

**FEDERAL RESERVE BOARD****WASHINGTON**ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-9082

January 9, 1935.

Dear Sir:

During the past year the process of passing upon Clayton Act applications has made a considerable demand upon the time and consideration of the members of the Federal Reserve Board and they feel that the procedure not only has been cumbersome but has not produced entirely satisfactory results. In addition, they feel that the provisions of section 8A particularly are so sweeping in their terms that they apply to cases which it is believed were not within the primary purpose of the framers of that section, and it will be recalled that last year the Federal Reserve Board recommended that this section be amended but that bills including such amendment, although favorably reported, failed of passage at the close of the last session. The Board has reviewed the situation and it is now its intention to recommend to the Congress that the provisions of the Clayton Act relating to interlocking bank directorates be clarified and otherwise amended.

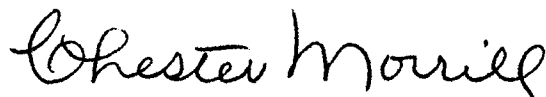
With this general idea in mind and pending action by Congress upon the matter at this session, the Board has decided that it will

grant applications for permits in all cases in which action has not heretofore been taken by the Board, except that permits will be denied as to banks which are engaged in the same class or classes of business in the same community and are so located as to be in a position to compete substantially. This exception, however, would not apply where the banks which might otherwise be considered competitive institutions are owned or controlled directly or indirectly by the same stockholders. Such permits will be issued or denied in accordance with the general policy laid down in this paragraph in the absence of extraordinary circumstances in particular cases.

The permits to be issued will be operative only until January 14, 1936 (the second Tuesday in January, 1936), so that it will not be necessary to institute formal proceedings to terminate such permits at the end of the period in any cases in which, in the absence of amendatory legislation, it would be contrary to the Board's policy to continue them in effect.

In the event of the failure of Congress at this session to enact any such legislation, it is the purpose of the Board to determine upon some general policy under which applications falling within certain classes of cases may be granted and others not in such classes may be denied.

Very truly yours,



Chester Morrill,  
Secretary.

TO ALL CHAIRMEN OF FEDERAL RESERVE BANKS.