

(INTERPRETATION OF BANKING ACT OF 1933)

Copies to be sent to all Federal reserve banks.

September 11, 1933.

Mr. _____, Secretary,
_____ Building and Loan Association,
_____, _____.

Dear Sir:

Your letter of August 25, 1933, addressed to the Comptroller of the Currency, has been referred to the Federal Reserve Board for reply. You inquire whether the provisions of Section 8A of the Clayton Antitrust Act as amended by Section 33 of the Banking Act of 1933 apply to a director of a national bank who is serving at the same time as a director of your Association, in view of the fact that your Association makes loans to its shareholders secured by shares of the Association.

You state that your Association is a mutual association, which makes loans to its shareholders secured by its stock or by mortgages on improved real estate, and that the earnings of the Association, less necessary expenses, are allocated to the shareholders.

The Federal Reserve Board is of the opinion that the loans made by a building and loan association to its shareholders on the security of stock of the association, as a part of the general plan under which such associations usually operate, are not the type of loans "secured by stock or bond collateral" contemplated by Section 8A of the Clayton Antitrust Act. Therefore that Section does not prohibit a director of a national bank from serving at the same time as a director of your Association.

Very truly yours,

(Signed) Chester Morrill,

Chester Morrill,
Secretary.