FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7303

December 5, 1932.

SUBJECT: Extended Leaves of Absence With Pay.

Dear Sir:

In the Board's letter of June 14, 1928, X-6069, the board of directors of each Federal reserve bank was authorized to grant leaves of absence with pay to employees on account of sickness in excess of thirty days and it was requested that monthly reports of all such cases be submitted in accordance with the form attached to the letter.

The Board's division of examinations has been requested, as a part of the examination of each Federal reserve bank, to review all cases where it appears that such leave of absence has been taken, for the purpose of ascertaining the facts and whether in each case the approval of the board of directors of the bank has been obtained. In any case where it appears that such approval has not been obtained or where there are other circumstances which create any question, the examiners will take the matter up with the proper officer of the bank and make an appropriate reference to such case in the report of the examination.

The Board therefore feels that it is unnecessary for the Federal reserve banks to continue to render the monthly reports of sick leave in excess of thirty days. However, as pointed out in the letter of June 14, 1928, the Board's advance approval should be obtained in any case where annual leave is extended beyond the regular vacation to any officer or employee.

Very truly yours,

Chester Morrill,
Secretary.

TO CHAIRMEN OF ALL F. R. BANKS.

(Report adopted by Federal Reserve Agents during their Conference, Nov. 14-16, 1932.) L-10

PERMITS FOR INTERLOCKING DIRECTORATES UNDER CLAYTON ACT

With reference to the question suggested by the Federal Reserve Board with regard to the policy and procedure in granting permits under the provisions of the Clayton Act relating to interlocking directorates, your committee has to report as follows:

We understand that under the present operation of the Kern amendment to the Clayton Act, as amended, the question of approval of permits for interlocking directorates in banks is subject to two major considerations. The first is the factor of lessening competition or restricting credit, and the second is the question of public interest involved.

We consider, therefore, that the Federal Reserve Board may properly weigh against the question of competition the factor of public interest involved, and this we believe to be recognized in the present regulations of the Federal Reserve Board.

We are of the opinion that the final determination by the Federal Reserve Board must necessarily be on the evidence presented in each individual case rather than by general rule. To this end we respectfully suggest:

One. That Section IV, sub-section (d)3 of Regulation "L" be amended to read as follows:

> "Purpose for which services are sought, nature of proposed influence and activity, relationships, competency, and any other facts having a bearing upon the interest of the public in such banks as affected by their having the same directors, officers, or employees."

Two. In order to comply with this suggested amendment to Regulation "L", it is recommended that, as a matter of procedure, the applicant for a permit and the banks which he is serving and proposing to serve, be required to furnish in writing such information and reasons as they may, in support

of their contention that the granting of the permit will not be against the public interest, and thereupon the application follow the usual course of review and recommendation by the Federal Reserve Agent before submission to the Federal Reserve Board.