

Upon call of the Governor a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, November 2nd, at 12:00 o'clock.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Miller
Mr. James
Mr. Cunningham
Mr. Dawes
Mr. Eddy, Secretary

The reading of the minutes of the last meeting of the Board was dispensed with.

The Governor stated that the purpose of the meeting was to consider a telephone request from the Chairman of the Board of Directors of the Federal Reserve Bank of Boston, for immediate permission to that bank to buy in the open market \$20,000,000 of United States treasury certificates of indebtedness, the purpose of the purchase being to build up the earning assets of the bank, on the theory that its reserve position is now high and the condition of the securities market is easy.

The Governor stated that Mr. Case, Deputy Governor of the Federal Reserve Bank of New York, also Acting Chairman of the Open Market Committee of Governors was in his office, having called in connection with another matter, and the members of the Board expressed a desire that Mr. Case be invited into the meeting. Upon the entrance of Mr. Case into the room a discussion ensued as to the conditions prevailing in the securities and general money markets and of the desirability and necessity of the Boston bank purchasing government securities or bills in the Open Market at this time. During the course of the discussion, Mr. Dawes was called from the

11/2/23

-2-

meeting.

Mr. Case was interrogated as to the open market investment holdings of the Federal Reserve banks, more particularly with reference to their holdings of acceptances. In reply to a question put to him, he stated that the New York bank had about \$25,000,000 of acceptances purchased in the open market which it would be willing to sell to any Federal Reserve bank which needed investments in order to keep up its earnings.

Following the discussion, Dr. Miller offered the following resolution, all members then present voting its adoption:

"Board feels this to be very important matter, inasmuch as it marks first departure by any one of the larger Federal Reserve banks from the policy laid down to govern open market operations. Board feels that no change should be made in the general open market policy until matter is canvassed by Open Committee and views of the Committee presented to the Board. Board sees nothing in the condition of the money market which would warrant the Boston bank or any other Reserve bank purchasing Treasury securities at this time."

The Governor was requested to advise the Boston bank accordingly.

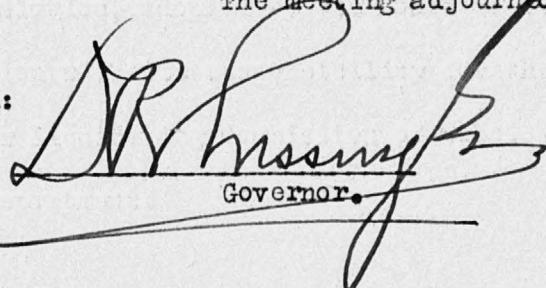
REPORTS OF STANDING COMMITTEES:

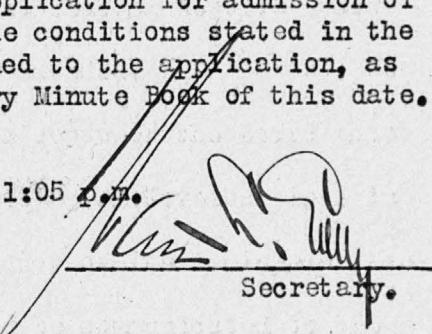
Dated, November 2nd, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at 1:05 p.m.

Approved:


N.R. Massey
Governor


W.H. Miller
Secretary