

SIXTH CONFERENCE OF GOVERNORS
TO BE HELD AT WASHINGTON, D. C.,
JANUARY 19, 1916.

P R O G R A M M E

1. Election of officers of the Conference for the year 1916.
2. Minutes of the Fifth Conference of Governors.
3. Committee to wait upon Federal Reserve Board.
4. Report of the Executive Committee. Mr. McDougal
 - (a) Joint meeting with Executive Committee of Federal reserve agents - Nov. 17, 1915.
 - (b) Meeting of November 18 - 20, 1915.
 - (c) Meeting of December 14 - 16, 1915.
 - (d) Report to Federal Reserve Board.
 - (e) Amendments to Federal Reserve Act.
5. Unfinished business. Mr. Curtis
 - (a) Matters referred to Federal Reserve Board
 - (b) Action taken by Federal Reserve Board.
6. Joint Conferences. Mr. Strong
 - (a) With Federal Reserve Board.
 - (b) With A. B. A. Committees.
7. Collections and Clearances.
 - (a) Attitude of Boards of Directors of Federal Reserve Banks. Mr. McDougal
 - (b) Should Federal reserve banks now be permitted to receive in accordance with the schedule for deferred credits, checks on member banks located in other Federal reserve cities? Mr. McDougal
 - (c) Collections from member banks of other districts. Mr. Kains
8. Fiscal agency functions.
 - (a) Transfer of government funds and appointment of reserve banks as fiscal agents. Mr. Wold &
Mr. McDougal
 - (b) Receipt from collectors of checks carrying exchange charges. Mr. Aiken
9. Open Market Operations. Mr. Strong
 - (a) Domestic Acceptances.
 - (b) Trade Acceptances.
 - (c) Statements of private bankers.
 - (d) Division of purchases.

10. Gold Settlement Fund.
- (a) Ought Federal reserve agents to ship gold deposited with them to retire Federal reserve notes to the subtreasury for deposit in the Gold Fund? Mr. Wold
 - (b) Advisability of separating physical custody of gold fund between the banks and the Federal reserve agents. Mr. Strong
 - (c) Telegraphic code for transfers of gold in gold settlement fund between reserve agents and banks. Mr. Wold
 - (d) Retroactive liability for expenses. Mr. Kains
 - (e) Committee to audit for whole year.
11. Internal Operations of Federal Reserve Banks.
- (a) Publicity of Federal reserve banks' earnings. Mr. Fancher
 - (b) Terms of office of reserve bank employees Mr. Aiken
 - (c) Publication of reserve banks' salary lists Mr. Strong
 - (d) Report of committee on method of calculating dividends. Mr. Seay
 - (e) Right of a national bank, directly or through officers, to act as agent for insurance companies. Mr. Wold
 - (f) Weekly report of net deposits and balances of member banks. Mr. Aiken
12. Foreign Arrangements.
13. Accumulation of Statistics. Mr. Strong
- ✓ 14. Proposal of National Bank Section of A. B. A. for joint conference in Kansas City. Mr. Strong
15. Report of National Bank Section of A. B. A. on recommendations for legislation. Mr. Strong
16. Reserves of member banks - treatment of the float. Mr. Kains
17. Applicability of Federal income tax to Federal reserve banks. Mr. Kains
18. Desirability of appointment of an assistant for each national bank examiner. Mr. Seay
19. The purpose of accumulating gold in the hands of Federal reserve agents by the issuing of Federal reserve notes. Mr. Wold
20. The advantage, if any, of the conversion of U. S. bonds provided for in Section 18. Mr. Wold.
21. Member banks under Special Examination.
- What should be the attitude of the Executive Committee in passing upon discounts for such banks, and what would be a reasonable line of discounts to extend?
- Mr. McCord
22. Press Statements - advisability of publishing conference recommendations.
23. Next meeting.

Notes
Mills - Savings Bank
Chutebani

Memorandum of Topics
Suggested for Consideration at Meeting of Governors of
Federal Reserve Banks held in Washington, January 19, 1916.

First:

Section 11 of the Federal Reserve Act gives the Board power,

"To add to the number of cities classified as reserve
and central reserve cities", etc.

Under this authority, the Federal Reserve Board could name the city in which each Federal Reserve Bank is located as a central reserve city. The immediate effect would be to increase the reserves of those cities from fifteen to eighteen per cent, and at the same time cause a transfer of reserves in those cities to the Federal Reserve Banks, both of which objects are desirable, and more easily accomplished at a period of easy money and excess reserves. The Federal Reserve Board would be very glad to have a recommendation from the Governors on this subject.

Second:

At the September meeting of the Advisory Council, it recommended to the Federal Reserve Board that Federal Reserve Banks should not establish joint agencies in foreign lands, but that this field should be kept open for member banks. Since that time the Federal Reserve Board has canvassed the subject through the Federal Reserve Agent of each District with a view to ascertaining whether the larger banks in the various Districts would be willing to join in the ownership of branches in foreign countries. The replies to these inquiries are not as encouraging as has been hoped they would be for it appears

that while for a number of good reasons it seems unwise that the Federal Reserve Banks should undertake this business, there is a great deal of hesitation on the part of most member banks to undertake it themselves.

A few banks appear to show a spirit of enterprise in the matter and the Board believes that under any circumstances the door ought to be opened as wide as possible and that Congress should be urged to do all it can to offer to member banks, singly or combined, the opportunity of entering these foreign fields.

In this connection some questions have occurred to the Board in considering this matter upon which it will be glad to have the views of the Governors. These questions are:

(a) Should the proposed amendment provide that others than member banks be permitted to be stockholders in these banks which are to operate under Federal charters in foreign countries? If so, should there be a provision that a majority of the stock be held by member banks?

(b) Would it not be advisable to provide that there should not be a double liability with respect to the stock holdings in such banks, but only a liability up to the authorized capital?

(c) What, if any, should be the reserve requirements of these foreign banks? If they are to receive deposits in foreign countries it would subject them to great hazard of fluctuation of exchange if against these foreign deposits they are required to

keep reserves in the United States.

(d) Should these foreign banks be required to be members of the Federal Reserve System?

(e) Should these foreign banks be permitted to invest a definite percentage of their capital and surplus in holdings of foreign banks operating under local charters?

(f) What restrictions should be placed upon these foreign banks for their operations in the United States? For instance - they might be permitted to accept deposits only where these deposits are incidental to transactions in foreign countries. On the other hand, it would appear that they should be permitted to receive deposits on demand or on time from other banks, particularly from those for which they will act as correspondents or agents in foreign countries.

(g) Should these foreign banks be permitted to accept and should their "bankers' acceptances" be eligible for rediscount with the Federal Reserve Banks?

1/19/16.

PROPOSED AMENDMENTS TO SECTION 22
OF THE
FEDERAL RESERVE ACT

Amend second paragraph to read as follows:

"Other than the usual salary or director's fee paid to any officer, director, employee or attorney of a member bank, and other than a reasonable fee paid by such bank to an officer, director, employee or attorney for special services rendered to such bank, no officer, director, employee or attorney of a member bank shall be beneficiary of or receive directly or indirectly, either from the bank or from other person or persons, any fee, commission, gift or other consideration for or on account of his services, vote or influence as such officer, director, employee or attorney, in connection with or in respect of any loan, purchase, sale, payment, exchange or transaction with respect to stocks, bonds or other investment securities, or notes, bills of exchange, acceptances, bankers' bills, cable transfers or mortgages made by or on behalf of such bank of which he is an officer, director, employee or attorney, provided that this restriction shall not be construed to cover transactions made in good faith and in the ordinary course of business between a member bank and any other person, firm or corporation in which the compensation is received by such officer, director, employee or attorney from such other person, firm or corporation, and in which such officer, director, employee or attorney takes no part or has no vote in behalf of the member bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress or of either House duly authorized, provided that the Comptroller of the Currency and any national bank examiner shall give such information concerning a member bank to the Federal reserve bank of which it is a member upon request of such Federal reserve bank. Any person violating any provision of this section shall be punished by a fine of not exceeding \$5,000. or by imprisonment not exceeding one year, or both."

SIXTH CONFERENCE OF GOVERNORS

OF

FEDERAL RESERVE BANKS

JANUARY 19 - 21, 1916

BOARD OF GOVERNORS

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SIXTH CONFERENCE OF GOVERNORS

OF THE

FEDERAL RESERVE BANKS

The Sixth Conference of Governors of the Federal reserve banks was held at the Shoreham Hotel, Washington, D. C., on January 19, 20, 21, 1916.

PRESENT:

Mr. Strong, Chairman of the Conference,
Messrs. Aiken, Rhoads, Fancher, Seay,
McDougal, Wold, Miller, Van Zandt, Kains,
McCord and Wells; also
Mr. J. F. Curtis, Sec'y of the Conference.

The meeting was called to order at 10:15 o'clock A. M. on January 19th by Mr. Strong.

TOPIC #1 - ELECTION OF OFFICERS OF THE CONFERENCE FOR THE YEAR 1916, was postponed by consent.

TOPIC #2 - MINUTES OF THE FIFTH CONFERENCE OF GOVERNORS. - On motion it was

VOTED to approve the minutes of the Fifth Conference without reading.

TOPIC #3 - COMMITTEE TO WAIT UPON FEDERAL RESERVE BOARD. - On motion it was

VOTED that Mr. Seay be appointed a committee of one to wait upon the Federal Reserve Board.

TOPIC #6 - JOINT CONFERENCES WITH FEDERAL RESERVE BOARD AND WITH A. B. A. COMMITTEES. - After a brief discussion of this topic it was understood that Mr. Seay would state to the Federal Reserve Board that this Conference proposes holding a joint meeting with the committee on Federal Legislation and the Executive Committee of the National Bank Section of the American Bankers Association on January 20th, such joint meeting having been arranged at the request of the committees of the A. B. A., and also that this Conference holds itself in readiness to meet with the Federal Reserve Board at its convenience.

At this point Mr. Seay retired from the conference room to call upon the Federal Reserve Board.

TOPIC #14 - PROPOSAL OF NATIONAL BANK SECTION OF A. B. A. FOR JOINT CONFERENCE IN KANSAS CITY. - A letter from the Secretary pro tem of the A. B. A., dated January 3, 1916, was submitted by the Chairman. After a brief discussion, and on motion duly made and seconded, it was

VOTED that Mr. Curtis be requested to write Mr. Farnsworth, conveying to him our appreciation of his invitation and stating that we are not yet able to determine whether there will be any necessity for a business meeting of the governors of the reserve banks at the time of the conference of the A. B. A., and that if the invitation should not be accepted by the Governors' Conference as a body, the sentiment, however, was that the governors would individually be very glad to attend the convention, and that a further reply will be made at a later time.

TOPIC #4 - REPORT OF THE EXECUTIVE COMMITTEE. - Mr. McDougal, in behalf of the committee, submitted a report which will be found on pages 14 to 19 inclusive of the stenographic minutes. Whereupon it was

VOTED that the report of the Executive Committee be received and filed and that the Conference take up in order the various matters acted upon by the Executive Committee for approval or comment.

At this point Mr. Wold joined the meeting.

In accordance with this vote the first matter discussed was the action of the Executive Committee in referring the matter of the proposed amendment to the Federal Reserve Act authorizing the membership of savings banks to the Conference of Federal Reserve Agents. Whereupon it was

VOTED that the action of the Executive Committee in this regard be approved.

The Chairman then made a brief statement of the action of the Executive Committee taken at the joint conference of the Executive Committee with the Federal Reserve Agents, and indicated the subjects which had been tentatively assigned for consideration by the Conference of Federal Reserve Agents. Whereupon it was

VOTED that the action of the Executive Committee in this regard be approved.

At this point Mr. Kains joined the meeting.

The Chairman stated that the next action of the Executive Committee was with respect to the proposed clarifications of Section 13, 14, 15, 16, 18 and 22 of the Federal Reserve Act, and also stated that a memorandum of the

proposed amendments had been forwarded to the governors of each of the banks. At the request of the conference, Mr. Curtis explained the purposes of the various amendments to these sections. Whereupon the following proceedings were had:

SECTION 13: Paragraph 2, third line of proposed amendment, change the word "or" to "and."

During the course of the discussion of the proposed amendments, Mr. Seay returned from the Federal Reserve Board and reported that they would let the Governors' Conference know when they desired to have a meeting, and that the Board would have two subjects to submit to the governors for discussion, which will be presented in writing at a later time.

SECTION 15: The last five lines of the second paragraph of the proposed amendment were stricken out, the paragraph to end after the word "determine."

SECTION 16: Paragraph 1, line 12, strike out the words "or at any Sub-treasury of the United States."

After a discussion of the proposed amendments to Sections 13, 14, 15, 16 and 18, a proposed amendment to Section 22 was read by Mr. Curtis and discussed, and a copy handed to each of the governors present. Thereafter there followed a considerable discussion of all the proposed amendments, but no action was had thereon.

The Chairman stated that he would like to hold an executive session at this point; whereupon the stenographers left the room and the conference went into executive session, at the conclusion of which a recess was taken at 1 o'clock p. m.

The conference reassembled at 2:30 o'clock p. m.

The subject of proposed amendments to the Federal Reserve Act was again brought up for discussion. Whereupon it was

VOTED that this matter be laid on the table until after the meeting with the Federal Reserve Board.

The Chairman stated that the next action of the Executive Committee to be brought up for consideration was with respect to the administrative expenses of the operation of the Gold Settlement Fund. Whereupon it was

VOTED that the action of the Executive Committee and its recommendation as to the method of dealing with this item of expense be approved.

The Chairman stated that the next subject was the action of the Executive Committee with respect to the distribution of future expenses of moving gold for the Gold Fund. Whereupon it was

VOTED that this subject be passed, but left upon the programme for the next conference.

The Chairman stated that the next item on the report of the Executive Committee was with respect to check collections. After considerable discussion it was

VOTED that the action taken by the Executive Committee at the direction of the Fifth Conference of Governors with respect to the check collection plan be approved.

Mr. Miller desired to be recorded as not voting, and Mr. McCord to be recorded as voting to receive the report of the Committee but without committing himself to any binding plan.

The Chairman stated that the next action of the Executive Committee for consideration was with respect to the answers to the five questions submitted by the Federal Reserve Board. This matter was passed by consent until Mr. Miller had had a chance to study the reply of the Committee.

The Chairman stated that the next item covered in the report of the Executive Committee was the matter of the telegraphic code for transfers between Federal reserve banks and Federal reserve agents in connection with the operation of the Gold Settlement Fund. This topic was considered disposed of by consent.

The Chairman stated that the next item was the matter referred to Mess. McKay and Hendricks, which was not discussed in view of the fact that it appears later on the programme.

The Chairman submitted an invitation from the Secretary of the American Bankers Association for luncheon on January 20th. Whereupon it was

VOTED that the invitation be accepted with thanks.

RESERVE CITIES & CENTRAL RESERVE CITIES - The Chairman stated that he had just received a memorandum from the Federal Reserve Board of topics suggested for consideration at this conference. After considerable discussion, it was

VOTED that it is the sense of the Conference that the governors are not in a position to make an adequate reply to these questions of the Federal Reserve Board without an opportunity for thorough investigation and canvass of the situation in the respective cities involved.

(Note: The text of the questions submitted by the Federal Reserve Board will be found on page 85 of the stenographic minutes.)

BANKING FACILITIES IN FOREIGN COUNTRIES. The Chairman then presented the second question submitted by the Federal Reserve Board with respect to inauguration of banking facilities in foreign countries. Whereupon after considerable debate, it was

VOTED that it is the sense of the conference that prior to making definite and specific replies to this question it would be desirable for the governors to have a meeting with the Federal Reserve Board and discuss the subject more fully.

(Note: The second question submitted by the Federal Reserve Board may be found on pages 97, 98 and 99 of the stenographic minutes.)

TOPIC #5 - UNFINISHED BUSINESS. - The Chairman stated that the recommendations of the Fifth Conference of Governors held at Minneapolis had been forwarded to the Federal Reserve Board, and also the recommendations of the Executive Committee meetings held in Washington in November and December last, but that no action thereon had been taken by the Board.

TOPIC #7 - COLLECTIONS AND CLEARANCES.

(a) Attitude of boards of directors of Federal reserve banks. - Informal expressions of the views held by the directors of the several Federal reserve banks on this subject were stated, but no action was had thereon.

(b) Should Federal reserve banks now be permitted to receive in accordance with the schedule for deferred credits, checks on member banks located in other Federal reserve cities? - After a brief discussion, it was

VOTED that consideration of this topic be deferred until the governors receive a report from the Federal Reserve Board upon the collection plan submitted to them.

(c) Collections from member banks of other districts. - This subject was passed by consent.

TOPIC #8 - FISCAL AGENCY FUNCTIONS.

(a) Transfer of government funds and appointment of reserve banks as fiscal agents. - This subject was disposed of by consent.

(b) Receipt from collectors of checks carrying exchange charges. - After a brief discussion it was

VOTED that the Federal Reserve Board be requested to take this matter up with the proper officers of the Treasury Department.

The meeting adjourned at 5:35 p. m. until Thursday, January 20th at 10 o'clock a. m.

January 20, 1916.

The Conference reassembled at 10 A. M., and immediately held a joint meeting with the Legislative Committee of the American Bankers Association and the Executive Committee of the National Bank Section of the A. B. A.

PRESENT:

All governors except Mr. Wells; also Messrs. C. A. Hinsch, J. W. Perry and W. A. Sadd of the Legislative Committee of the A. B. A. - Messrs. J. E. Cox, O. J. Sands and W. M. Van Duesen of the Executive Committee of the National Bank Section of the A. B. A., and Mr. F. E. Farnsworth, Gen'l Secretary, and Thos. B. Paton, Gen'l Counsel, A.B.A.

Mr. Strong took the chair.

Mr. Cox stated that all of the recommendations made by the Executive Committee of the National Bank Section at the joint conference in December had been approved at a meeting held on January 19, 1916 by the Federal Legislative Committee of the A. B. A. The following subjects were then presented for discussion.

1. - INTER-LOCKING BANK DIRECTORATES. - A statement in regard to this matter was made by Mr. Paton, who recommended an amendment to the Clayton Law. A general discussion followed but no action was had thereon.

2. - READJUSTMENT OF RESERVES. - A statement on this subject was made by Mr. Van Deusen and a brief discussion followed, but no action was had thereon.

3. - FOREIGN BANKING CONNECTIONS. - A statement of this subject was made by Mr. Hinsch, and a discussion followed, but no action was had thereon.

At this point Mr. Perry joined the meeting.

4. - CAPITAL REQUIREMENTS. - A brief statement on this subject was made by Mr. Strong, but no action was had thereon.

5. - RETIREMENT OF GREENBACKS. - A statement was made by Mr. Sands on this subject and a discussion followed, but no action was had thereon.

The joint meeting adjourned at 12:45 p. m., at which time the stenographers were requested to withdraw and the conference went into executive session.

The Chairman presented a letter from the Assistant Secretary of the Federal Reserve Board as follows:

"January 20, 1916.

To the Governors of the Federal Reserve Banks:

The Federal Reserve Board would be glad to meet the Governors of the Federal reserve banks in an executive session in the Board room at 3 o'clock this afternoon.

(Signed) Sherman Allen

Assistant Secretary."

The executive session took a recess at one o'clock for the purpose of taking lunch with the members of the committees of the A. B. A.

The conference reassembled at the room of the Federal Reserve Board at 3 p. m. As this meeting was considered an executive session, the secretary did not attend the conference.

January 21, 1916.

The conference reassembled at 10 o'clock a. m.

All present except Mr. Wells.

The Chairman invited the attention of the conference to an article which had appeared in the Washington Post of January 21, 1916, under the heading "TO CANCEL GREENBACK - FEDERAL RESERVE BANKS PROPOSE RETIREMENT OF WHOLE ISSUE - AMOUNTS TO \$346,000,000." By unanimous consent Mr. Mc Dougal was requested to call upon Vice Governor Delano and state to him that the article in question appeared much to the astonishment of the governors; was neither authorized nor proceeded from any of the governors, and that so far as the Governors' Conference was concerned, they had been victimized by the incaution of some banker who may have talked to the publicity man of the A. B. A. and that all the necessary precautions had been taken at the Governors' Conference to impress upon the committees of the A. B. A. that the joint

conference held yesterday was to be considered confidential, and further, that no action had been taken by the Governors' Conference on the subject of the retirement of greenbacks other than to have a brief discussion on the matter.

Whereupon Mr. McDougal left the meeting to call upon Vice Governor Delano.

TOPIC #1 - ELECTION OF OFFICERS OF THE CONFERENCE FOR THE YEAR 1916.

After considerable discussion on this subject, it was

- VOTED that it is the sense of the Conference that
1. There is no longer any necessity for a permanent organization, with officers and an Executive Committee.
 2. That in the future the meetings of the Governors should be called either at the request of the Federal Reserve Board or by two or more governors.
 3. That the presiding officer of such conferences should be selected either at the next prior meeting or at the beginning of each meeting; and
 4. That for the purpose of preparing programmes, conducting correspondence and reporting actions of such conferences, a suitable officer or employee in one of the Federal reserve banks be appointed from time to time to undertake such activities in behalf of all the Federal reserve banks.

TOPIC #10 - GOLD SETTLEMENT FUND. -

(a) Ought Federal reserve agents to ship gold deposited with them to retire Federal reserve notes to the Subtreasury for deposit in the Gold Fund? After a brief exchange of views on this subject, it was passed without action.

(b) Advisability of separating physical custody of the gold fund between the banks and the Federal reserve agents. The Chairman read a letter which had just been received from the Federal Reserve Board with reference to this subject. During the discussion of this subject Mr. McDougal returned and reported that he had explained the situation with respect to the publication of the article in the morning Post to Vice Governor Delano, who expressed his appreciation of having had the matter explained to him and said that he would mention it to the other members of the Board. After further discussion of this subject it was

VOTED that the secretary be requested to convey to each of the governors by separate communication, the substance of the ruling of the Federal Reserve Board in regard to the separation of the funds held by the Federal Reserve Board for account of the Federal reserve agents and the Federal reserve banks, and with the suggestion that the views of each of the governors be finally conveyed to the Federal Reserve Board on that matter, after consulting with counsel for each bank and the Federal reserve agent of each bank.

(c) TELEGRAPHIC CODE FOR TRANSFERS OF GOLD IN GOLD SETTLEMENT FUND BETWEEN RESERVE AGENTS AND BANKS. - This question was considered disposed of by the action of the Federal Reserve Board in providing a series of test words for use in telegraphic transfers, but the question was raised as to the advisability in all cases of code telegrams of forwarding by mail a translation of the code telegram. Whereupon it was

VOTED that the Conference request each of the Federal reserve banks to discontinue the practice of sending translated confirmations of code telegrams.

(d) Retroactive liability for expenses. - During the discussion of this subject the Chairman announced that he had been requested by Vice Governor Delano to call upon him to discuss the article in the morning Post. Whereupon it was

VOTED that Mr. Fancher take the chair during the absence of the Chairman.

Mr. Strong thereupon left the room to call upon Vice Governor Delano and Mr. Fancher took the chair.

After considerable debate it was decided without formal action that this topic might be passed indefinitely, but retained upon the programme for the next Conference of Governors.

(e) Committee to audit for whole year. - This subject was passed temporarily until Mr. Strong's return.

(f) Five Per Cent Redemption Fund. - The Acting Chairman submitted a letter from the Federal Reserve Board under date of January 14, 1916, authorizing payments to be made at the request of member banks by Federal reserve banks from the Gold Settlement Fund to the Treasurer of the United States for the credit of 5% Redemption Fund accounts of member banks. After a brief discussion of this topic, it was developed that none of the governors of the Federal reserve banks present at the conference had made any request or suggestion for the action taken by the Federal Reserve Board in this regard.

There followed a general discussion of the advisability of improving the practice of the Federal Reserve Board with respect to sending copies of letters on administrative matters to the officers of the bank. Whereupon it was

VOTED that each of the governors should take up this matter individually in such a way as seems best to him to promote the efficiency of the service.

The discussion then returned to the subject of transfers to the 5% Redemption Fund. Whereupon it was

VOTED that the matter of making payments to the 5% Redemption Fund for member banks be left to the individual reserve banks to deal with as they may deem proper.

TOPIC #11 - INTERNAL OPERATIONS OF FEDERAL RESERVE BANKS.

(a) Publicity of Federal reserve bank's earnings. - After a brief discussion it was

VOTED that the conference suggest to the Federal Reserve Board that the publication of monthly earnings of the Federal reserve banks may be misleading both to the public and to the member banks, and that the Board be requested to consider the advisability of publishing earnings not more frequently than once a quarter, and preferably every six months.

(b) Terms of office of reserve bank employees. - After a brief discussion, this topic was passed by consent without further action.

(c) Publication of reserve bank's salary lists. - This subject was passed temporarily until the return of Mr. Strong.

(d) Report of committee on method of calculating dividends. - Mr. Seay, for the committee, submitted an oral report which referred to and supplemented the written report, a copy of which had already been sent to each of the governors. After considerable discussion it was

VOTED that the report be received, placed on file, and that the matter be referred again to the committee for further consideration and report.

At this point Mr. Strong resumed the chair.

TOPIC #10 (e) - COMMITTEE TO AUDIT FOR WHOLE YEAR. - After a brief discussion of this subject, it was

VOTED that Mr. Strong be authorized to arrange for the appointment of auditing committees in advance for a whole year; each committee to consist of two officers or employees of the reserve banks for each audit, one to represent the banks and one the Federal reserve agents, and of whom one shall have served on the next prior committee and the other shall be a new member, but no committee shall be formed of two members of the staff of the same bank.

TOPIC #11 (c) - PUBLICATION OF RESERVE BANKS' SALARY LISTS. -

After some debate, this subject was passed without further action, except the suggestion that the governors who had not already expressed their views to the Board on this subject might write them about it.

(e) - Right of a national bank, directly or through officers, to act as agent for insurance companies. - During the discussion of this topic, the Chairman reported his conversation with Vice Governor Delano with respect to the article in the morning Post, and he also made a statement with respect to topic #12, Foreign Arrangements, and his proposed trip to Europe.

A recess was taken at one o'clock.

The conference reassembled at 2:30 p. m.

All present except Mr. Wells and Mr. Wold.

TOPIC #11 (e) was again passed temporarily until Mr. Wold's return.

(f) Weekly report of net deposits and balances of member banks. -

After a brief discussion this topic was passed without further action.

TOPIC #13 - ACCUMULATION OF STATISTICS. - After some discussion it was

VOTED that the matter of the accumulation of statistics be turned over to Mr. Jay as Chairman of the Federal Reserve Agents' Executive Committee.

TOPIC #12 - FOREIGN ARRANGEMENTS - was then taken up again for discussion, but no action was had thereon.

At this point Mr. Wold rejoined the meeting.

TOPIC #15 - REPORT OF NATIONAL BANK SECTION OF A. B. A. ON RECOMMENDATIONS FOR LEGISLATION. - In view of the fact that a copy of this report has been submitted to each governor, this topic was passed as having been disposed of.

TOPIC #16 - RESERVES OF MEMBER BANKS - TREATMENT OF THE FLOAT. -

During the discussion of this topic, the advisability was brought out of having a committee prepared to discuss the details of any plan which the Federal Reserve Board might outline for inter-district collections and clearings. Whereupon it was

VOTED that a committee for this purpose be appointed, consisting of Messrs. Wold, Miller, Aiken, Rhoads, Seay, McKay and Hendricks, and it was understood that if occasion should arise for a meeting of the committee, the communication should be had through Mr. Curtis.

No further action was had with respect to Topic #16.

TOPIC #11 (e) - RIGHT OF A NATIONAL BANK DIRECTLY OR THROUGH OFFICERS TO ACT AS AGENT FOR INSURANCE COMPANIES. - After a brief discussion this subject was passed by consent, without action.

TOPIC #17 - APPLICABILITY OF FEDERAL INCOME TAX TO FEDERAL RESERVE BANKS. After reference to the letter of the Commissioner of Internal Revenue, dated Nov. 28, 1914, on this subject, the topic was passed by consent without action.

TOPIC #18 - DESIRABILITY OF APPOINTMENT OF AN ASSISTANT FOR EACH NATIONAL BANK EXAMINER. - After a brief discussion this topic was passed by consent without action.

TOPIC #19 - THE PURPOSE OF ACCUMULATING GOLD IN THE HANDS OF FEDERAL RESERVE AGENTS BY THE ISSUING OF FEDERAL REASERVE NOTES. - After a brief discussion this topic was passed without action.

TOPIC #20 - THE ADVANTAGE, IF ANY, OF THE CONVERSION OF U. S. BONDS PROVIDED FOR IN SECTION 18. - After considerable discussion it was

VOTED that an inquiry be addressed to the Federal Reserve Board as to whether any policy has been determined upon by the Board and by the Secretary of the Treasury in the matter of exchanging U. S. 2% Gold Bonds bearing the circulation privilege for one year gold notes and 30-year 3% Gold Bonds under the provisions of Section 18 of the Federal Reserve Act, and also whether any form of application to be executed by Federal reserve banks in this regard had been prepared by the Federal Reserve Board.

TOPIC #21 - MEMBER BANKS UNDER SPECIAL EXAMINATION. - After a brief discussion, this topic was passed by consent, without action.

TOPIC #24 - ADVISABILITY OF SUGGESTING COMPILATION OF MEMBER BANKS' REPORTS IN COMPTROLLERS OFFICE ACCORDING TO FEDERAL RESERVE DISTRICTS. - After a brief discussion it was

VOTED that the secretary be requested to communicate with Mr. Perrin, advising him that this topic appears to be one which should be referred to the Conference of Federal Reserve Agents, but that the sense of the Conference of Governors is, as expressed at this meeting, that it would be advisable to have steps taken to bring about a compilation of member bank reports in the Comptroller's Office, according to Federal reserve districts.

TOPIC #25 - LETTER FROM VILLISGA NATIONAL BANK, VILLISGA, IOWA, with reference to the proposed revenue tax stamp was read to the conference by the secretary, but no action was had thereon.

TOPIC #26 - LETTER FROM THE MEDINA COUNTY NATIONAL BANK, MEDINA, OHIO, - with reference to the size of the printing bill caused by the new form of Comptroller's statement, was read by the secretary. Whereupon it was

VOTED that this letter be referred to the Conference of Federal reserve agents.

TOPIC #27 - LETTER FROM FIRST NATIONAL BANK OF CARROLTON, GA. - with reference to the campaign of the Comptroller of the Currency against usury was read by the secretary, but no action was had thereon.

TOPIC #28 - The Chairman presented a memorandum submitted by the two committees of the A. B. A. of the topics discussed at the joint conference yesterday. Whereupon, after a brief discussion, it was

VOTED that Mr. Curtis be requested to communicate with Mr. Paton, General Counsel of the A. B. A., suggesting that the committees of the A. B. A. prepare their own memoranda for submission direct to the Federal Reserve Board on the subjects of inter-locking bank directorates and the retirement of greenbacks, and that they prepare similar memoranda for submission both to the Federal Reserve Board and to the Governors of the Federal reserve banks on the subjects of readjustment of reserves and foreign banking connections.

TOPIC #5 - UNFINISHED BUSINESS. - The Chairman read a letter dated January 20, 1916, from the Federal Reserve Board, advising the Conference of the action taken by the Board upon the recommendations made to the Board by the Fifth Conference of Governors at Minneapolis last October.

(Note: No action was taken with respect to this communication but copies thereof have been forwarded by the secretary to each of the governors.)

TOPIC #29 - CONFERENCE OF AUDITORS. - The Chairman presented a memorandum prepared by the auditor of the Federal Reserve Bank of New York with respect to the method of closing the books and items of organization expense. After a brief discussion it was agreed, without formal action, that a meeting of some of the auditors of the reserve banks should be arranged by Mr. Curtis to discuss the matters presented in the memorandum, and the governors should be kept advised of such arrangements.

TOPIC #9 - OPEN MARKET OPERATIONS.

- (a) Domestic acceptances
- (b) Trade acceptances
- (c) Statement of private bankers.

The Chairman made a statement with respect to the above mentioned topics and a brief discussion followed, but no action was had thereon.

(d) Division of Purchases. - The Chairman made a statement with respect to the allotment of warrants and acceptances purchased by the Federal Reserve Bank of New York, and submitted a memorandum of figures concerning the operations of the twelve banks. After considerable discussion it was

VOTED that the Federal Reserve Bank of New York should prepare figures to indicate what minimum investment the bank should maintain to produce income sufficient to cover its current expenses;

AND IT WAS FURTHER VOTED that a committee consisting of Messrs. Seay, Aiken and Rhoads be appointed to determine the basis upon which purchases of warrants and acceptances made by the Federal Reserve Bank of New York should be divided among the Federal reserve banks desiring to share in the same; it being understood that such division should take place only after the minimum investment had been made by the Federal Reserve Bank of New York in its own behalf.

TOPIC #30 - QUESTIONS SUBMITTED BY THE FEDERAL RESERVE BOARD. - The Chairman presented a communication from the Federal Reserve Board dated January 21, 1916, entitled "Questions for the consideration of the Conference of Governors touching foreign operations." After a brief discussion it was

VOTED that Messrs. Van Zandt, Kains, Miller and Wold be appointed a continuing committee to prepare a reply to the memorandum submitted by the Federal Reserve Board, and that they be empowered if necessary to appoint their successors to take up the work after the committee leaves Washington.

(Note: A copy of the memorandum may be found on page 342 of the stenographic minutes.)

TOPIC #22 - PRESS STATEMENT- ADVISABILITY OF PUBLISHING CONFERENCE RECOMMENDATIONS. - After a brief discussion it was

VOTED that the usual procedure with respect to issuing a statement for the press be followed.

(Note: A statement for the press was prepared by the Chairman and Secretary of the Conference, and was left with Mr. Sherman Allen, Assistant Secretary of the Federal Reserve Board for distribution to the press on Saturday, January 22, 1916, and a copy thereof has been sent to each of the governors.)

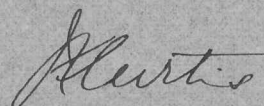
TOPIC #23. - NEXT MEETING. - It was moved, seconded and unani-
mously carried, the motion being put by Mr. Seay, that Mr. Strong be select-
ed to preside at the next meeting of the conference.

It was then suggested that as the election of a secretary for the
conference was only for the year 1915, there appeared to be no secretary of
the conference or aggregation of governors. Whereupon it was

VOTED that in accordance with the vote recently taken
under Topic #1, Mr. Curtis be requested to make the neces-
sary reports of the action taken at this conference and to
attend to the necessary details of the next conference, in-
cluding the preparation of programmes and the conducting of
correspondence, and that he be requested to attend and as-
sist in the conduct of the meeting.

AND IT WAS FURTHER VOTED that an arrangement be made
by the committee appointed to deal with the allotment of pur-
chases by the Federal Reserve Bank of New York, to provide
a suitable basis of remuneration to be paid to Mr. Curtis
for his services in passing on questions arising in connec-
tion with the eligibility of warrants and the character,
terms and form of bills or acceptances purchased for other
Federal reserve banks and other services rendered by him
in behalf of such banks.

The conference adjourned at 7 o'clock p. m., without day.



Secretary.

