

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, March 15th, 1921, at 11:15 a.m.

PRESENT: Governor Harding
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. Hoxton, Secretary.

PRESENT ALSO:
Mr. Logan, General Counsel.

Minutes of the meeting of the Board held March 14th were read and on motion approved.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business March 12th, and the status of rediscounts between the Federal Reserve banks as of the same date.

Memorandum dated March 14th, from the General Counsel, requesting authority to purchase additional bookcases for the law library of the Federal Reserve Board, at a cost of approximately \$347.80.

Approved.

Memorandum dated March 12th, from the General Counsel, with reference to amendments to the regulations of the Federal Reserve Board, affecting Paragraph II of Regulation B contemplating the authorization of Federal Reserve banks to purchase acceptances having maturities not in excess of six months, growing out of transactions involving the importation and exportation of goods.

Ordered redocketed for consideration by the Board on Friday, March 18th, it being understood that it might be desirable to make this subject a topic for discussion at the next Governors' Conference.

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Memorandum dated March 7th, from the General Counsel, with reference to action by the Board made necessary by the amendment to Section 11 (m) of the Federal Reserve Act, approved February 27, 1921.

In view of the fact that action as above requires the affirmative vote of five members of the Board, the matter was ordered redocketed for action when five members of the Board shall be present.

Draft of letter dated March 14th, prepared by the General Counsel and addressed to the Chief National Bank Examiner of the Second Federal Reserve District, regarding the status of certain acceptances covering imports of coffee from Central America and created under an acceptance credit arranged for by the Mercantile Bank of the Americas of New York.

Approved, upon recommendation of Mr. Hamlin.

Letter dated March 14th, from the Governor of the Federal Reserve Bank of New York, advising that the Bank of France had shipped gold to the value of \$3,300,000, in accordance with the request of the Federal Reserve Bank of New York, and that this gold, upon arrival, will be distributed to all Federal Reserve banks as their interests may appear.

Noted.

Letter dated March 14th, from the Governor of the Federal Reserve Bank of New York, submitting a draft of a proposed letter to the Governor of the Bank of France, setting forth the details of an arrangement intended to govern the reciprocal accounts of the Bank of

France and the Federal Reserve Bank of New York.

Ordered postponed for consideration tomorrow.

Governor Harding stated that a conference had been called for April 12th of the Governors of the Federal Reserve banks, and Mr. Miller suggested that on or about April 14th, the Federal Reserve Board meet with the Governors and that there should be invited to attend such meeting, from the directorate of each Federal Reserve bank, one of the best qualified business representatives among the Class B or Class C directors.

It was the sense of the meeting that the above joint conference should be arranged.

Draft of proposed letter, dated March 14th, prepared by General Counsel, in reply to an inquiry from the Commercial National Bank of Washington, D. C. regarding the eligibility of acceptances based upon transactions in wine to be used for sacramental purposes.

Approved.

Letter dated March 1st, from the Director of the Division of Analysis & Research, giving details regarding the present and prospective expense of maintaining that Division.

Referred to Governor Harding, with the request that he make a digest of Mr. Willis' letter and bring the matter before the Board at a later date.

Governor Harding stated that in view of Mr. Willis' withdrawal from the Board, a vacancy existed upon the Executive Com-

mittee, and upon motion, Mr. Miller was elected to serve for a term ending June 30, 1921.

Governor Harding stated that the next thing in order would be the consideration of the method of determining required reserves which was incorporated in a circular letter dated December 20, 1919, and afterwards temporarily withdrawn. In this connection, Governor Harding read the opinion of General Counsel which was attached to that circular, and stated that the question of adopting the method of calculating the reserve requirements set forth in said circular was before the Board for consideration and action.

Upon motion, it was voted that the new method of calculating the reserve requirements be put into effect as of the close of business next Friday, March 18th, it being understood that Governor Harding should have the power to suspend this action should he find such suspension advisable, in view of additional information which he might secure between now and next Friday. Mr. Hamlin was requested, in collaboration with Mr. Logan, to review and revise the opinion of General Counsel which was attached to the original circular letter X-1766, dated December 20, 1919.

Memorandum dated March 15th, from General Counsel, setting forth an opinion as to the legality of the plan of the Federal Reserve Bank of Atlanta to purchase from member banks Liberty Bonds owned in excess of the member banks' capital and surplus, at the book value at which such bonds are carried by the member banks,

the member banks agreeing to repurchase the bonds at any time on sixty days notice.

Upon motion, the plan of the Federal Reserve Bank of Atlanta was approved, with an amendment designed to limit the bonds to be purchased to those which had been acquired by the member banks under original subscriptions, or by taking over such subscriptions.

Governor Harding was requested to transmit a telegram to the Federal Reserve Bank of Atlanta, setting forth the views of the Board in respect to the plan proposed.

Mr. Miller referred to his motion relative to the gold policy of the Federal Reserve Board which he offered at the meeting of March 8, 1921 and which was laid upon the table for future consideration, and in that connection, stated that he was willing for his original motion to be taken up at a later date, provided that the Board adopt a suggestion which has been made to the end that all gold accruing to the Federal Reserve System abroad shall for the time being be earmarked in the Bank of England for account of the Federal Reserve Bank of New York, and not allocated pro rata to the other Federal Reserve banks.

Mr. Miller, therefore, moved that foreign gold be earmarked as indicated, until further action, and the motion was carried.

REPORTS OF COMMITTEE NO. 1:

Dated March 14th, Recommending changes in stock at Federal Reserve Bank of St. Louis, Missouri, as set forth in the auxiliary minute book as of this date.

Approved.

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Dated March 12th, Recommending approval of applications for 14th, fiduciary powers, as set forth in the auxiliary minute book as of this date.

Approved.

Dated March 15th, Recommending that authority be given to certain national banks to purchase stock in corporations organized under the Edge Act, as set forth in the auxiliary minute book as of this date.

Approved.

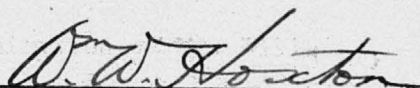
Dated March 12th, Recommending approval of the application of Mr. H. Stuart Hotchkiss to serve at the same time as director of the Union & New Haven Trust Company and the Chatham & Phenix National Bank of New York City.

Approved.

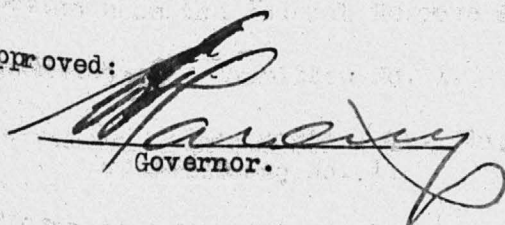
Dated March 12th, Recommending approval of the application of Mr. Frederick W. Croll to serve at the same time as director of the Continental & Commercial National Bank of Chicago, and of the Peoples Trust & Savings Bank of Chicago, and of the Stony Island Trust & Savings Bank of Chicago, Ill.

Approved.

At 1:20 p.m. the meeting adjourned.


Secretary.

Approved:


Governor.