

At a regular meeting of the Federal Reserve Board held in the office of the Board at 11 A. M. on Friday, December 8, 1916.

PRESENT: Governor Harding, presiding, Mr. Delano, Mr. Warburg, Mr. Hamlin, Mr. Miller, Mr. Willis, Secretary.

The minutes of the meeting of the Board held on December 6th and 7th were read and on motion approved.

The minutes of the joint session between the Board and the Federal Reserve agents held on December 6, 1916, were read and on motion referred to Mr. Delano as a special committee.

Discussion of the method of dealing with certain appeals under the Clayton Act, already brought before the Board, was begun, and it was agreed to await additional data before taking any formal action.

On motion, a letter addressed to the Ninth National Bank of New York prepared for the signature of the Comptroller of the Currency, was referred back to Mr. Warburg in whose hands it had previously been, with power to act in conjunction with the Comptroller of the Currency.

Letters relating to dividends of certain banks in Oklahoma, were referred to Mr. Harding and Mr. Delano as a special committee.

A letter from Secretary Curtis of New York with reference to certain questions relating to the present clearing situation, was referred to the Committee on Clearing.

On motion the shipment of \$2,000,000 of Federal Reserve notes to the Federal Reserve Bank of Kansas City, in specified denominations, was approved.

On motion the release of \$1,000,000 of Federal Reserve notes from the Subtreasury at San Francisco, to the Federal Reserve Agent at that place, was approved.

On motion the release of \$500,000 in Federal Reserve notes from the Subtreasury at New Orleans to the New Orleans Branch of the Federal Reserve Bank of Atlanta, was approved.

On motion the release of \$1,020,000 of Federal Reserve notes to the Federal Reserve Agent at Philadelphia from the Subtreasury at that place, was approved.

The Secretary of the Board presented a notice from the Comptroller of the Currency with reference to new assignments of National Bank Examiners. On motion the notice was

referred to the Committee on Staff. The Board proceeded to take up the proposed

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amendments to the Federal Reserve Act, and the following

memorandum of amendments was considered:-

1. Advancing the date when reserve funds, excepting those in Federal Reserve banks, and in vaults of member banks, will no longer count as reserves.
2. Reducing reserves and adopting simplified plan suggested by Federal Reserve agents.
3. Reducing paid-in capital of the banks.
4. Supertax on National bank note circulation.
5. Renewing recommendation of last summer for branch banks in cities.
6. Provision for associate, or clearing membership in the Federal Reserve system.
7. 100 per cent acceptance power restored.
8. Fifteen day notes to secure Federal Reserve notes.
9. Section 22 - improvement and clarification.
10. Sixth exception to limitation of liability.
11. \$100,000 gold certificates.

On motion it was voted that Honorable Carter Glass be notified that the Board is not at present prepared to recommend that the Government assume the cost of printing Federal Reserve notes.

On motion it was informally voted that the Board



is unanimously in favor of the amendments listed above as (1) and (2) - advancing the date when balances in city banks will no longer count as reserves, and adopting a simplified plan for reserves as suggested by Federal Reserve agents.

On motion it was informally voted that the Board is in favor of an amendment, listed as (3) above, granting the Board power to reduce the capital stock of Federal Reserve banks to 50% of the present paid-in capital, the total authorized capital remaining as at present, such reduction to take place upon the request of any Federal Reserve bank, such request to be made at the instance of member banks voting on the subject. Four votes were informally listed in favor of this amendment, and one against.

On motion it was informally voted that the Board is in favor of an amendment, listed as (4) above, imposing a supertax on National bank note circulation so as to contract outstanding currency in view of the large inflow of gold. All members were tentatively in favor of the motion.

On motion it was voted that the Board is in favor of renewing the recommendation for last year for branch banks in cities.

The question of a provision for clearing membership of State banks, along the lines indicated in the sixth amendment above, being brought up, it was found that there was no general agreement, two members being strongly in favor, while three were undecided.

On motion, it was informally voted that the Board is in favor of an amendment similar to that listed as (7), restoring the 100% acceptance power omitted through error in last summer's measure.

On motion, it was informally voted that the Board is in favor of an amendment providing that fifteen day notes which are not now eligible to secure Federal Reserve notes, under Counsel's ruling, should be made so eligible. Four members favored this change, while one was opposed.

On motion it was informally voted that the Board is in favor of an amendment designed to improve and clarify Section 22 relating to the liability of directors, as indicated in (9) above.

On motion it was informally voted that in the opinion of the Board the Act should be amended so that rediscounts by member banks of bills of exchange and acceptances should not be considered a liability, as indicated in (10) above.

On motion it was informally voted that the Board is in favor of an amendment to existing law allowing the issue of \$100,000 gold certificates, as indicated in (11) above.

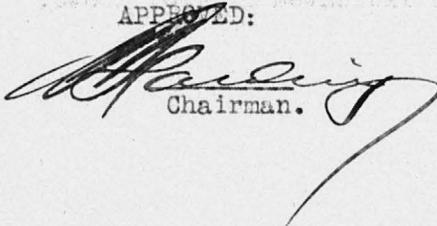
Discussion of the best mode of handling the preparation of these amendments ensued, and after various plans had been considered, it was on motion agreed to refer them to the Committee on Law with the aid of Counsel, it being understood that the various members of the Board would be called on as occasion might demand.

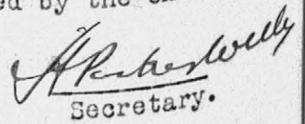
It was informally agreed that the Committee on Law meet at 3 P. M. this day.

The Governor of the Board read a draft of a letter addressed to Secretary Curtis of New York ruling against the discount of acceptances collateraled by other acceptances growing out of the importation and exportation of goods. The letter was approved subject to the joint action of the Committee on Law and the Comptroller of the Currency.

On motion at 12:40 P. M. the Board adjourned to meet on Monday, December 11th unless sooner summoned by the Chair.

APPROVED:


Chairman.


Secretary.