

A special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, December 31, 1926 at 2:50 p.m.

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

The Secretary of the Treasury was also present and presided temporarily during an informal discussion with reference to appointments of Class C directors of the Federal Reserve Bank of New York to fill the vacancies which will exist after today. Following the discussion, the Secretary of the Treasury left the meeting and the Governor took the Chair.

He reported that the Governor of the Federal Reserve Bank of Minneapolis had called him over the telephone and stated that member banks in the 9th District were beginning to withdraw securities deposited for safekeeping from their city correspondents, who effective January 1st will impose a charge of one dollar a thousand for the safekeeping function, and were depositing these securities with the Federal Reserve bank. He stated that Governor Young raised the question as to whether the Federal Reserve bank should accept securities belonging to customers of member banks and also the question of whether the bank should accept from member banks in Minneapolis and St. Paul securities belonging to non-member banks. The Governor stated he had advised Governor Young that the Board had no idea that the Federal Reserve bank should accept for safekeeping securities belonging to non-member banks but thought that the Minneapolis bank should continue at least for the

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time being to accept custody of all securities deposited by member banks, segregating, however, those belonging to customers.

Following a discussion, upon motion by Mr. Cunningham, it was voted that the following telegram be transmitted to the Governor of the Minneapolis bank:

"Referring our telephone conversation. Board believes your bank should continue to accept without charge securities deposited for safekeeping by member banks belonging to them, securities deposited by member banks to secure public deposits and securities deposited by member banks owned by their customers, but in no event should you accept from member banks or non-member banks securities belonging to non-member banks or customers of non-member banks."

The Secretary then presented a memorandum from the Deputy Comptroller of the Currency, advising that on January 3rd the Comptroller will call upon all national banks in the continental United States, Alaska, and the territory of Hawaii, and all banks in the District of Columbia, for reports of condition as of the close of business today.

Upon motion, the Secretary was directed to issue a similar call for reports of condition of state member banks.

The Secretary then presented draft of a reply to telegram dated December 30th from the Chairman of the Federal Reserve Bank of San Francisco, advising of appointments made to the directorates of the branches of that bank, effective January 1, 1927, and further that in order to meet the Board's suggestion that the present Chairman of the boards of directors of the branches be redesignated for the year 1927, it is desired to amend the By-laws of the branches so as to provide that the board of directors at the head office shall annually elect as Chairman of the board of each Branch one of the members thereof appointed by the Federal Reserve Board; the pro-

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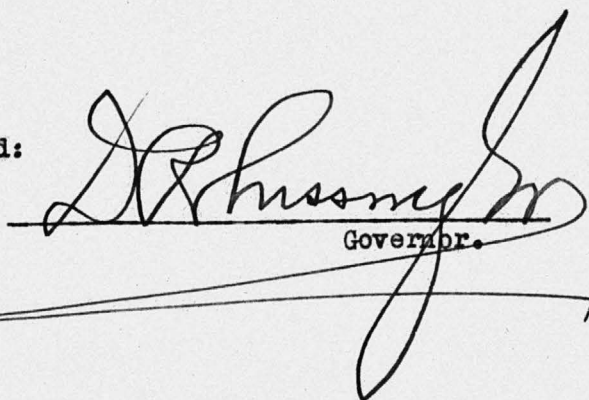
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posed reply stating that an amendment to the By-laws is not necessary but the Board is willing to waive for the year 1927 only its requirement that the Branch Boards designate as Chairman the director appointed by the Federal Reserve Board whose term expires at the end of the current year, and to permit the re-election of the director who held the chairmanship during 1926.

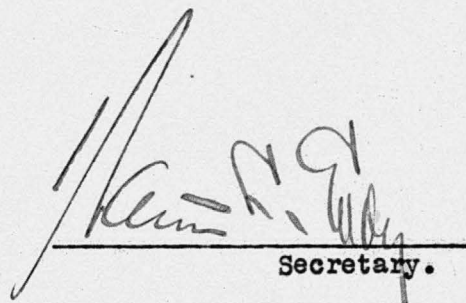
Upon motion by Mr. James, the above reply was approved.

The meeting adjourned at 4:15 p.m.

Approved:



Governor.



Secretary.