

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

June 30, 1933  
B-903

SUBJECT: Call condition reports of State bank  
members and their affiliates.

Dear Sir:

There have been forwarded to you today under separate cover the indicated number of copies of the seven forms and schedules attached hereto, for the use of State bank members and their affiliates in submitting reports as of the next call date:

Number  
of copies

Form

Form 105, Report of condition of State bank members.

Schedule "O," Loans and advances to affiliates and investments in and loans on securities issued by affiliates.

Schedule "P," Rates of interest paid on deposits.

Form 220, Report of affiliate other than holding company affiliate.

Form 220-a, Publisher's copy of and publisher's certificate covering report of affiliate other than holding company affiliate.

Form 221, Report of holding company affiliate.

Form 221-a, Publisher's copy of and publisher's certificate covering report of holding company affiliate.

Kindly mail three copies of Form 105 and of Schedules "O" and "P", four copies of Forms 220 and 221, and two copies of Forms 220-a and 221-a, to each State bank member that has not been formally placed in liquidation or receivership, or possession of which has not been taken by a conservator or other State official, with the request that the forms be held pending receipt of a call for condition reports.

In view of the rearrangement of the liability side of Form 105 and of the provision for reporting capital accounts in the manner indicated thereon, it is requested that, in your letter transmitting the blank forms to State bank members, you incorporate the two paragraphs on this subject contained in the attached sheet, B-903-a. It is also requested that you call the attention of State bank members to new Schedule "P", which has been printed separately but must accompany the bank's condition report on Form 105 when transmitted to you. It is believed that this schedule and the changes in Schedules K, L and A are self-explanatory.

In view of the provisions of the Banking Act of 1933, requiring member banks to submit reports covering their affiliates (other than member banks), you are also requested to incorporate in your letter transmitting the blank forms the seven paragraphs on this subject contained in the attached sheets, B-903-b. You will note therefrom that State bank members are to ask your office for such additional copies of Forms 220, 220-a, 221 and 221-a as may be needed for use in preparing the required reports of affiliates, and that, if it is not practicable

for them to obtain and transmit the reports of affiliates at the same time as they transmit their own condition reports, they are to make prompt request to the Federal Reserve Board, through your bank, for an extension of time, this request to set forth the additional time required and the specific reasons why additional time is necessary. If you are satisfied that additional time is needed for the preparation of the report of an affiliate, you are authorized on behalf of the Federal Reserve Board to grant an extension not to exceed 20 days, in addition to the original period of 10 days from the receipt by the member bank of the call for the reports. Please furnish the Board with a copy of each letter granting an extension of the time within which such reports must be submitted. If an extension exceeding 20 days is desired, kindly transmit the request to the Board promptly with your recommendation. The publishers' certificates covering reports of affiliates should be forwarded to the Board.

In order that the Board may have statistical data regarding the aggregate loans and investments, deposits, etc., of State bank members in the hands of conservators or other similar State officials, pending a decision on the question whether they should be reopened, reorganized or liquidated but which have not been formally placed in liquidation or receivership, please also forward three copies of Form 105 to each of such banks with the request that the conservator, or other State official in charge of the bank, fill in the data called for by the form (upon receipt of a call therefor) and mail the report to your bank in duplicate.

Where it is necessary to reflect special deposit accounts of such banks, such interlineations as may be necessary should be made in Schedules "J", "K" and "L". Officials in charge of such banks should not be asked to furnish the data called for by Schedules "O" and "P", nor should they be asked to have the report attested by any of the directors of the bank.

Since we have never considered that the law requires reports from banks in the hands of State officials and as we do not require at this time statistical information regarding the affiliates of such banks, it will not be necessary to obtain reports from such affiliates.

Very truly yours,

Chester Morrill,  
Secretary,

Inclosures

TO ALL FEDERAL RESERVE AGENTS\*

PARAGRAPHS TO BE INSERTED IN FEDERAL RESERVE AGENT'S LETTER TRANSMITTING  
BLANKS FOR USE OF STATE BANK MEMBERS IN SUBMITTING THEIR NEXT  
CONDITION REPORTS ON FORM 105

It will be noted that the capital accounts, instead of being shown at the beginning of the liability side of the statement, are shown at the end thereof and that, in addition to the net book value of such capital accounts, the number of shares, par value, and retirement value of preferred stock, and the number of shares and par value of common stock, are required to be shown. The single amount to be shown in the short column opposite the items of preferred and common stock must represent the actual net book value of all capital stock. This amount, plus the bank's surplus, undivided profits and reserves for contingencies, as shown in the short column, will be the total of the capital account as extended into the long column. The total capital account added to other liabilities as reported against items 14 to 26, inclusive, will give the "Total, including capital account," which total must agree with total assets.

The amount to be extended opposite the capital stock accounts will, therefore, not necessarily represent the number of shares of preferred stock multiplied by the par value (or by retirement value in case the retirement value is in excess of par value), plus the number of shares of common stock multiplied by its par value, but rather the actual net book value of all capital stock without any offsetting item of any kind being included among the bank's assets. For example, if total par or retirement value of the preferred stock plus the par value of the common stock amounts to \$500,000, but the actual net book value to \$347,612.35, the bank should show \$347,612.35 against the capital stock accounts.

B-903b

SECTION ON AFFILIATES TO BE INCLUDED IN FEDERAL RESERVE AGENT'S  
LETTER TRANSMITTING BLANKS FOR USE OF STATE BANK MEMBERS  
IN SUBMITTING THEIR NEXT CONDITION REPORTS

In addition to the usual condition reports required of State bank members, the Banking Act of 1933, approved June 16, 1933, requires each such bank to furnish a report of each of its affiliates, other than member banks, to the Federal Reserve Board and the Federal reserve bank, and to publish each such report under the same conditions as govern its own condition reports. The definitions of affiliates as given in the Banking Act of 1933 are contained in Section 2-(b) and (c) thereof, which is printed on the reverse side of the forms to be used by affiliates in preparing their reports. The part of Section 5 of the Banking Act which requires the submission and publication of the reports is also printed on the reverse side of such forms.

For your use in preparing the required reports there are inclosed four copies of Form 221 covering holding company affiliates and four copies of Form 220 covering other affiliates. There are also inclosed two copies each of Forms 221-a and 220-a to be used in preparing reports of affiliates for publication and in furnishing proof of publication to the Federal reserve bank, if such reports are to be published under the conditions hereinafter stated.

If the number of forms to be used in preparing the reports of affiliates of your bank, inclosed herewith, is not sufficient to cover your requirements, additional copies should be obtained promptly from this bank.

At the direction of the Federal Reserve Board you are requested to obtain and transmit to this bank, at the same time as you submit the next

condition report of your bank on form 105, and as of the same date, a report covering each of your affiliates, other than a member bank, on Form 221 if a holding company affiliate and on Form 220 if not a holding company affiliate. If it is not practicable for you to obtain and transmit to this bank the reports covering your affiliates at the same time you transmit the condition report of your bank, i.e., within ten days from the receipt of the call for your report, prompt request should be made to the Federal Reserve Board, through this bank, for an extension of such time. Such request should set forth the additional time required and the specific reasons why additional time is necessary.

Under the provisions of Section 5 of the Banking Act of 1933, each State bank member of the Federal Reserve System is required to publish the report of each of its affiliates, other than member banks, under the same conditions as govern its own condition reports. As the condition reports submitted to the Federal reserve banks by State bank members of the Federal Reserve System are not required to be published, the reports of affiliates must be published under the same conditions as govern the publication of condition reports rendered by State bank members to State authorities, if such reports are required to be published. In such case, a copy of the printed report of each affiliate must be submitted to this bank, attached to the publisher's certificate on Form 221-a if a holding company affiliate and on Form 220-a if not a holding company affiliate, in accordance with the instructions appearing on those forms. If the reports of affiliates are not published, a copy of Form 221-a or 220-a must be submitted to this bank with a statement thereon reading as follows: "Condition reports submitted by this bank to State authorities are not required to be published."

The report of each affiliate (if required to be published) should be printed in the same paper and on the same day as the condition report rendered by your bank to State authorities. If this is not possible the report of each affiliate should be published as soon as possible thereafter.

You are also requested to submit as a part of your condition report the information called for by the inclosed Schedule "O" covering loans and advances to affiliates, other than member banks, of your bank as well as investments by your bank in, and loans made by your bank, on securities issued by each of such affiliates. Every affiliate other than a member bank (including holding company affiliate) must be listed on this schedule. If your bank has no affiliates, other than member banks, under the terms of the Banking Act of 1933, the following words should be written across Schedule "O": "This bank has no affiliates (or no affiliates other than member banks) within the meaning of the Banking Act of 1933."