

A meeting of the Federal Reserve Board was held in the office of the Governor on Tuesday, November 9, 1926 at 10:30 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary
Mr. McClelland, Asst. Secretary

The minutes of the meeting of the Federal Reserve Board held on November 3rd were read and approved.

Telegram dated November 3rd from the Chairman of the Federal Reserve Bank of Boston, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Letter dated November 4th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated November 5th from the Secretary of the Federal Reserve Bank of Cleveland, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated November 4th from the Chairman of the Federal Reserve Bank of St. Louis, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase, their rates for purchases of bankers' acceptances being as follows:

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1 to 45 days	-	3 1/2%
46 to 120 days	-	3 3/4%
121 to 180 days	-	4 %

Noted.

Telegram dated November 4th from the Deputy Chairman of the Federal Reserve Bank of San Francisco, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Matter approved on initials on November 5th, namely, application of the American Exchange - Pacific National Bank of New York, N. Y. on behalf of The American Exchange - Pacific Bank of New York for membership in the Federal Reserve System, and for 9,600 shares of stock in the Federal Reserve Bank of New York, said application having been approved effective if and when the American Exchange - Pacific Bank of New York is duly incorporated and subject to the regular conditions contained in the Board's Regulation H, and the further condition that immediately upon its incorporation the board of directors of the American Exchange - Pacific Bank shall pass a resolution ratifying the action of the American Exchange - Pacific National Bank in applying on its behalf for membership in the System and in accepting membership subject to the conditions imposed by the Board, a copy of such resolution and also a copy of the bank's certificate of incorporation to be furnished the Board.

Formally approved.

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Matter approved on initials on November 6th, namely, letter dated November 6th from the Acting Comptroller of the Currency recommending approval of a salary of \$3600 per annum for National Bank Examiner George R. Hallman, to be assigned to the Eleventh Federal Reserve District.

Formally approved.

Report of Executive Committee on letter dated November 2nd from the Comptroller of the Currency, recommending approval of an increase from \$5600 to \$6,000 per annum in the salary of National Bank Examiner R. M. Hodgson; the Committee also recommending approval.

Approved.

Report of Executive Committee on letter dated November 2nd from the Comptroller of the Currency, recommending approval of a salary of \$2500 per annum for National Bank Examiner S. Marcus Greer, to be assigned to the Eleventh Federal Reserve District; the Committee also recommending approval.

Approved.

Report of Executive Committee on letter dated November 3rd from the Comptroller of the Currency, recommending approval of a salary of \$3,000 per annum for National Bank Examiner William M. Wilson, to be assigned to the Tenth Federal Reserve District; the Committee also recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated November 5th from the Assistant Federal Reserve Agent at St. Louis, requesting approval of the action of the Executive Committee of that bank in voting to grant leave of absence, with full pay, on account of illness for one month

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from November 1st to Mr. H. T. Cummings, an employee of the Memphis Branch; the Committee also recommending approval.

Approved.

Letter dated November 5th from the Assistant Federal Reserve Agent at New York, advising that the Bank of United States will open about January 1, 1927, a branch at Claremont Parkway, Third Avenue and 171st Street, Bronx Borough, New York City.

Noted.

Draft of circular letter to the Governors of all Federal Reserve Banks, transmitting statement of expenses totaling \$44,509.68 in the par clearance case of the Pascagoula National Bank v. Federal Reserve Bank of Atlanta et al, and requesting that each Federal Reserve bank remit to the Federal Reserve Bank of Atlanta its pro-rata share of this expense, based on capital and surplus as of November 3, 1926.

Approved.

Matter ordered circulated at the meeting on November 2nd, namely, letter dated October 28th from the Assistant Federal Reserve Agent at San Francisco, transmitting copy of a letter addressed to the Pacific Southwest Trust and Savings Bank, Los Angeles, by the State Superintendent of Banks, relative to an examination of the bank which was started on February 6th.

Referred to the Committee on Examinations.

Memorandum from Counsel dated October 23rd, with reference to report adopted on March 15, 1926, by the General Committee on Bankers Acceptances

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and submitted to the Governors' Conference in March 1926, at which Conference it was voted to approve the report and to request the Federal Reserve Board to adopt the recommendations contained therein; Counsel recommending qualified approval of the report and its publication in the Federal Reserve Bulletin and submitting a proposed circular letter to all Federal Reserve banks expressing the Board's qualified approval of the report.

Ordered circulated.

Memorandum dated October 27th from General Counsel, approved by the Law Committee, with reference to H. R. 10,000, a bill to consolidate, codify and re-enact all of the general and permanent laws of the United States in force on December 7, 1925, which was adopted by Congress on June 30, 1926; Counsel submitting draft of a letter to the Chairman of the Committee on Revision of Laws of the House of Representatives, transmitting a memorandum pointing out errors which have been discovered in those portions of the Code which correspond to the provisions of the Federal Reserve Act and in other statutes affecting the Federal Reserve System and recommending (1) That the letter and memorandum be mimeographed and that copies be transmitted to the Chairman of the Senate Committee on the Revision of Laws and of the Banking and Currency Committees of both Houses and to all other Senators and Representatives who might be especially interested in the Federal Reserve System or in the perfection of the Code; and (2) That his office be authorized to confer with the codification experts employed by the Committee on the Revision of Laws in order to see that the errors are properly corrected.

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Upon motion, it was voted that the proposed letter be transmitted to the Chairman of the Committee on revision of Laws and to approve Counsel's other recommendations.

At this point, Mr. McIntosh entered the meeting.

Letter dated November 5th from the Deputy Governor of the Federal Reserve Bank of New York, advising of the action of the board of directors of that bank in voting, subject to the approval of the Federal Reserve Board, to authorize the opening of an account with the Finlands Bank, the bank of issue of Finland, the establishment of a relationship with the Finlands Bank along the same general lines as their arrangements with other foreign central banks, and the appointment of that institution as agent and correspondent of the Federal Reserve bank in Finland in return for a similar appointment from them.

Upon motion, it was voted to approve the action of the New York directors.

Letter dated November 5th from the Comptroller of the Currency, replying to the Board's letter of October 26th, requesting information as to the practice of National Bank Examiners in checking the classification of deposits in national banks, with particular reference to the classification of deposits of public funds.

Ordered circulated.

Mr. Hamlin, on behalf of the Law Committee, then reported verbally on the matter referred to the Committee at the meeting on February 19, 1926, namely, letter dated February 17th from the Deputy Comptroller of the Currency requesting a ruling as to whether or not the First National Bank of Boston may accept drafts drawn upon it by the Yokohoma Specie Bank, Ltd. against the security of import

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and export bills of exchange previously discounted by the foreign bank. Mr. Hamlin stated that this question arose some time ago in connection with the authority of the National Park Bank of New York to accept such drafts, and that the Board had held it to be a refinancing transaction and not authorized by law, in view of the fact that at the time the acceptances were drawn the goods covered by the security bills had gone into consumption. He stated that this question had been referred to the General Committee on Acceptances and that the Board's Committee had agreed with the report of the General Committee that national banks should be authorized to accept drafts drawn upon them by a foreign bank against the security of import and export bills previously discounted by the foreign bank where the import or export transaction has not been completed, and the goods involved therein have not gone into consumption.

After discussion, Mr. Platt moved approval of the report of the General Committee on Acceptances, which is concurred in by the Board's Law Committee, and that Counsel be instructed to prepare a formal ruling in accordance therewith.

Mr. Platt's motion being put by the Chair was carried, Mr. Miller voting "no".

The Governor then referred to the meeting of the Federal Advisory Council to be held here on November 19th and stated that no topics have yet been forwarded to the Council, the matter having been referred to the Executive Committee on October 28th. Thereupon ensued a discussion during which it was pointed out that in accordance with action taken at its last meeting the Council will consider the question of reserve require-

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ments of member banks in outlying districts of reserve and central reserve cities; the members of the Council having been requested to review the situation in their respective districts.

In this connection Mr. James referred to the varying reserves carried by member banks in greater New York and upon motion by him, it was voted to request Counsel to report to the Board with reference to the reserve requirements of member banks in the different boroughs of New York City, Mr. Miller voting "no".

At the suggestion of Mr. Platt, it was voted that the Council be requested to consider whether the publication of a consolidated statement of the condition of reporting member banks in the two central reserve cities on Saturday, in advance of the publication of the figures for all Districts, would be of service to bankers and business men and whether the publication of the figures for New York and Chicago in advance of the regular weekly statement released for publication on Tuesdays, would detract from the value of the latter or tend to distort the picture of the banking situation in the country as a whole.

Mr. Miller then referred to the fact that Mr. Alexander, member of the Federal Advisory Council from the 2nd District has just returned from a trip abroad and suggested that Mr. Alexander be invited to give the Board and the Council the benefit of his observations during the trip.

At the conclusion of the discussion, the Governor was requested to address a letter to the Secretary of the Council transmitting the above suggestions.

Mr. Miller referred to the discussion at the meeting of the Federal Advisory Council in May as to the responsibilities of the Federal Reserve

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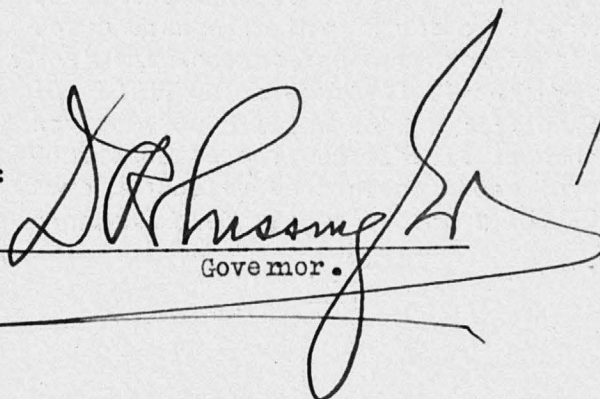
System through credits extended to central banks in the matter of stabilizing foreign currencies not yet on an effective gold basis. He suggested that it might be well, in view of the Council's interest in this matter, for the Board informally to advise the members of the Council of the purposes and terms of the Belgian credit approved by the Board on October 5th, and to ask for the views of the Council as to the administrative responsibility of the Board in the matter of credits of this kind.

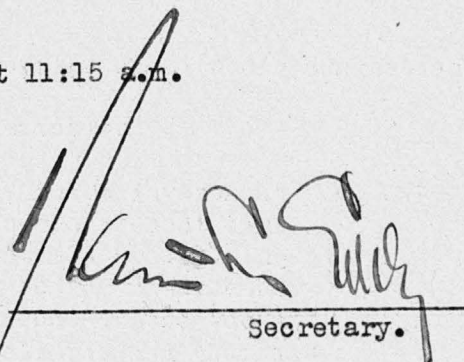
REPORTS OF STANDING COMMITTEES:

- Dated, November 4th, 5th, 6th, 8th, 9th, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, November 4th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.
Approved.
- Dated, November 2nd, Recommending approval of the application of Mr. J. E. Wagner for permission to serve at the same time as director of the Stock Yards National Bank of South Omaha, Nebraska and as director and officer of the Union Stock Yards National Bank of Wichita, Kansas.
Approved.

The meeting adjourned at 11:15 a.m.

Approved:


Governor.


Secretary.