

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9780

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



January 6, 1937.

SUBJECT: Conditions of Membership Prohibiting State Member Banks from Engaging in the Sale of Insurance.

Dear Sir:

The Board has recently had occasion to reconsider the general question of conditions of membership prohibiting State member banks from acting directly or indirectly as agents or brokers in the sale of insurance and has decided that, in the absence of any abuse or unsound practices in the transaction of such business by the bank, no condition of membership prohibiting a bank from engaging in such business will be prescribed. It is assumed, of course, that any such business will be conducted in accordance with the applicable provisions of State law and the rulings of the appropriate State authorities.

In the comparatively few cases where such conditions are now in force, the Board has decided to cancel the condition. A separate letter canceling such conditions will be forwarded to the presidents of the reserve banks of the districts in which such banks are located. This is brought to your attention in order that you may be guided accordingly in connection with inquiries regarding membership.

Very truly yours,

A handwritten signature in dark ink, appearing to read "L. P. Bethea".

L. P. Bethea,
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.