

FEDERAL RESERVE BANK  
OF NEW YORK

Circular No. 1403, July 23, 1934  
Supplementing Circular No. 1390  
dated June 9, 1934 and Circular  
No. 1394 dated June 25, 1934.

CORRESPONDENT RELATIONSHIPS BETWEEN MEMBER BANKS  
AND DEALERS IN SECURITIES

Information to be Submitted by Member Banks Operating Under Blanket Permit  
(SECTION 32 OF THE BANKING ACT OF 1933)

To all Member Banks in the  
Second Federal Reserve District:

All member banks in the Second Federal Reserve District were advised by my Circular No. 1394 that the Federal Reserve Board had granted a revocable permit under Section 32 of the Banking Act of 1933 for a period until December 1, 1934, for correspondent relationships between any member bank or banks and any dealer or dealers in securities in connection with underwriting and dealing in the types of securities therein mentioned.

In the telegram addressed to me by the Federal Reserve Board under date of June 23, 1934, from which I quoted in my Circular No. 1394, the Board stated that:

Instead of formal applications usually required, each member bank which exercises privilege granted herein shall promptly furnish to Federal Reserve Agent of district in which member bank is located such information concerning its operations under this permit as Federal Reserve Board may require, and Board will at an early date advise as to information which must be submitted. Upon receipt of required information, each Federal Reserve Agent will be expected to review promptly facts involved in each correspondent relationship covered by this permit in his district, and to advise Board of any case in which facts are such as to indicate that permit should be revoked as to particular relationship. Each Federal Reserve Agent is requested to review all correspondent relationships covered by this permit in his district, and advise Board, not later than November 15, 1934, whether in his opinion it will be compatible with the public interest to renew this permit, stating reasons for his opinion.

The Federal Reserve Board, in a letter dated July 17, 1934, has now requested me to advise all member banks in the Second Federal Reserve District that each such bank availing itself of the privilege granted by the permit above referred to must submit to me promptly, information describing the nature of the relationship and the following detailed information regarding each syndicate operation in which it participates:

1. A description of the issue, including the name of the issuer, the nature of the obligations (whether bonds, notes, or other obligations), the amount of the issue, the maturity, and the rate of interest;
2. The names of the other members of the syndicate or group which participated in the transaction;
3. The amount of the issue subscribed for by the reporting member bank;
4. The amount of the issue actually taken by the reporting member bank;
5. The price paid for the securities by the member bank, and the price at which they were sold to the public.
6. The extent to which the member bank's participation has been disposed of at the time of its report to the Federal Reserve Agent and the extent, if any, to which the member bank proposes to retain the securities for its own account.

In its letter of July 17, 1934 the Board also requested me to obtain such additional information from a member bank as I deem advisable, if in any case I feel that the information submitted is not sufficient to enable me to form a conclusion as to whether or not the permit in the particular case is in the public interest.

J. H. CASE,  
Federal Reserve Agent.