

INTERPRETATIONBANKING ACT OF 1935

(Copies to be sent to all Federal reserve banks)

May 6, 1936.

Mr. W. A. Day, President,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Day:

This refers to your letter of April 23, 1936, requesting an interpretation of the underscored portion of the following provisions of the twentieth paragraph of section 9 of the Federal Reserve Act:

"After the date of the enactment of the Banking Act of 1935, no certificate evidencing the stock of any State member bank shall bear any statement purporting to represent the stock of any other corporation, except * * * a corporation engaged on June 16, 1934, in holding the bank premises of such member bank, * * *." (Underscoring added.)

The question is whether such exception is limited to corporations engaged solely in holding the bank premises of the affiliated bank.

Prior to the enactment of the Banking Act of 1935, such statutory provisions read as follows:

"After one year from the date of the enactment of the Banking Act of 1933, no certificate representing the stock of any State member bank shall represent the stock of any other corporation, except * * * a corporation existing on the date this paragraph takes effect engaged solely in holding the bank premises of such State member bank, * * *." (Underscoring added.)

The memorandum accompanying your letter correctly summarizes the legislative history of the provisions of the Banking Act of 1935 amending the above-quoted provisions of section 9 of the Federal Reserve Act and the corresponding provisions of section 5139 of the

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Revised Statutes of the United States relating to national banks. The Board concurs in your counsel's opinion that, in view of such legislative history, the exception, in its present form, can not properly be interpreted as being limited to corporations engaged solely in holding the bank premises of the affiliated bank.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.