

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal reserve banks)

July 17, 1937.

Mr. _____, Vice President,
Federal Reserve Bank of _____,
_____, _____.

Dear Mr. _____:

This refers to Mr. _____ letter of July 8, 1937, submitting a request of the _____ National Bank for advice as to whether the Board would object to the appointment of alternates for members of the Trust Investment Committee of that national bank functioning under the provisions of paragraph (c) of section 6 of the Board's Regulation F.

It is understood the Trust Investment Committee is now composed of four officers of the bank appointed by its board of directors. It is proposed that there shall be appointed by the board of directors of the bank an alternate to each member of the Trust Investment Committee, each alternate to act only when the regular member is absent from the bank or is unable, because of the demands of other official business upon his time, to attend the meetings of the Committee. It is also understood that the principal difficulty which the _____ National Bank contemplates meeting by the appointment of such alternates is the one arising out of absences of members of the Committee during the vacation season, and that on this phase of the matter it desires early advice.

The provision of the regulation referred to contemplates a Committee the members of which shall have a continuity of responsibility for the discharge of the duties of the Committee. However, the Board recognizes that it may be proper to appoint alternates to serve in the place of the regular members of the Committee in certain circumstances without loss of the desired continuity of action by the Committee. The Board is not prepared at this time to lay down any general rule as to all circumstances under which alternates might properly serve in place of regular members of the Committee, but it would have no objection to alternates appointed by the board of directors serving in place of regular members who are absent from the bank on account of vacations, illness, or other good and sufficient reasons. Whenever an alternate serves in the place of a regular member of the Committee, the Board believes that the minutes of the Committee should show the reason for such service in place of the regular member.

It may also be suggested that the difficulties referred to by the _____ National Bank might be eliminated through the enlargement of the number of regular members of the Trust Investment Committee, it being assumed, of course, that any action by the Committee would represent the action of at least a quorum of the Committee as described in the Board's letter of March 15, 1937 (X-9872).

Please advise the _____ National Bank accordingly.

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.