

At a regular meeting of the Federal Reserve Board held in the office of the Board on Wednesday, December 16, at 3.00 p. m.

PRESENT:

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| Mr. Hamlin | Mr. Warburg |
| Mr. Delano | Mr. Harding |
| Mr. Williams | Mr. Miller |

The Governor of the Board presided and Mr. H. P. Willis acted as secretary to the meeting.

The minutes of the meetings of Friday, Saturday and Monday were read and approved.

After the reading of the minutes of the meeting held on Friday afternoon at three o'clock the Board directed the making of a special minute indicating that the approval of the settlement plan for use between Federal reserve banks recommended by Governor Strong of New York, as Chairman of the meeting of Governors, was to be regarded as merely an approval of the proposal to experiment and to devise a method of working out existing settlement difficulties in the best available manner.

Mr. Harding read a communication regarding a proposed plan of carrying out the clearing provisions of the

Federal Reserve Act in the Atlanta district.

A letter with reference to the reimbursement of actual travelling expenses to persons who had been invited to Washington by the Federal Reserve Board was examined, and on motion, referred to the Comptroller of the Treasury for approval.

On motion, it was voted to make the regular meeting at 3:00 p. m. on Wednesday of each week the official time for consideration of applications for changes in rates of discount, such action to take effect after January 1st. The Secretary of the Board was directed to notify the reserve banks of the action.

On motion, the employment of a stenographer by competitive bidding, to report hearings in the appeals cases was authorized.

A memorandum presented by the Secretary of the Board with reference to methods of filing letters was directed copied and distributed to the members. A draft of a proposed letter to Federal Reserve Agents relative to methods of correspondence with the Board, was approved.

On motion, it was voted to prepare reports for the Secretary of the Treasury with reference to Federal Reserve notes in the Board's own division of statistics and accounts

and the Secretary of the Board was directed to confer with Assistant Secretary of the Treasury Malburn on the subject.

On motion, it was voted that Mr. Delano be deputed to advise Assistant Secretary Malburn informally that the Board would be glad to see Federal reserve notes treated on a basis of equality with lawful money when received at the redemption division of the Treasury.

A draft of a letter to Hon. W. C. Adamson with reference to certain complaints regarding Federal reserve banks was approved and ordered transmitted.

Letters from Federal Reserve Agents Bosworth, Wills, Ingle and Jay, applying for Federal reserve notes in varying amounts, were presented by the Secretary. A draft of a preliminary letter to Federal Reserve Agent Bosworth was approved and the applications for notes were referred to Mr. Delano, as Chairman of Standing Committee #7.

An inquiry of Federal Reserve Agent Curtiss with reference to the power of member banks to pay their subscriptions to stock in the Federal Reserve Bank of Boston at once, was, on motion, referred to the Counsel for an opinion.

A letter from Senator Simmons transmitting certain correspondence complaining of the action of Federal Reserve

banks with reference to rates of discount, was referred to Mr. Harding with power to reply. Similar action was taken with reference to a letter from Mr. R. G. Rhett.

A report by Mr. Harding recommending the establishment of agricultural credit files was approved and the Secretary was directed to send suitable letters to Federal Reserve Agents.

On motion, it was voted that after the receipt of the list of persons who have passed the examination given by the Civil Service Commission on behalf of the Board to applicants desirous of securing appointments on the Board's staff, no selection be made without reference to the Board.

Mr. Miller laid before the Board a letter from Federal Reserve Agent Miller relative to the question of sending special examiners to look into the affairs of certain member banks in the Kansas City district.

On motion, the subject was referred to the Committee on Audit and Examination, Mr. Williams, Chairman.

The question whether ten per cent limitation of the Act is to apply to the one million capital set apart by the National City Bank of New York for their branch at Rio de Janeiro, or to the thirty million capital of the Bank of the

United States, was ordered referred to Counsel that he might indicate to the Board the course followed by the Comptroller in this regard where branch banks are established by National banks in the United States.

Telegrams received from Federal reserve banks relative to rates of discount were read to the Board and the facts inserted in the minutes.

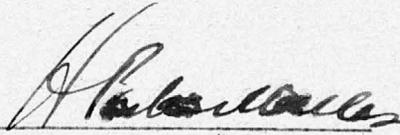
It was ordered that a telegram be sent to the Federal Reserve Bank at Boston authorizing the change in its rate to five per cent for thirty day paper only, with the statement that the Board is satisfied to change the rate but desires to call the attention of the Federal Bank at Boston to the fact that Dallas, Philadelphia, Richmond, San Francisco, Chicago, Cleveland, Kansas City and Atlanta have accepted the new rate of 5% for thirty day paper 5½% for thirty to sixty day paper and 6% for longer maturities.

The Secretary was instructed to prepare a letter to Mr. J. B. Forgan, President of the Advisory Council, stating in reply to the inquiry of the Advisory Council upon what matters the Board desired to have the recommendation of the Council, that the Board desired to take up the following matter in order:

1. The purchase of warrants and acceptances.
2. The regulations under which National banks may act as trustee, executor, etc.

3. Time deposits.
4. Check clearings.
5. The regulations under which State banks
are to be admitted to the system.

On motion at 5:30 p. m. the Board adjourned
to meet at 3:00 p. m. Thursday, December 17th.


Secretary.

APPROVED:


Chairman.