

At a special meeting of the Federal Reserve Board held in the office of the Board at 3.00 p. m. on Friday, February 26,

PRESENT:

Mr. Hamlin, presiding,	Mr. Harding
Mr. Delano	Mr. Miller
Mr. Warburg	Mr. Willis, Secretary.

Mr. Hamlin read a communication from Mr. Williams suggesting that he be informed of all applications for the exercise of powers of executor, trustee, etc., inasmuch as there are certain over-extended banks whose condition should be made known to the Board through the data on file in the Comptroller's office before such action is taken in any case.

On motion it was voted to transmit all such applications, after being passed upon by Counsel, to the Committee on State Banks, the said committee to act in conjunction with the Comptroller.

At the suggestion of Mr. Harding, informal discussion was given to the question of a rate of rediscount to be effective between Federal reserve banks, and it was informally agreed that Mr. Warburg should prepare a rough draft as to the control of such rediscounts and should communicate with the Advisory Council, it being understood that

each case is to be dealt with as it arises from time to time.

Mr. Hamlin called attention to the opinion of Counsel with reference to the application of the National City Bank of New York for the establishment of branches in the West Indies, and on motion the matter was referred to the committee having jurisdiction thereof (Standing Committee #5).

The Secretary of the Board presented various communications with reference to the clearing question, and it was directed that a telegram be sent to Governor McDougal, Chairman of the Committee of Governors on Clearance, inquiring whether it is his intention to hold a meeting of his Committee in Washington on March 2d.

A favorable report prepared by Mr. Harding with reference to the designation of Chattanooga, Tenn., as a reserve city, the same being based upon the report of Federal Reserve Agent Wellborn to whom the matter had been referred, was laid before the Board, and on motion Chattanooga was so designated.

On motion it was voted to rescind the population rule now existing with reference to the designation of reserve cities in those cases where the Federal reserve agents

report favorably upon the applications, the subject, however, to be referred to the Committee on State banks with a request for the preparation of a new rule to take the place of that now in force.

A letter from L. P. Hillyer relative to a partnership arrangement between himself and his son, the concern to sell commercial paper, was laid before the Board and the Secretary was directed to send a reply stating that there is nothing in the law to prevent such an arrangement on the part of Mr. Hillyer, but that the Board is not prepared to sanction it; Mr. Hillyer's attention being directed to Section 22 of the Act, which would prevent him from doing business with his own bank or with the Federal Reserve bank of his district.

The application of the Valley National Bank of Staunton, Va., for permission to exercise the functions of executor, trustee, etc., duly approved by Counsel of the Board, was on motion, approved subject to further examination and assent by Mr. Harding.

The subject of note supplies at the Federal reserve banks was taken under advisement, and the Secretary of the Board reported as to the amounts now available at the Federal Reserve Bank of Chicago. On motion, the Sec-

retary was instructed to inform Federal Reserve Agent Bosworth of the amount on hand, and to indicate that he is at liberty to call for same as he may need them.

In answer to an inquiry of the Federal Reserve Bank of Chicago relative to the present status of the Federal reserve notes, the Secretary presented a memorandum from the Comptroller of the Currency describing the present situation, and was instructed to inform the various Federal Reserve banks of the fact, stating to them, however, that while they are at liberty to order supplies, the appropriation to provide for the printing of notes is not yet finally arranged.

The Secretary was further instructed to advise Federal Reserve Agent Wills of Cleveland concerning the present conditions of affairs as to notes, indicating to him the conditions under which he may be furnished additional notes.

The Committee on Issue and Redemption was requested to report further with reference to the condition and suitability of the vaults for the protection of supplies of currency in the various Federal reserve banks.

A letter from Governor Seay of Richmond relative to the methods of issuing notes in Richmond against gold was referred to the Committee on Issue and Redemption.

A letter from Federal Reserve Agent Ingle relative to the methods of passing upon applications for executor and trustee powers was ordered referred to the Committee on State Banks.

A letter from Federal Reserve Agent Ingle relating to the establishment of a rate of discount on trade acceptances was ordered referred to the Committee on Commercial Paper.

A resolution adopted by Group Two, Pennsylvania Bankers Association, asking for the establishment of a system of immediate clearings was referred to the Committee on Clearings.

A letter from Governor Aiken transmitting the draft of a form for report of condition for use by acceptors in stating their condition in making acceptances was referred to the Committee on Commercial Paper.

Further discussion was given to the status of savings banks in California with reference to the question of transmitting to all Federal reserve banks the opinion of Counsel of the Board on this subject, and it was informally agreed that the Governor prepare a letter to all Federal reserve agents transmitting the said opinion and in-

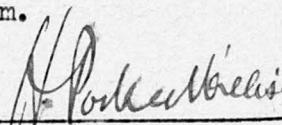
forming them that the Board does not feel that it has any right to withhold the privilege of establishing savings accounts and advertising the fact that savings deposits are received, but that the Board feels it necessary to warn the Federal Reserve banks to use great discretion in dealing with member banks making inquiries of them on this subject.

An inquiry from the Corporation Trust Company when and under what circumstances the Board expects to establish a credit form for use in connection with the commercial paper regulations was referred to the Committee on Commercial Paper.

Various recommendations of Mr. T. C. Tupper were presented to the Board.

On motion it was voted to approve the minutes of informal conferences held with the Governors of the Federal reserve banks at 3.00 p. m. January 21; 4.30 p. m. January 22d; 12.20 p. m. January 23d, the same having been approved by Mr. Delano to whom they had been referred.

On motion at 5.20 p. m. the Board adjourned to meet on Monday, March 1st, at 11.00 a. m.


Secretary.

APPROVED:



Chairman.