

X-7521

## (Interpretation of Banking Act of 1933)

Copies to be sent to all Federal Reserve Banks.

July 22, 1933.

Mr. \_\_\_\_\_, President  
\_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_ Bank,

Dear Sir:

Your letter of June 23, 1933, addressed to the Comptroller of the Currency and requesting advice as to the effective date of the amendments to the 10th paragraph of Section 9 of the Federal Reserve Act contained in the Banking Act of 1933 and as to the capital which a new State bank located in a city with a population of 800 inhabitants would be required to have in order to be eligible for admission to membership in the Federal Reserve System, has been referred to the Federal Reserve Board for reply.

The amendments to the 10th paragraph of Section 9 of the Federal Reserve Act contained in the Banking Act of 1933 became effective on June 16, 1933, the date of the approval of the Banking Act of 1933. The 10th paragraph of Section 9 as amended reads as follows:

"No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the National Bank Act, as amended: Provided, That this paragraph shall not apply to State banks and trust companies organized prior to the date this paragraph as amended takes effect and situated in a place the population of which does not exceed three thousand inhabitants and having a capital of not less than \$25,000, nor to any State bank or trust company which is so situated and which, while it is entitled to the benefits of insurance under section 12B of this Act, increases its capital to not less than \$25,000."

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Under the requirements of this provision of law, a State bank organized on or after June 16, 1933, in a place with a population of not exceeding 3,000 inhabitants is required to have a capital of \$50,000 in order to be eligible for membership in the Federal Reserve System, unless it is at the time entitled to the benefits of insurance under Section 12B of the Federal Reserve Act, in which event it is eligible for membership in the Federal Reserve System if it has a capital of not less than \$25,000. If you decide to organize the new State bank referred to in your letter, it is suggested that you communicate with the Federal Reserve Agent at the Federal Reserve Bank of \_\_\_\_\_, who will be glad to give you detailed information with regard to the requirements for admission to membership in the Federal Reserve System.

Very truly yours,

Chester Morrill,  
Secretary.