

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7536

August 8, 1933.

SUBJECT: Section 33 of Banking Act of 1933.

Dear Sir:

Pursuant to the procedure outlined in the Board's letter of July 15, 1933 (X-7499), regarding the forwarding of interpretations of the Banking Act of 1933, there is attached hereto a copy of a letter to Acting Governor Johns of the Federal Reserve Bank of Atlanta with respect to the effect of section 8A of the Clayton Antitrust Act, as amended by section 33 of the Banking Act of 1933.

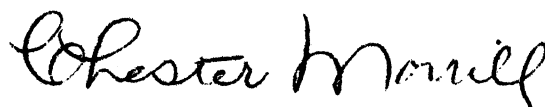
In connection with the statement in the attached letter that the director involved may file an application at this time for a permit to serve the two institutions after January 1, 1934, and that the Board's regular forms 94, 94a and 94b may be used for that purpose, your particular attention is invited to the fact that the circumstances of the particular case involved were such as to justify handling it as an emergency matter.

It is requested that, except in cases of great urgency, the filing of all applications for the Board's permission to serve two or more banks affected by the provisions of section 8A of the Clayton Act

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as amended by section 33 of the Banking Act of 1933, be deferred pending the issuance of regulations on that subject and the preparation of forms for use in that connection.

Very truly yours,



Chester Morrill,
Secretary.

Inclosure.

TO ALL FEDERAL RESERVE AGENTS.

Mr. W. S. Johns, Acting Governor,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

Dear Mr. Johns:

Reference is made to your letter of July 29, 1933, addressed to Governor Black, regarding the inquiry made by Mr. _____, vice president and director of the _____ Bank of _____, _____, as to whether he may also serve after January 1, 1934, as a director of a new national bank to be organized in _____, _____, in view of the provisions of section 8_A of the Clayton Anti-trust Act, as amended by section 33 of the Banking Act of 1933.

That section in so far as applicable to the present case, prohibits the service of an officer or director of a national bank as an officer or director of any institution (except a mutual savings bank) which makes loans secured by stock and bond collateral. However, under the provisions of the so-called Kern Amendment in section 8 of the Clayton Anti-trust Act, the Board is authorized to grant permission to an officer, director or employee of a national bank to serve at the same time as an officer, director or employee of another banking institution falling within the prohibitions of any provision of the Clayton Act, if in the judgment of the Board it is not incompatible with the public interest.

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Therefore, it would be unlawful, after January 1, 1934, for Mr. _____ to serve as an officer or director of both of these national banks if either of them shall make loans secured by stock or bond collateral, unless there is in force a permit covering such services issued by the Federal Reserve Board. The Board, of course, will not be in a position to say whether or not a permit will be issued, until after an application in proper form has been submitted to it. You are requested to advise Mr. _____ that in the event he desires to obtain the permission of the Board covering his service as an officer or director of these banks, he should submit his application for such permission to the Federal Reserve Agent at the Federal Reserve Bank of Atlanta. Pending the issuance of further forms and regulations, it is requested that the Board's regular forms 94, 94a, and 94b be used; and it is also requested that in addition to the information heretofore required in connection with such an application there be submitted a statement showing, as to each of the institutions involved, whether it makes or proposes to make loans secured by stock or bond collateral, the purposes for which such loans are made, and other details so that the Board may be advised fully as to the nature and extent of such business in the case of each of the institutions.

The Board received a telegram from Mr. _____ on this subject under date of July 20, 1933 and this matter was receiving attention before your letter was written. However, the Board's staff is overwhelmed with important matters arising under the Banking Act of 1933 and, in fairness to all concerned, is endeavoring to deal first with those questions

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which arise under provisions of the Act which became effective immediately and which are of general interest to all member banks and not merely of special interest to a single member bank or a few member banks. Co-operation in this policy by the Federal reserve banks will be appreciated.

Very truly yours,

Chester Morrill,
Secretary.