A meeting of the Federal Reserve Board was held in the office of the
Federal Reserve Board on Friday, May 27, 1927, at 3:15 p.m.

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

PRESENT ALSO: Governor Strong, Federal Reserve Bank
of New York
Mr. Wyatt, General Counsel
Mr. Vest, Assistant Counsel

The Governor stated that in accordance with an informal suggestion
made at the meeting of the Board this morning, the Board's Counsel had
discussed with Governor Strong the request recently received by the
Board from the First Federal Foreign Investment Trust of New York City,
for approval by the Board of an issue by that company of $5,000,000 of
secured gold notes, with a maturity of five years and with an interest
rate of 5%, with stock purchase warrants attached. He stated that
Governor Strong had some very definite ideas on the matter in which he
believed the Board would be interested.

Governor Strong then stated that it was his opinion that the Federal
Reserve Board should not undertake to approve any bond issue by a corpora-
tion organized under the Edge Act, either as provided in the Board's
Present Regulation K or otherwise, and stated also that in his opinion
the requirement in the Board's Regulation that such bond issues shall
be approved by the Board should be repealed.

Counsel called attention to the fact that the Federal Reserve Act
does not require approval by the Board but provides merely that such
corporations shall have power "under such rules and regulations as the
Federal Reserve Board may prescribe * * * to issue debentures, bonds and promissory notes under such general conditions as to security and such limitations as the Federal Reserve Board may prescribe * * *.

Discussion then ensued as to what amendments should be made to the Board's Regulation K. It was the consensus of opinion that the entire Regulation should be revised, after consultation with experts in the field of investment banking.

The Board also gave consideration to the question of what action should be taken by it with regard to the debentures proposed to be issued by the First Federal Foreign Investment Trust on or about June 1st.

Following a detailed discussion, it was understood, without formal action, that the Board's Counsel would submit, at a meeting to be held tomorrow, a form of letter to the First Federal Foreign Investment Trust prepared along the lines of suggestions made during the discussion at this meeting.

The meeting adjourned at 4:30 p.m.

Approved:

[Signature]

Governor