armored car or courier services.

\* \* \* \* \*

A hearing on this matter will be conducted by available members of the Board in the Board Room of its building at 20th Street and Constitution Avenue, Washington, D.C., on Friday, December 10, 1971, beginning at 10 o'clock a.m. Interested persons are invited to participate, but they need not participate by presenting material orally at the hearing to have their views considered.

Among the issues that will be explored at the hearing are the questions of the extent to which and by what measure a bank holding company should be limited in the armored car or courier service it performs for persons other than itself, its subsidiaries, correspondents of its subsidiary banks, or other financial institutions.

All views expressed in written comments on the proposal that are received before December 31, 1971, will be given consideration. Such material will be made available for inspection and copying upon request, except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information.

Persons interested in participating in the hearing by presenting material orally should inform the Secretary of the Board in writing not later than November 29, 1971. Each person admitted as a party to the proceeding will be given up to 30 minutes to present his views.