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X-375.

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AND FISCAL AGENT

ADDRESS REPLY TO:  
FEDERAL RESERVE BOARD

September 14, 1917.

Dear Sir:

The Board has received through the Secretary of the Treasury an opinion by the Acting Attorney General of the United States regarding the charter and statutory rights of those State banks and trust companies which become members of the Federal Reserve System.

A copy of this opinion is transmitted to you herewith and your attention is especially directed to the quotations from Section 8 of the Clayton Act which appear at the bottom of the first and the top of the second page. You will note that the conclusion is reached that National banks and all banks and trust companies in the District of Columbia come within the prohibition of Section 8 of the Clayton Act; but that those State banks and trust companies which join the Federal Reserve System and which do not operate "under the laws of the United States as the laws of their existence, nor in territory over which the United States exercises exclusive legislation" are held to be free from the restrictions imposed by Section 8 of the Clayton Act as quoted in the opinion.

You are informed that the Federal Reserve Board will be governed by this opinion, and that its regulations relating to interlocking directorates will be modified accordingly. Please bring this to the attention of the State banks and trust companies of your district.

Very truly yours,

Governor.

Inclosures.