

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Vice Governor on Wednesday, May 23, at 12 noon,

## PRESENT:

Mr. Warburg, presiding, Mr. Willis, Secretary.

Mr. Delano,

Mr. Miller,

Mr. Warburg presented the question of some announcement regarding the proposed branch at Baltimore, stating that Federal Reserve Agent Hardy had inquired whether the facts in the matter should be given out in Baltimore or not, and that notwithstanding no such statement had been authorized, publications had been made in a Baltimore newspaper with reference to the subject. After discussion it was agreed to give out at 4 p.m. today a statement substantially as follows, first telegraphing it to Mr. Hardy:

The Federal Reserve Board has had under consideration the approval of a plan submitted by the Federal Reserve Bank of Richmond to establish a branch in Baltimore. It has informally reached agreement that it will take favorable action upon the proposal, but has deferred formal decision until such time as it is advised of the action of Congress with reference to the amendments to the Federal Reserve Act now pending before that body, inasmuch as these amendments have a direct bearing upon the case of other cities, the establishment of branches in which is under consideration.

Mr. Warburg presented a letter from Mr. John L. Gardin, of the National City Bank of New York, with reference to the Spanish Exchange situation. It was agreed to refer the letter to Assistant Secretary of the Treasury Crosby for consideration with the proper persons.

Mr. Warburg stated that the principal purpose of the meeting was that of considering the question of a day to day rate, effective at the Federal Reserve Bank of New York in accordance with the request made to the Board by that bank and by the Board referred to the Executive Committee. He stated that the plan would be to fix a flexible rate of from 2% to 4%, the actual charge to be varied from day to day in accordance with the judgment of the officers of the bank. The purpose was to provide for the restoration of the proceeds of the sale of short term certificates to the banking community, and thereby to avoid the withdrawal of such funds while at the same time eliminating the difficulties of the present method in which the funds were restored to the market by designating banks as depositaries of the Government on behalf of the Federal Reserve Bank of New York. General discussion of the principles underlying the proposed establishment of a short term or call rate ensued but no de-

cision was reached. It was agreed to resume the discus-  
sion at a supplementary meeting at 3 p.m. this day.

On motion, at 1.15 p.m. the meeting adjourned.

APPROVED:

*H. P. ...*  
Secretary.

Chairman.