

COPYMINUTES OF JOINT MEETING OF THE OPEN MARKET INVESTMENT COMMITTEE  
AND THE FEDERAL RESERVE BOARD HELD IN WASHINGTON, MONDAY, JUNE 21, 1926333-b-2  
Final Minutes

6/21/26

## Present:

Vice Governor Platt  
Mr. Hamlin  
Mr. James

## Members of the Board

Acting Chairman Case  
Governor Harding  
Governor Fancher  
Governor McDougal  
Governor Norris

## Members of the Committee

Under Secretary of the Treasury Winston  
Mr. Matteson, Secretary  
Mr. Eddy  
Mr. Goldenweiser

The meeting was called to order at 11 a. m. by Vice Governor Platt.

Messrs. Norris and Case entered at 11:15 a. m.

Mr. Case reviewed briefly the operations of the Committee since the last meeting on March 20, 1926, the changes in the holdings of Government securities in the Special Account and the activities over the June 15 tax period. He stated that the principal occasion for calling the meeting was the problem of dealing with the money market situation over the end of June, when holiday currency requirements would coincide with the accumulation of a Treasury balance in the Reserve Banks and "window dressing" by member banks for their June 30 reports. It was also desired to discuss open market policy generally in the light of recent changes in the credit situation.

The Secretary submitted and read his report, also the report of the Chairman and the report on foreign accounts, with accompanying statements and data, all of which were duly accepted and ordered placed on file.

Under Secretary Winston joined the meeting at this point.

Mr. Winston stated that the Treasury would have surplus funds in the Federal Reserve Banks this month amounting to about \$75,000,000, a substantial part of which it was proposed to use in the purchase and redemption of Third

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Liberty Loan Bonds and that he anticipated buying additional bonds for delivery the first of July when the Treasury would receive \$40,000,000 from the proceeds of the recent sale of \$60,000,000 Farm Loan Bonds.

There followed an extended discussion of the various reports, with particular reference to the desirability of a temporary purchase of Government securities by the Committee to prevent any serious disturbance to the money market over the end of the month, whereupon:

On motion of Mr. Hamlin, duly seconded and carried, it was.

VOTED that it is expedient that the System holdings of Government securities should be maintained for the present at the existing amount - approximately \$275,000,000 - but with authority to make temporary purchases or sales, within a range of \$50,000,000, as may be deemed advisable by the Committee; any such purchases to be liquidated within a reasonable time as market conditions warrant.

In connection with the report on foreign accounts, a recommendation was made by the Federal Reserve Bank of New York that the reports to the Committee be made as heretofore at each meeting but that the brief reports to the Committee at the end of each month be discontinued for the reason that all of the information contained in these latter reports is included in the regular monthly statements of free balances, investments and ear-marked gold made to the governor of each bank. It was voted that this change be approved.

On motion the meeting adjourned at 1 p. m.

(Signed) W. B. Matteson,  
Secretary.

Subsequent to the adjournment of the meeting the members of the Open Market Investment Committee conferred with regard to a suggestion made by Governor McDougal of the Federal Reserve Bank of Chicago that Federal Reserve Banks be permitted to extend the repurchase agreement practice with recognized dealers in Government securities so as to include Third Liberty Loan Bonds, which bonds are now in the short-term area.

This recommendation was unanimously agreed to by the members of the Committee with the understanding that it was to be submitted by Mr. Case to the Federal Reserve Board for the latter's approval.