

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Governor on Thursday, July 19, at 12 noon,

PRESENT:

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

The question of permitting the directors of non member banks which become members of the Federal Reserve System to continue to serve out their terms of office, not to exceed one year, was taken up for consideration, and Counsel of the Board was called into conference. After discussion, it was agreed to refer Counsel's opinion on this subject back to him for further consideration.

A letter from Mr. R. B. Mellon with reference to the method of computing reserves, was also referred to Counsel for expression of opinion with regard to the legal aspects of the case.

On motion, it was voted that in the opinion of the Executive Committee the present directors of the Merchants Loan & Trust Company of Chicago, which had recently brought the question to the attention of the Federal Reserve Board, have legal authority to serve out the terms

of office for which they were elected, not to exceed one year. Governor Harding was authorized to write a letter accordingly to the Merchants Loan & Trust Co.

The reserve question in general, and the method of computing reserve was taken under discussion, and Counsel was requested to file, as soon as possible, the opinion on that subject, for which he had recently been asked.

Governor Harding presented to the Committee a letter from Federal Reserve Agent Curtiss with reference to the question of redesignating reserve cities. The matter was informally discussed, but no action was taken.

On motion, at 12.20 p.m. the Committee adjourned.

APPROVED:

Chairman.

H. P. ...
Secretary.