

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9318

September 16, 1935

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



Subject: Clayton Act - "lawfully serving" on
date of enactment of Banking Act of
1935.

Dear Sir:

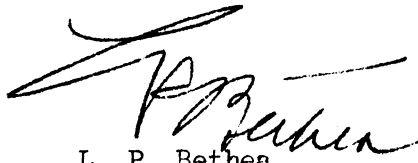
As you know, section 8 of the Clayton Antitrust Act as amended by section 329 of the Banking Act of 1935 contains the following provision:

"Until February 1, 1939, nothing in this section shall prohibit any director, officer, or employee of any member bank of the Federal Reserve System, or any branch thereof, who is lawfully serving at the same time as a private banker or as a director, officer, or employee of any other bank, banking association, savings bank, or trust company, or any branch thereof, on the date of enactment of the Banking Act of 1935, from continuing such service."

The Board's attention has been called to a case where on August 23, 1935, the date of the enactment of the Banking Act of 1935, a person was serving, under a permit issued by the Board, two banks coming within the provisions of the Clayton Act and also was serving a third bank which at that time came within the prohibitions of the Clayton Act. At the time of the granting of the permit, the service of the third bank was not prohibited by the

Clayton Act and the service of such bank was not covered by the permit issued by the Board. After careful consideration of these circumstances it was the view of the Board that the person was "lawfully serving" the two banks covered by the Board's permit in the capacities named in that permit on the date of the enactment of the Banking Act of 1935, and, therefore, under the provision of the Clayton Act, as amended by the Banking Act of 1935 quoted above, could continue such service until February 1, 1939. The Board's decision in this matter is called to your attention for your information in the event that cases involving similar circumstances come to your attention. It will be understood, of course, that in any case where the service of a bank which is not covered by the permit issued by the Board is prohibited under the Clayton Act, as amended by the Banking Act of 1935, the service of such bank must be terminated.

Very truly yours,



L. P. Bethea,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS