

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDDecember 21, 1935,
B-1124.SUBJECT: Call Reports of State Bank Members
and their Affiliates.

Dear Sir:

There have been forwarded to you today under separate cover the indicated number of copies of the six forms attached hereto, for the use of State bank members and their affiliates in submitting reports as of the next call date:

Number of
copiesForm

Form 105, Report of condition of State bank member.

Form 105b (Schedule "0"), Loans and advances to affiliates and investments in and loans secured by obligations of affiliates.

Form 105e, Publisher's copy of report of condition of State bank member.

Form 220, Report of affiliate or holding company affiliate.

Form 220a, Publisher's copy of report of affiliate or holding company affiliate.

Form 220b, Instructions for preparation of reports of affiliates and holding company affiliates.

The number of copies of Forms 105b, 220, 220a, and 220b, being forwarded to you, is based on the number requested in response to telegram TRANS 2329 of November 21, 1935.

Please hold the forms at your bank until receipt of telegraphic advice from the Board giving the date on which the forms should reach State bank members in your district. Upon receipt of such advice please arrange to mail to each State bank member, scheduled to reach the bank as nearly as practicable on the date given in the Board's telegraphic advice, three copies of Form 105, two copies of Form 105e, and an appropriate number of copies of Forms 105b, 220, 220a and 220b, with the request that the forms be held pending the receipt of a call for reports thereon.

Please furnish the Board with a copy of the letter transmitting the forms to State bank members, a copy of the letter calling for reports, and a list of the State bank members on which the call is made.

The original copies of reports on Forms 105, 105b and 220 should be retained for the files of your bank, while the duplicate copies thereof and reports on Forms 105e and 220a should be forwarded to the Board.

It will be noted that the schedules on page 4 of Form 105 have been considerably revised and simplified so as to conform to revised Regulation D, effective January 1, 1936. Please advise the banks to report the figures called for in Schedules I, J and K on the basis of the revised regulation, and call their special attention to the provisions of paragraph (e) of Section II of the regulation entitled "Continuance of 'time deposit' status". The changes in the regulations governing publication of condition reports, printed on the reverse side of Form 105e, are of a minor character and were made simply to conform to revised Regulation H. The instructions governing publication of affiliate reports have also been amended to conform to revised Regulation H.

The Board and the Comptroller of the Currency have modified the terms of waiver applicable to reports of affiliates by the substitution of two new paragraphs for the old paragraphs (a), (b), and (c), appearing under the cap-

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tion "Waiver of Requirement for Reports of Affiliates" in the instructions for preparation of affiliate reports (Board's Form 220b revised August 1935). A copy of the statement attached hereto, which shows the amended terms of waiver in full, including the new paragraphs, should be furnished to each State bank member and its attention specifically called thereto in your letter sending out the forms for the next call. It will be noted that the waiver now applies to reports of all affiliates in which the member bank does not have an interest in excess of 1 percent of its capital and surplus or \$5,000, whichever is the smaller, and that the amount of such interest is to be taken at the value at which it is carried as an asset on the bank's books.

The reports should be examined at your bank in accordance with past procedure and any necessary corrections obtained, if practicable, before they are forwarded to the Board. The printed copies of reports of State bank members and their affiliates, clipped from the newspapers and attached to the reverse side of Forms 105c and 220a, should be examined to see that they appear to be in proper form. Copies of letters sent to State bank members in connection with published reports, and of any replies received thereto, should be furnished the Board.

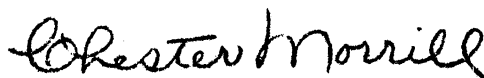
Please have compiled from the next call reports and mailed or wired in time to reach the Board within 3 weeks after the date on which the call is made, if practicable, a summary statement showing separately for central reserve city member banks, reserve city member banks, and country member banks, the amount of (1) each class of loans and discounts as shown against Items 1 to

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8 of Schedule E, (2) each class of United States Government obligations, direct and/or fully guaranteed, as shown against items 1(a) to 2(c) of Schedule F, and (3) total other bonds, stocks and securities, as shown against Asset item four (total of Schedule G).

Very truly yours,



Chester Morrill,
Secretary.

Inclosure

TO ALL FEDERAL RESERVE AGENTS

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The following waiver provisions supersede those printed on the instructions for preparing reports of affiliates (Form 220-b revised August 1935),

WAIVER OF REQUIREMENT FOR REPORTS OF AFFILIATES

Pursuant to section 21 of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System waives the requirement for the submission of reports of affiliates (other than of holding company affiliates, as defined in section 2(c) of the Banking Act of 1933, as amended,) of State bank members of the Federal Reserve System, except:

- (a) When indebtedness, if any, of the affiliate to the member bank has been carried for more than 6 months in the 12 months preceding the report date as an asset on the bank's books at a value in excess of 1 percent of the bank's capital and surplus or \$5,000, whichever is the smaller, regardless of whether the affiliate is so indebted on the report date.
- (b) When, on the report date, the affiliate is indebted to the member bank, or the member bank owns obligations of, or stock or other evidences of ownership in, the affiliate, and the aggregate amount of such indebtedness, obligations, stock, or other evidences of ownership is carried as an asset on the bank's books at a value in excess of 1 percent of the member bank's capital and surplus, or \$5,000, whichever amount is the smaller.

The Board of Governors of the Federal Reserve System also waives the requirement for the submission of reports of affiliates in all cases where the affiliate relationship is based solely on ownership or control of any

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voting shares of the affiliate by a member bank as executor, administrator, trustee, receiver, agent, depository, or in any other fiduciary capacity, except where such shares are held for the benefit of all or a majority of the stockholders of such member banks.

The above provisions with respect to the waiving of the requirements for submission of reports of affiliates are subject to change whenever deemed advisable by the Board of Governors of the Federal Reserve System in order to require the submission of reports which are necessary to disclose fully relations between member banks and their affiliates and the effect thereof upon the affairs of member banks.

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