

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-9054

December 20, 1934.

Subject: Issuance of Limited Voting Permits to
Holding Company Affiliates in connec-
tion with Revision by Reconstruction
Finance Corporation of Dividend Rates
upon Preferred Stock.

Dear Sir:

The Federal Reserve Board has received advice that the Reconstruction Finance Corporation has authorized a further revision of the dividend rates on preferred stock subscribed for or purchased by the Corporation. Certain banks are required to amend their charters in order to obtain the benefit of such revision, and other banks may elect whether or not they will amend their charters in connection with such revision. It is understood that such amendments are for the purpose of bringing the charters of such banks into conformity with the present standard form of charter prescribed by the Reconstruction Finance Corporation. The facts concerning such revision are set out more fully in Reconstruction Finance Corporation Loan Agency Bulletin No. 396 dated November 21, 1934, which has been placed in the hands of all Reconstruction Finance Corporation Agency Managers and Custodian Banks.

As you know, the Board addressed a letter dated November 10,

1934 (X-9018) to all Federal Reserve Agents in which it stated that it would consider the issuance to holding company affiliates, upon compliance with certain minimum conditions, of limited voting permits for the purpose of electing directors and acting upon routine matters at the 1935 annual meetings of their subsidiary member banks. These purposes were stated after the code word ANCILCO on page 7 of such letter.

Upon receipt of authority from the Board to issue a limited voting permit for the purposes stated after the code word ANCILCO on page 7 of the Board's letter to all Federal Reserve Agents dated November 10, 1934 (X-9018) (hereinafter referred to as organization purposes), and upon compliance by the holding company affiliate with the conditions imposed by the Board upon the issuance of a permit for such organization purposes, you are hereby authorized, in cases where the holding company affiliate so requests, to add to the statement of the purposes for which the permit is issued the following words:

and to act thereat upon such amendments to the (charter) of such (bank) as may be prescribed by the Reconstruction Finance Corporation in connection with the revision of dividend rates upon preferred stock subscribed for or purchased by such corporation, which amendments shall be in form approved by the appropriate supervisory authorities.

By way of illustration, in cases where a holding company affiliate is to be given permission to act upon the amendments prescribed by the Reconstruction Finance Corporation, the period at the end of the statement of organization purposes should be changed to a

comma, so that the entire statement of purposes in the voting permit will read thus:

To elect directors of such (bank) at the annual (meeting) of shareholders, or at any adjournments thereof, at any time prior to April 1, 1935, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such (bank), and to act thereat upon such amendments to the (charter) of such (bank) as may be prescribed by the Reconstruction Finance Corporation in connection with the revision of dividend rates upon preferred stock subscribed for or purchased by such corporation, which amendments shall be in form approved by the appropriate supervisory authorities.

In some cases the Board has granted or will grant authority to vote for organization purposes at the 1935 annual meetings of the subsidiary member banks by a telegram or letter to you which states such purposes at length instead of using the code word ANCILCO. In such cases, as well as in cases where the code word ANCILCO is used, you are authorized to add to the statement of organization purposes the words set forth in the single spaced passage on page 2 of this letter.

A limited voting permit to vote upon the Reconstruction Finance Corporation amendments should not be issued prior to the issuance of a limited voting permit to vote for organization purposes, nor before compliance with the conditions imposed by the Board upon the issuance of a limited voting permit for organization purposes. Permission to vote upon the Reconstruction Finance Corporation amendments may, however, be granted in the same permit which grants authority to

vote for organization purposes, as outlined above.

In certain cases holding company affiliates may request a permit to vote upon the Reconstruction Finance Corporation amendments after permits have been issued to such holding company affiliates to vote for organization purposes at the 1935 annual meetings of their subsidiary member banks. In such cases, you are hereby authorized to issue a separate limited voting permit to vote upon the Reconstruction Finance Corporation amendments, which limited voting permit shall contain the following statement of purposes:

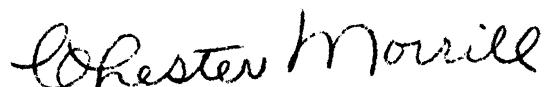
To act, at any regular or special (meeting) of shareholders of such (bank), or at any adjournments thereof, at any time prior to April 1, 1935 upon such amendments to the (charter) of such (bank) as may be prescribed by the Reconstruction Finance Corporation in connection with the revision of dividend rates upon preferred stock subscribed for or purchased by such corporation, which amendments shall be in form approved by the appropriate supervisory authorities.

Where the limited voting permit covers more than one subsidiary member bank, please use the plural instead of the singular of the appropriate words inclosed in parentheses above. It will be appreciated if you will promptly forward to the Board two executed copies of any limited voting permits issued by you under the authorization contained in this letter.

It is understood, of course, that no permit to act upon the Reconstruction Finance Corporation amendments will be issued unless the issuance of such permit meets with your approval. If, in any case in-

volving the issuance of such a limited voting permit, circumstances are present which you believe should be brought to its special attention, the Board will be glad to consider the matter prior to the issuance of the limited voting permit, in the light of your comments and recommendations.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill". The signature is written in dark ink and is positioned above the typed name.

Chester Morrill,
Secretary.

TO ALL FEDERAL RESERVE AGENTS