

STATE BANK APPLICATIONS - PROCEDURE.

July 28, 1915..

1. The State bank or trust company will send its application to the Federal Reserve Agent.
2. The Federal Reserve Agent will immediately notify the Federal Reserve Board of the receipt of the application and then submit such application to the Counsel of the Federal Reserve Bank for his certification.
3. If the Federal Reserve Agent and the Governor of the Bank consider the standard of State examinations to be satisfactory, arrangements should then be made to inspect the report of the last examination of the applicant bank made under the direction of the State Bank Supervisor.
4. The Federal Reserve Agent, after securing the proper certificate from Counsel of the Federal Reserve Bank, will submit the application and report of the last State examination to a committee composed of himself, the Governor of the Federal Reserve Bank and at least one other member of the Board of Directors.
5. If, after inspection of the State Bank report and of such other information as may be obtained, the Reserve Bank Committee is prepared to make a favorable recommendation, it will be satisfactory to the Federal Reserve Board in lieu of a special examination, to have a certificate signed by the State supervisor, based upon the report of the last examination. A suggested form of certificate is attached to this memorandum. This certificate should be accompanied by two duplicate copies of the report of the last State examination ( one of which may be retained for the files of the Federal Reserve Bank ). If the report is voluminous, a digest containing the material items, will be satisfactory. The report or digest should contain the examiner's comments and criticisms, a complete list of investments, giving book and current values, based upon the last available quotations; a memorandum of direct and indirect liabilities of officers and directors, and a memorandum of outside corporations under the control or operated in behalf of the applicant bank.
6. If a special examination is recommended by the Federal Reserve Bank or considered desirable or necessary by the Federal Reserve Board, the Board will then instruct the Federal Reserve Agent as follows :
  - (a) To arrange with the State Supervisor to have the applicant bank examined by a State examiner who shall submit report in duplicate and a certificate of condition ; or
  - (b) To arrange with the State Supervisor to have the applicant bank examined by a State examiner, in connection with an examiner appointed by the Federal Reserve Board, upon recommendation by the Federal Reserve Bank. The State Supervisor should be asked to file two duplicate copies of the report of the examination.

(c) That the Federal Reserve Board has arranged to designate members of the staff of the Federal Reserve Bank to examine the applicant bank, or that the Board has arranged to have a member or members of its staff of examiners examine the bank, and that the certificate and report of such examiner or examiners will be forwarded to the Federal Reserve Bank as soon as filed.

7. On receipt of the report and the certificate of the examiner or State Supervisor, the Reserve Bank committee will transmit the application with its report and letter of recommendations to the Federal Reserve Board.
8. The Board will, on the basis of the application and information contained therein, the certificate and the report of the examiner or of the Bank Supervisor, and report and recommendation of the Committee of the Board of Directors, approve or disapprove the application.
9. The Federal Reserve Agent will be duly advised as to the action taken by the Board. Duplicate copies of the letters addressed to applicant banks will be transmitted to the Federal Reserve Agent.

NOTE: Suggestions as to the points to be considered in connection with the special examination of such banks applying for membership will be sent to the members of the staff who have been recommended for designation as special examiners.

7/13/15.