

A meeting of the Executive Committee of the Federal Reserve Board was held in the offices of the Governor at 4.20 p.m., Monday, January 8th.

PRESENT:

Governor Harding, presiding,

Mr. Warburg,

Mr. Allen, Assistant Secretary.

The purchases by Federal Reserve Banks of United States bonds during the year 1917 having been under consideration, the Governor of the Board was authorized to send to Federal Reserve Banks the following letter and to make public in his discretion a statement to the press upon the subject:

"The Federal Reserve Board has today determined, in the exercise of the discretion vested in it under the provisions of Section 18 of the Federal Reserve Act, that it will not require Federal reserve banks to purchase during the year 1917 more than fifteen million dollars of United States bonds offered for sale by member banks through the Treasurer of the United States. It will require Federal reserve banks to purchase on April 1, 1917, the full amount of this fifteen million dollars, or so much thereof as may be offered

for sale on or before March 21st.

"Under the provisions of Section 18 Federal reserve banks are not permitted to purchase from member banks through the Treasurer more than twenty-five million dollars of bonds in any one year, less the amount of bonds bearing the circulation privilege acquired in the open market during that year. If, therefore, Federal reserve banks are desirous of giving member banks an opportunity to sell the full amount of fifteen million dollars under the provisions of Section 18, they should refrain from investing in the open market during the first quarter anything in excess of the difference between fifteen million dollars and twenty-five million dollars. Please call this to the attention of your Executive Committee."

Ass't Secretary.

APPROVED:

Chairman.