

At a meeting of the Federal Reserve Board held in the office of the Board on Monday, December 28th

## PRESENT:

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

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

The minutes of the preceding meeting were read and approved.

The question of defining the meaning of the term "bills of exchange drawn in good faith against actually existing values" was taken up, and after preliminary discussion, was referred to a special committee consisting of the Governor of the Board, Mr. Warburg and Mr. Harding for report.

A communication from the Federal Reserve Bank of Minneapolis relative to the definition of "bills of exchange drawn in good faith against actually existing values" was, on motion, referred to the same committee.

An application from the Federal Reserve Bank of Philadelphia for the rates of discount prevailing at the New York bank was considered, and on motion the application was

granted, said rates to be  $4\frac{1}{2}\%$  for maturities up to 30 days, and  $5\%$  for maturities from thirty up to ninety days.

On motion it was voted that sub-Committee A of Standing Committee #3 take up for consideration the question of clearing checks, at a special meeting to be held at 3:00 p. m. this day.

On motion it was voted that the Counsel of the Board be requested to advise the Board as early as possible whether in his opinion State banks can or can not withdraw at pleasure from the Federal reserve system when once they become members thereof.

On motion it was voted that the sense of the Board is that no State bank can become a member of the Federal Reserve system except with such limitations upon its real estate investments as the Board may impose (a) as a condition of its obtaining membership, or (b) as a condition of its retaining such membership; or (c) both.

An opinion of the Counsel of the Board with respect to the question of real estate investments by Federal Reserve banks was referred to the Governor of the Board for further consideration.

A letter from Senator Hoke Smith relative to rates of discount at the Federal Reserve Bank of Atlanta was ordered

acknowledged.

A letter from Senator Bryan relative to the acceptance of phosphate rock stored in sheds as a basis for commercial paper on the same footing as if it were in transit, was ordered referred to the Committee on commercial paper, sub-Committee B of Standing Committee #3.

Mr. Harding presented a draft of a circular relating to the limitations upon farm mortgage loans by National banks. On motion, said circular was tentatively adopted.

An inquiry from Federal Reserve Agent Jay as to whether he may accept silver certificates for the purpose of reducing the liability of a Federal Reserve bank for outstanding reserve notes issued by it, was referred to the Governor of the Board.

An application of Federal Reserve Agent Jay for new Federal reserve notes was approved as follows:

Of the ten dollar denomination           \$1,040,000

Of the twenty dollar denomination        960,000

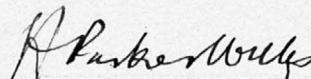
These, together with one million dollars in fives previously approved, were ordered shipped to Mr. Jay.

The Secretary of the Board was directed to consult Assistant Secretary Malburn of the Treasury Department on questions relating to order gold certificates, presented by Deputy Reserve Agent Kerst of Minneapolis and to report thereon.

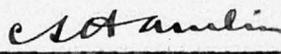
A letter from Mr. Walter W. Smith, Deputy Federal Reserve Agent at St. Louis, resigning his office in the Reserve Bank of St. Louis, was accepted to take effect not earlier than January 15th.

On motion, it was voted that sub-Committee A of Standing Committee #3 be given authority to answer the inquiry of Governor Sawyer relative to the best method of liquidating balances between the Reserve banks of Kansas City and St. Louis.

On motion, at 5.00 p. m. the Board adjourned to meet at 11.00 a. m. on Tuesday, December 29.

  
Secretary.

APPROVED:

  
Chairman.