

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

RECORDS IN RECORDS SECTION
MAR 2 1970
421.2-24
Date February 4, 1970.

Office Correspondence

To Board of Governors

From Division of Supervision
and Regulation

Subject: First National City Bank ("FNCB"),
New York: Establishment of additional
branches in Switzerland, to be located in
Berne and Basle.

It will be recalled that on January 23, 1970, the Board discussed the notice dated December 16, 1969, from First National City Bank of its intention to establish two additional branches in Switzerland, to be located in Berne and Basle. The bank presently operates branches in Geneva, Lausanne, Lugano, and Zurich.

The Board requested that, in responding, reference be made to the availability of information concerning the operations of the branches in Switzerland. The attached proposed letter has been prepared accordingly. If agreeable to the Board, it is proposed that a similar reference would be included in future letters granting permission to establish foreign branches.

For the Board's background information, also attached is a memorandum from the Divisions of Supervision and Regulation and Legal concerning reporting requirements relating to establishment of a branch in Switzerland by Morgan Guaranty Trust Company of New York. A copy of the letter as approved and sent to Morgan Guaranty is also attached.

Attachments - Memorandum dated November 6, 1968.
Board's letter of November 27, 1968, to Morgan Guaranty.
Proposed letter.

Reply 2/12/70

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REC'D IN RECORDS SECTION
MAR 2 1970
REC'D IN RECORDS SECTION
MAR 17 1969
2 NY: New York

November 27, 1968

Morgan Guaranty
TRCO
Permanent

Morgan Guaranty Trust Company,
23 Wall Street,
New York, New York. 10015

Gentlemen:

This will confirm that any reporting requirements of the Board applicable to a branch of your bank operating in Switzerland will not oblige the branch to furnish to the public any information relating to the affairs of the bank's clients that it is not permitted to furnish by the laws of Switzerland.

This letter may be shown to the Swiss Federal Banking Commission in connection with the establishment by your bank of a branch in Zurich.

Very truly yours,

(signed) Robert P. Forrestal
Robert P. Forrestal,
Assistant Secretary.

JWS:rfm
11-27-68

cc: FRB New York -- Mr. Piderit

RBF

Approved
NOV 27 1968

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

REC'D IN RECORDS SECTION

MAR 2 1970

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

First National City Bank,
399 Park Avenue,
New York, New York. 10022

Gentlemen:

In response to your letter of December 16, 1969, the Board of Governors grants permission for First National City Bank, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish two additional branches in Switzerland, to be located in Berne and Basle, and to operate and maintain such branches subject to the provisions of such Section and of Regulation M.

Unless the branches are actually established and opened for business on or before March 1, 1971, all rights granted hereby shall be deemed abandoned and the authority hereby granted will automatically terminate on that date.

Please advise the Board of Governors, through the Federal Reserve Bank of New York, when the branches are opened for business, furnishing information as to the exact locations of each branch. The Board should also be promptly informed of any future change in location of the branches in Berne or Basle.

The above permissions are granted on the condition that adequate information covering your branch operations in Switzerland will be maintained at your head office and will be available to the Board and its accredited representatives.

As you are aware, with respect to the establishment of foreign branches, funds provided by home office (whether in the form of allocated capital, advances, or otherwise) should be regarded as foreign assets for purposes of the foreign credit restraint effort.

In view of the Board's concern with minimizing the impact of foreign investments on the balance of payments, the above consent is given with the understanding that in the conduct of the branches' operations maximum reliance will be placed on resources obtained outside the United States. The Board has noted that as of December 31, 1969, the foreign loans and investments of your bank and its subsidiaries exceeded the guideline ceiling applicable under the foreign credit restraint effort now in effect. The foregoing consent is given with the understanding that those foreign loans and investments will be reduced as soon as possible to a level consistent with the guidelines; that any investment required will be made within those guidelines; and that due consideration is being given to the priorities contained therein.

Very truly yours,

Kenneth A. Kenyon,
Deputy Secretary.