

At a regular meeting of the Federal Reserve Board held in the office of the Governor on Friday, May 16, at eleven a.m.,

## PRESENT:

|                         |                        |
|-------------------------|------------------------|
| Mr. Warburg, presiding, | Mr. Miller,            |
| Mr. Delano,             | Mr. Williams,          |
| Mr. Hamlin,             | Mr. Willis, Secretary. |

The minutes of the meeting of the Board held on May 16 were read and, on motion, approved.

The question of discount rates was first taken up, and the Secretary of the Board reported the receipt of the usual weekly discount rate from the Federal Reserve Bank of New York, stating that no change was recommended. He also called attention to the fact that most of the Federal reserve banks had discontinued the transmission of the weekly discount rate sheet. On motion, it was agreed that the Vice Governor of the Board transmit a circular letter to all Federal reserve agents requesting them not to neglect the transmission of the weekly notices even when no changes are to be suggested.

The Secretary of the Board read a letter from Governor Seay of Richmond recommending that a  $3\frac{1}{2}\%$  rate of

discount for paper of bank customers secured by new Government bonds, be fixed at Federal reserve banks. The Vice Governor of the Board reported that the bankers and others in attendance at the conference on loan details, held on Thursday, May 17, all urged the fixing of such rates of discount at an early date.

Mr. Hamlin moved that a differential of  $\frac{1}{2}$  of 1% in favor of all maturities of paper secured by these bonds, be established.

Mr. Williams moved to amend Mr. Hamlin's motion by fixing a rate of  $3\frac{1}{2}$ % valid at all Federal reserve banks. The amendment was accepted by Mr. Hamlin, but not voted upon, and after informal discussion it was agreed that the Vice Governor prepare a circular letter to be transmitted to all Federal Reserve Banks, stating the policy of the Board, the same to be submitted to the Board for approval.

The question whether paper should be rediscounted for member banks acting as agents for non-member banks who desire accommodation on paper protected by Government bonds, was presented and it was agreed that the Federal reserve banks be asked to adopt a liberal policy in this regard, and that an indication of the Board's feeling in the matter be included

in the letter which the Vice Governor is to prepare and transmit.

The Vice Governor called attention to the fact that the Guardian Trust Company of Cleveland was considering seriously the question of applying for admission to the System, and that a hearing for representatives of the company at which they would set forth the matters on which they desired information, had been set for twelve o'clock on Tuesday, May 22.

The Vice Governor further stated to the Board that the Farmers & Merchants Bank of Staunton, Va., had signified its intention of joining the System.

A letter from Mr. J. F. Curtis of New York enclosing copy of a letter written by Governor Strong to Governor Harding concerning transfers of banking credits to neutral countries, was read and it was agreed to lay the matter on the table until it could be brought to the attention of Secretary McAdoo.

A letter from the Chase National Bank enclosing form of application for stock in a proposed Foreign Trade Bank, was referred to the Committee on Investments.

A letter from Federal Reserve Agent Hardy stating

that the Federal Reserve Bank of Richmond had authorized the establishment of a branch at Baltimore was read. The action of the Federal Reserve Bank of Richmond was tentatively approved, but with the understanding that it would be well that no action be taken until after the amendments to the Federal Reserve Act now pending in Congress, have been finally disposed of.

The Secretary of the Board presented the application of the Hettinger State Bank of Hettinger, N. D., which had previously been favorably acted upon as a candidate for membership, for stock in the Federal Reserve Bank of Minneapolis, and, on motion, the issue of such stock was authorized.

Mr. Miller presented a letter from Federal Reserve Agent Perrin to go to Atlanta and Philadelphia, at his discretion, to meet Lord Cunliffe, at the expense of the Board.

Mr. Miller presented a letter from Federal Reserve Agent Perrin asking to be kept more closely advised with regard to the doings of Congress. The matter was referred to the Committee on Bulletin, with the understanding that that Committee would provide in some way for a bulletin of infor-

information or some similar means of informing the several Federal reserve banks concerning affairs in Congress and at the Treasury affecting the status of Federal reserve banks.

On motion at 12.20 p.m. the Board adjourned to meet on Monday, May 21, at 10.30 a.m.

*A. P. ...*  
Secretary.

APPROVED:

                      
Chairman.