

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, August 9, 1927, at 11:00 o'clock a.m.

PRESENT: Vice Governor Platt

Mr. Hamlin

Mr. James

Mr. McIntosh

Mr. Eddy, Secretary

PRESENT ALSO: Governor Norris

Mr. Williams, Counsel

Federal Reserve Bank of Philadelphia

Mr. Wyatt, General Counsel

Mr. Wingfield, Assistant Counsel

The Vice Governor stated that the meeting was called in order to afford Governor Norris an opportunity of presenting his views with regard to subsection (c) of Section VIII of Regulation F, as contained in the draft of the new regulations prepared by the Board's Counsel and now before the Board for consideration.

Mr. Wyatt then read the subsection in question which is as follows:

"(c) Deposits in other Banks. If funds received or held in the trust department of a national bank awaiting investment or distribution are deposited in another bank, they shall be deposited to the credit of the said national bank as trustee or other fiduciary and the said national bank shall first require the bank in which such funds are deposited to deliver to the said national bank, as collateral security, United States bonds or other readily marketable securities of the kinds specified in Subsection (a) above, which securities shall be owned by the depository bank, and shall at all times be equal in market value to the amount of funds so deposited. Such collateral security shall be held in the trust department of the said national bank in the manner provided in Section VII of this regulation for the security of the owners of the funds so deposited."

Thereupon, Governor Norris presented his views as to the inadvisability of requiring by regulation of the Federal Reserve Board that a

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national bank acting as trustee and depositing uninvested trust funds with another banking institution shall first obtain from such other institution collateral security to such deposit.

Discussion then ensued of the requirements of the State Banking Department of Pennsylvania in this regard, and the purposes of the requirement in the proposed new sub-section of the regulation, during which Mr. Wyatt called attention to objections expressed by the Federal Reserve Bank of Cleveland.

Following the discussion, Governor Norris was requested to submit to the Board a memorandum setting forth his views in detail along the lines of his verbal presentation of the matter at this meeting.

Thereupon, Governor Norris and Mr. Williams withdrew from the room, and Mr. McIntosh left the meeting.

Mr. Hamlin then called attention to the fact that the draft of the proposed new regulations has been in the hands of all members of the Board for several days, and suggested the advisability of fixing a date for final action thereon.

Following a discussion, Mr. Hamlin moved that the Governor be requested to fix a date not earlier than September 15th for a meeting of the Board to be attended by all appointive members and by the Comptroller of the Currency for consideration and final action on the proposed new regulations.

Carried.

Mr. Hamlin then announced that he had increased the salary of his Secretary, Miss Margaret A. Laning, from \$2,500 to \$2,600 per annum, effective August 1, 1927, this being the anniversary of her appointment as

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Secretary, and in accordance with the usual practice in regard to salaries of Secretaries to Members of the Board.

Noted.

The meeting adjourned at 1:00 p.m.


Secretary

Approved:


Vice Governor.