

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11.10 a. m. on Friday, July 9,

PRESENT:

Mr. Hamlin, presiding, Mr. Williams

Mr. Delano Mr. Harding

Mr. Willis, Secretary.

The minutes of the meeting of July 8 were read and approved.

The Governor of the Board presented a letter addressed to Colonel Edward T. Brown of Atlanta relative to legislation now pending in Georgia, and it was informally understood that the letter should be sent by Mr. Harding as read.

Mr. Harding stated the situation with regard to warehouse legislation in the Southern states, calling attention to the fact that some such laws were unsatisfactory, and suggesting that the Board send a letter to the proper officials in each State where the laws were not good, pointing out the desirability of proper warehouse legislation. After discussion it was agreed that a general memorandum, without specific address, be prepared by Mr. Harding for transmission to such persons as might be deemed best.

On motion the following applications for trustee and executor powers, duly recommended by the Committee on State Banks, were approved:

Citizens National Bank	Newport, N. H.
Sealy National Bank	Sealy, Tex.
Wolfeboro National Bank	Wolfeboro, N. H.
First National Bank	Mt. Vernon, Wash.
First National Bank	Port Arthur, Tex.
Citizens National Bank	Abilene, Tex.
Fremont County Nat'l. Bank	Canon City, Colo.

On motion the following applications for trustee and executor powers were, on recommendation of the Committee on State banks, placed on the suspended list:

Peoples National Bank	Columbia, S. C.
First National Bank	El Paso, Texas
First National Bank	Parker's Landing, Pa.
First National Bank	Walla Walla, Wash.
Texas City National Bank	Texas City, Tex.
American National Bank	Frankfort, Ind.
Midway National Bank	Midway, Pa.
State National Bank	Alberquerque, N. M.
City National Bank	Columbus, Ohio.
First National Bank	Crockett, Tex.
Citizens National Bank	Covington, O.
National Bank of Commerce	Pensacola, Fla.
First National Bank	Boswell, Pa.
First National Bank	Camden, Ohio.

The Governor of the Board presented a memorandum prepared by Counsel, relating to conditions in the states in which banks are eligible to take out stock in Federal reserve banks. The memorandum was ordered filed

and authorized for publication in the forthcoming Bulletin.

The Governor of the Board called attention to an opinion prepared by Counsel with reference to the question whether the Government can deposit in member banks or in national banks only. The opinion was approved and ordered transmitted to those who had made inquiry regarding the matter.

The revised draft of the Trade Acceptance Circular was re-read and, on motion, referred to Mr. Delano and Mr. Williams as a special committee to review the Circular with the aid of Counsel. //

On motion applications for the surrender of stock in the Federal Reserve Bank of Philadelphia, and the allotment of stock in the Federal Reserve Bank of New York, were approved as follows:

		Shares.
Central National Bank	Freehold, N. J.	60
First National Bank	Hoboken, N. J.	396

The Secretary of the Board having presented a letter from the Federal Reserve Bank of Dallas with reference to the quantity of notes of that bank now in hand, he was directed to inform the bank of the sum already available for it, indicating that the Board sees no im-

mediate necessity for further preparation of notes unless the Reserve Bank of Dallas has some information on the subject not heretofore available.

A telegram from Governor Van Zandt of Dallas with reference to the proposed resignation of Mr. Tenison, was read, and the Secretary directed to write a letter to Mr. Tenison suggesting that he withhold his resignation for the present at least.

The Secretary of the Board presented a proposed letter for transmission to Federal Reserve Agents relative to the clearing of overdrafts through the Gold Settlement Fund. On motion the proposed letter was approved.

The Governor of the Board stated that he had been informed by Assistant Secretary of the Treasury Malburn that it was proposed by the Treasury henceforward to print the seal carried on Federal reserve notes in blue washable ink instead of in the present red ink. The matter was referred to the Secretary of the Treasury and the Comptroller as a special committee, the Board approving the plan of Mr. Malburn.

On motion the report of a special committee which had been designated to investigate the form of the new 3% bonds, was presented, and a letter embodying

the conclusions of the committee, and addressed to Assistant Secretary Malburn, was read to the Board and, on motion, authorized as follows:

July 9, 1915.

S i r :

The Federal Reserve Board has, through its Committee, considered your queries under date of June 7th in respect to one-year three percent renewal notes and thirty-year three percent bonds, as required under Section 18, of the Federal Reserve Act, and the Board has approved the recommendations of the Committee hereinafter embodied:

First:

As to the Form of the One-year Renewal Note:

The Board considers that two forms of notes will have to be prepared: (a) A note registered as to principle and interest; (b) A coupon note registered at the option of the holder as to principle only.

The design and size of the coupon note submitted by you are entirely satisfactory. In the opinion of the Board, the chief demand will be for notes fully registered, both as to principle and interest.

Second:

As to the Denomination of the Note:

The law requires that the notes shall be of denominations of \$100 or multiples thereof. In the opinion of the Board there will be practically no demand for a \$100 note of this character. However, the Treasury should be prepared to meet any demand that may arise. We believe the principal demand will be for notes of \$1000 and \$10,000 denominations and recommend those denominations.

Third:

As to the Form of Thirty-year Bond:

The Board believes that it will be necessary to prepare two forms of bonds:

- (a) A thirty-year bond, fully registered, both as to principle and interest;
- (b) A thirty-year coupon bond, payable to bearer and registered at the request of the holder as to principle only.

It is the belief of the Board that the demand for bonds registered both as to the principle and interest (that is to say, fully registered bonds) will be greater than for the coupon bonds.

As to form of bond, inquiries at several different sources have led us to conclude that the size and form of the Panama 3% bonds, already familiar to the public, would be preferred to any other size or style, and the Board would, therefore, recommend it.

Fourth:

As to the Denomination of the Bond:

The Board recommends \$1,000 and \$10,000 denominations.

Respectfully,

H. PARKER WILLIS

Secretary.

Hon. W. P. Malburn,
Assistant Secretary of the Treasury.

It was informally agreed that Counsel of the Board be permitted to consult with the Comptroller as a legal adviser to the latter with reference to his attitude regarding the question of renewal of trade acceptances by national banks.

It was further directed that the Counsel's office be asked to make a general comparison of all State bank

laws, arranged in parallel columns.

The Secretary of the Board was directed to ascertain what work had been done by the American Bankers' Association in regard to the preparation of a comparison of banking laws of all the states.

On motion at 12.30 the Board adjourned to meet at 2.30 this day.

A. P. Willis

Secretary.

APPROVED:

C. Stambaugh

Chairman.