



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

REC'D IN RECORDS SECTION
APR 28 1970

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 28, 1970

TO: Board Members and Reserve Bank Presidents

FROM: Mr. Holland

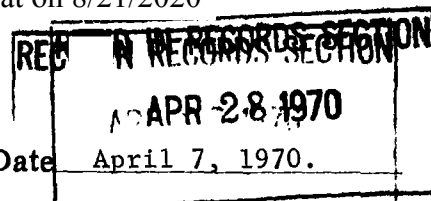
Chairman Burns would like to meet privately with the Presidents of the Federal Reserve Banks and the Governors on May 5, 1970, at 9:15 a.m.--i.e., just before the regular Federal Open Market Committee meeting--to discuss the proposal outlined in the attached memorandum.

A handwritten signature in cursive script, appearing to read "R. C. Holland".

Robert C. Holland,
Secretary.

Attachment

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM



Office Correspondence

To Board of Governors

Subject: Guide to conduct for

From Chairman Burns *AB*

System officials.

I understand that a few years ago the Board adopted Rules Regarding Employee Responsibilities and Conduct, covering such matters as the acceptance of gifts and entertainment, outside activities, speculative transactions, and financial interests. I also understand that the Reserve Banks have adopted similar Rules for their own personnel, and that from time to time in the past the Board has addressed letters to the Reserve Banks with respect to particular matters, such as the receipt of gifts by officers and employees of the Reserve Banks, speculation in securities, and the acceptance of honoraria in connection with public speeches.

It appears that the Board's Rules Regarding Employee Responsibilities and Conduct do not literally apply to members of the Board. However, I would suppose that Board members would want to adhere voluntarily to the spirit of those Rules. Moreover, it seems to me that there is need for a guide to conduct for senior Federal Reserve officials that would go somewhat beyond the matters covered by existing Rules. I have in mind, for example, guidelines with respect to the content and circumstances of public speeches made by members of the Board and Reserve Bank presidents, relations with the press, maintaining the confidentiality of inside information, avoiding financial or other transactions that could give rise to even an appearance of a conflict

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of interest, and any other activities that, whether "ethical" or not, might tend to embarrass the System.

I am not suggesting that the Board adopt any new detailed and formal rules in this area. My thought is simply that Board members and top Reserve Bank officials might voluntarily agree to abide by a general guide to conduct of the kind indicated.

Accordingly, I propose to designate a joint Board-Reserve Bank committee, consisting of two Board members and two Reserve Bank presidents, to consider and draw up such a general guide to conduct that, if agreeable, might be voluntarily accepted by the Board and the Conference of Presidents. I would hope that such a committee, after a general review of existing Rules regarding the conduct of System personnel, would be able to complete this assignment within a relatively short period of time.