

X-9743
Reg. H-9

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal reserve banks)

November 17, 1936.

Mr. _____,
Assistant Federal Reserve Agent,
Federal Reserve Bank of _____,
_____, _____.

Dear Mr. _____:

This refers to your letter of October 16, 1936, with inclosures, regarding the merger on July 11, 1936, of the _____ Trust Company and The _____ Trust Company of _____, both of _____.

It is noted that your counsel is of the opinion that the merger was legally effective under the laws of (name of State) and did not affect the legal status of the _____ Trust Company as a member of the Federal Reserve System. It is noted also that you have forwarded a number of copies of underlying documents showing the action taken by the officers, directors and/or stockholders of the two institutions leading up to the merger, in addition to copies of certain other documents which have been furnished to you in this connection.

As you know, in connection with a consolidation or merger under the charter of a State member bank or a transaction in which a State member bank purchases or acquires certain assets and liabilities of another bank, it is the Board's practice to obtain copies of any contracts or agreements entered into by the banks involved, any

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amendments to the charter of the member bank continuing in existence made in connection with the particular transaction, and, if possible, any approval given by the appropriate State supervisory authorities to the merger, consolidation or acquisition of assets and liabilities, including a copy of any specific authorization granted by such authorities for the establishment of any branch resulting from the transaction. It will not be necessary, however, for you to furnish copies of the underlying documents usually executed in such cases, as, for example, documents showing the preliminary action taken by the officers, directors and/or stockholders of the banks leading up to the consummation of the transaction.

While in some cases it may be desirable for the Federal Reserve bank itself to obtain copies of underlying documents of this kind, in order that its counsel may be satisfied as to the legality of the matter, the determination of the question as to what underlying documents, if any, need be obtained in any particular case must be made by the Federal Reserve bank and its counsel in the exercise of a reasonable discretion in the light of all the facts existing in each case. However, it is suggested that, in the absence of special circumstances, the counsel for the Federal Reserve bank could rely in each case upon information received from the State supervisory authorities that appropriate action had been taken by the officers, directors and/or stockholders looking toward the merger, consolidation or acquisition of assets and liabilities.

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In connection with the above, your attention is invited to the Board's letter of December 26, 1934 (X-9060a), with regard to obtaining and furnishing the Board with copies of amendments to the charters of State member banks.

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.