

FEDERAL RESERVE BOARD

503

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7730.

December 21, 1933.

SUBJECT: Issuance of Limited Voting Permits to Holding
Company Affiliates.

Dear Sir:

There are pending before the Federal Reserve Board numerous applications for voting permits by holding company affiliates of member banks and by holding companies of State banks applying for membership in the Federal Reserve System, and it is apparent that final action on many of such applications cannot be taken before the annual meetings which ordinarily take place in January. However, since voting permits will be needed in connection with the election of directors of subsidiary member banks at the annual meetings of stockholders in January, and in many cases in connection with the immediate issuance of preferred stock and the reduction of common stock, and similar matters of an urgent nature, the Board has adopted a procedure designed to expedite the issuance of limited voting permits in time to meet the emergencies which exist.

The Board will issue limited permits entitling the applicants to vote the stock which they own or control in their subsidiary member banks in cases in which the granting of such

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permits appears to be in the public interest and the applicants have complied with the requirements of Section 5144 of the Revised Statutes. Such permits will entitle the applicants to vote only for the purposes set forth therein. It is anticipated that it will be necessary to authorize the granting of the majority of such permits subject to certain conditions, and in each case the conditions prescribed will be set forth in a letter or telegram which the Board will send direct to the Federal Reserve Agent.

Ordinarily, one of the conditions prescribed by the Board in approving the issuance of a limited voting permit will be that, before the permit is issued, the applicant file with the Federal Reserve Agent a duly executed agreement to take certain actions. The clauses set forth in the Board's letter or telegram prescribing the matters to be agreed to should be incorporated verbatim in written agreements drawn by your counsel in accordance with a form inclosed herewith. It is expected that your counsel will also examine the agreements when they have been executed and will be satisfied that they have been properly executed and that each agreement is the valid and binding obligation of the organization executing the same. Each agreement should be executed by officers of the applicant duly authorized to execute the same by an appropriate resolution of the board of directors of the applicant. The form of resolution contained in Exhibit C attached to each application is broad enough to authorize the officers named therein to

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execute such agreements, however, and a separate resolution for this purpose will not be necessary if the agreement is executed by the officers named in Exhibit C.

In each case a limited permit will be forwarded to the Federal Reserve Agent with instructions to issue the same as soon as all requirements prescribed by the Board have been complied with. Such permit will be undated and before delivery to the applicant the Federal Reserve Agent should date it as of the date of issuance. The Federal Reserve Agent should advise the Board as soon as the permit has been issued and give the date of issuance.

When the Federal Reserve Agent advises the Board of the issuance of the voting permit, he should forward a copy of the agreement executed by the applicant, together with an opinion of counsel for the Federal Reserve Bank that the agreement is the valid and binding obligation of the applicant in accordance with its terms, and a copy of any resolution (other than Exhibit C), adopted by the board of directors of the applicant authorizing the execution of the agreement aforesaid.

In any case in which a State bank is involved either as applicant or as subsidiary, you are requested to advise the proper State banking authority of the issue of the limited permit and to furnish him with such other information with respect thereto as may be of interest to him.

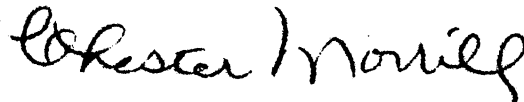
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If in any case it is necessary to advise a Federal Reserve Agent by telegraph of the approval of an application for a limited permit, the code word "ANCIGAR" will be used and will mean:

"The Board has considered the application of the holding company affiliate named below after the letter 'A' for a voting permit under authority of Section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in the banks named below after the letter 'B' and has authorized the issuance of a limited permit to the applicant, subject to the conditions stated herein after the letter 'C'. The permit authorized hereunder is for the sole purpose stated after the letter 'D'. Please proceed in accordance with instructions contained in Board's letter of December 21, 1933 (X-7730)".

When such a telegram is sent, the permit will be mailed to the Federal Reserve Agent with a confirmation of the telegram; but ordinarily no covering letter will be written.

Very truly yours,



Chester Morrill,
Secretary.

Inclosure.

To all Federal Reserve Agents.

AGREEMENT

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In consideration of the granting by the Federal Reserve Board, under authority of Section 5144 of the Revised Statutes of the United States, as amended, and pursuant to an application heretofore filed with the Board by the undersigned, of a limited voting permit for the sole purpose of entitling the undersigned to vote each share of stock which it owns or controls of its subsidiary member banks for the purposes specified in the limited voting permit aforesaid, the undersigned hereby represents, undertakes, and agrees as follows:

(Here insert clauses prescribing matters to be agreed to in exact language prescribed by Board)

The undersigned understands and agrees that, in authorizing the issuance of the limited voting permit aforesaid, the Federal Reserve Board shall not be deemed to have waived its right to require the applicant to furnish, as a condition precedent to the issuance of any further permit, such additional data and agreements, if any, as may be necessary in order to complete the application heretofore filed and to satisfy the requirements of the statute and of the Board's Regulations, or to prescribe in connection with the granting of any further permit such conditions as may appear to be desirable upon further consideration of the application aforesaid.

This agreement is executed in triplicate.

Dated: _____

(SEAL)

By _____

ATTEST:

Secretary.