

(INTERPRETATION OF BANKING ACT OF 1933)

Copies to be sent to all Federal Reserve Banks.

July 17, 1933.

Mr. L. R. Rounds, Deputy Governor,  
Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Rounds,

Receipt is acknowledged of your letter of June 30, 1933,  
inclosing copy of your letter of the same date to Mr. \_\_\_\_\_,  
Counsel for (a member bank). It appears that Mr. \_\_\_\_\_ contends  
that, since the laws of New York do not require publication of reports  
of condition of affiliates of a trust company in that State, the pub-  
lication of such reports is not required under section 9 of the Fed-  
eral Reserve Act, as amended by section 5(c) of the Banking Act of  
1933.

After providing that each State bank or trust company which  
is a member of the Federal Reserve System shall obtain from each of  
its affiliates other than member banks, and furnish to the Federal  
reserve bank of its district and to the Federal Reserve Board, not  
less than three reports during each year, section 9 of the Federal  
Reserve Act, as amended by section 5(c) of the Banking Act of 1933,  
provides that, "The reports of such affiliates shall be published by  
the bank under the same conditions as govern its own condition reports."

In view of the fact that the Federal Reserve Act does not re-  
quire the publication of reports submitted to the Federal Reserve Board  
and the Federal reserve banks by State member banks, the only reason-  
able construction that can be given to the requirement quoted above

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is that reports of affiliates of State member banks must be published if the State law requires such State banks to publish their own reports. Even though the State law may not require the publication of reports of affiliates of State banks, therefore, the Federal Reserve Act requires the publication of such reports whenever the State law requires the reports of State member banks to be published.

The conditions governing the method and frequency of publishing such reports depends upon the provisions of the State law regarding the method and frequency of the publication of reports of the State banks; and, therefore, it is not entirely accurate to say that the reports of such affiliates must be published whenever the Federal Reserve Board calls for reports of condition of State member banks.

Very truly yours,

Chester Morrill,  
Secretary.