

## NOTICE FOR THE PRESS

The Federal Reserve Board today announced that it has approved the request of the Federal Reserve Bank of Atlanta to open a branch at New Orleans, La. Its action was taken in accordance with the provisions of Section 3 of the Federal Reserve Act which reads as follows

"Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be operated by a Board of Directors, under rules and regulations approved by the Federal Reserve Board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the Reserve bank and three by the Federal Reserve Board, and they shall hold office during the pleasure respectively of the parent bank and the Federal Reserve Board. The reserve bank shall designate one of the directors as manager."

While the Board has carefully considered the principles which should be observed in opening a branch of the Federal Reserve Bank of Atlanta, it is not ready at this time to promulgate any general rules applicable to other points, as it regards the proposition as somewhat experimental.

It is felt that the experience gained in this case will have an important bearing upon the future development of the branch bank idea. Incidentally, it may be mentioned that the banks comprised in the New Orleans Clearing House Association have undertaken to make good for the first year of operation any difference between the expense of conducting the new branch bank now proposed and the revenues to be derived from it.

No definite assignment of territory has been made to the New Orleans branch but it is understood that it is intended to assign to it the member banks of Louisiana and Mississippi in District 6, and those of Mobile and Baldwin Counties, Ala. The banks in the territories so segregated will deal with the New Orleans branch only.

The Board has directed that the New Orleans branch shall conduct only operations in the discount and purchase of commercial paper and acceptances and those relating to clearing, collection and exchange transactions and transfers of funds. The issue of notes and the function of rediscounting with other Federal reserve banks, the purchase of United States bonds and notes, and dealings in warrants of "municipalities" are to be carried on solely by the Federal Reserve Bank of Atlanta. All operations are to be reported promptly to the Federal Reserve Bank of Atlanta and the Federal Reserve Board is to be advised of the same without delay. The transactions of the New Orleans branch will be considered as the transactions of the Federal Reserve Bank of Atlanta, and so reported in the statements of the latter.

It is assumed that the provisions of the Federal Reserve Act require that of the seven directors, two shall be bankers, and two business men (not necessarily bankers) and that the three Government directors shall conform so far as possible to the same requirements as those of the "C" class directors of the parent bank. A manager will be appointed from among the directors

The terms of office of the first directors are set at one year, those first appointed to hold office for one year from January first 1916.

By-laws, salaries, fees, etc., are to be subject to the approval of the Federal Reserve Board. Transactions in foreign exchange on behalf of the New Orleans Branch are to be the subject of later regulations.

No other Federal reserve bank has approved a request for branches and the Board does not expect to take further action until more experience has been gained.