

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-9336

October 2, 1935.

SUBJECT: Clayton Act -- "Lawfully Serving"
on Date of the Enactment of the
Banking Act of 1935.

Dear Sir:

There is inclosed for your information a copy of the Board's letter of this date with further reference to the subject discussed in the Board's letter of September 16, 1935 (X-9318), namely, the conditions under which an individual should be regarded as having been "lawfully serving" banking institutions on the date of the enactment of the Banking Act of 1935 within the meaning of the provision in section 8 of the Clayton Act as amended by the Banking Act of 1935 which permits such service to continue until February 1, 1939.

Very truly yours,



L. P. Bethea,
Assistant Secretary.

Inclosure

TO ALL FEDERAL RESERVE AGENTS

COPY

X-9336-a

October 2, 1935.

Mr. L. M. Clark,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

Dear Mr. Clark:

In your letter of September 20, 1935, with reference to the last sentence of the Board's letter of September 16, 1935 (X-9318), you ask for confirmation of your understanding that that sentence is not to be interpreted as implying that relationships which were not prohibited by the Clayton Act immediately prior to the enactment of the Banking Act of 1935 may not lawfully continue until February 1, 1939.

Your understanding in this connection is correct, since, as indicated in section II(c) of the tentative draft of Regulation L which was forwarded to you with the Board's letter of September 13, 1935 (X-9317), any relationship involving a member bank, which was in existence on August 23, 1935, and which at that time was lawful under the Clayton Act either because it was authorized by a permit then in effect or because it was otherwise not subject to the prohibitions contained in the Clayton Act prior to its amendment by the Banking Act of 1935 on that date, is not prohibited until February 1, 1939, in view of the provisions of the paragraph immediately following the numbered paragraphs in section 8 as amended, even though such relationship would otherwise be prohibited by the Clayton Act as amended.

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.