

FEDERAL RESERVE BOARD

235

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7587

September 13, 1933.

SUBJECT: Establishment of out-of-town branches
by State member banks.

Dear Sir:

Under the provisions of section 9 of the Federal Reserve Act, as amended by the Banking Act of 1933, a State member bank may establish and operate a branch outside of the city, town or village in which it is situated "on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks"; and a national bank is required, among other things, to obtain the approval of the Comptroller of the Currency in order to establish a branch beyond the limits of the city, town or village in which it is situated. The question has arisen whether, in these circumstances, it is necessary that a State member bank obtain the consent of the Comptroller of the Currency in order to establish and operate an out-of-town branch. The Board's counsel has given careful consideration to this question and has reached the conclusion that it must be answered in the affirmative.

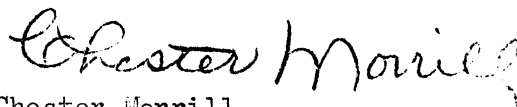
In order that some practical method for the handling of applications or requests of State member banks for the approval of the establishment and operation of out-of-town branches might be arranged, this matter has been taken up with the Comptroller of the Currency and

the following method has been agreed upon:

Such a request or application may be submitted by a State member bank to the Federal Reserve Agent of the district in which the bank is located and transmitted by him, with his recommendation and comments and a copy of the complete report of the most recent examination of the bank, to the Federal Reserve Board. The Board will then consider such request on the basis of the facts and recommendations submitted and of the information which it has in its records with respect to the member bank in question. The Board will then present the request of the State member bank to the Comptroller of the Currency for his consideration, advising him of the recommendation of the Federal Reserve Agent and also of its own views on the question, with the request that the Comptroller inform the Board as to his conclusion in the matter.

It is requested that cases in which State member banks in your district may desire to establish out-of-town branches be handled in accordance with the procedure above set forth.

Yours very truly,



Chester Morrill,
Secretary.

TO THE CHAIRMEN OF ALL FEDERAL RESERVE BANKS.