

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, February 8, 1928 at 12:15 p.m.

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

The minutes of the meeting of the Federal Reserve Board held on February 7th were read and approved.

Matter approved on initials yesterday, namely, telegram dated February 7th from the Chairman of the Federal Reserve Bank of Dallas, advising that the board of directors on that day voted to establish a rediscount rate of 4% on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board.

The rate of 4% established by the Dallas directors having been approved informally yesterday, effective as at the opening of business today, was formally ratified, Mr. Cunningham not voting.

Mr. Cunningham stated that the members of the Board are familiar with his position with regard to the adjustments in Federal Reserve bank rates being made at this time.

Telegram dated February 8th from the Chairman of the Federal Reserve Bank of Richmond, advising that the board of directors at their meeting today made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letter dated February 6th from the Chairman of the Federal Reserve Bank of Boston, advising of the establishment of the following schedule of rates for purchases of bankers acceptances, effective February 3rd:

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

Without objection, noted with approval.

Letter dated February 7th from the Chairman of the Federal Reserve Bank of Boston, advising that the Executive Committee of the bank on that date increased from 3 1/2% to 4% their rates for purchases of United States government securities and trade bills under so-called repurchase agreements.

Without objection, noted with approval.

The Secretary then submitted draft of a proposed circular letter to all Federal Reserve Agents on the subject of reporting violations of criminal statutes; the proposed circular being based upon the letter to the Federal Reserve Agent at San Francisco which was transmitted by the Governor on January 13th under authority granted to him at the meeting of the Board on that date.

Upon motion, the proposed circular was approved and ordered transmitted.

The Secretary then requested authority to transmit to all Federal Reserve banks a circular letter based upon the letter to the Governor of the Federal Reserve Bank of San Francisco, approved at the meeting yesterday, in which the Board ruled that dollar balances carried by member banks in American branches of foreign banks may be considered balances due from banks and deducted from amounts due to other banks by a member bank in computing its reserves under Section 19 of the Act.

Upon motion, the Secretary was authorized to prepare and transmit the circular letter suggested by him.

Discussion then ensued with respect to the open market situation and the recent policy which has been followed by the Federal Reserve System in connection therewith.

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At 1:15 p.m. the meeting recessed and met again at 3:00 p.m., the same members being present as attended the morning session, and in addition Mr. McIntosh.

The Secretary presented draft of a letter to the First Federal Foreign Investment Trust of New York City, prepared in accordance with instructions given him at the meeting of the Board yesterday, referring to the Corporation's application for permission to engage in certain acceptance transactions while at the same time having debentures outstanding; the reply stating that the Board feels it must adhere to its policy of requiring that an institution organized under the provisions of Section 25 (a) of the Federal Reserve Act may not open acceptance credits while having outstanding debentures, bonds, notes or other such obligations issued by it.

Upon motion, the reply submitted was amended and approved.

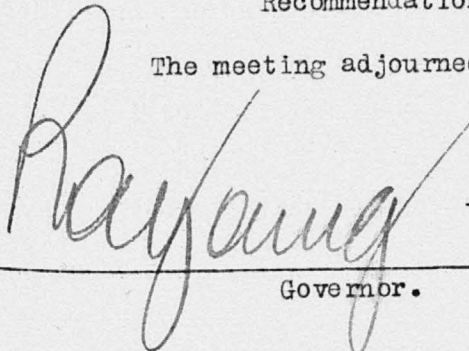
The Board then continued the discussion begun at the morning's meeting with reference to the credit situation and the effect thereon of recent Federal Reserve operations and policies.

REPORTS OF STANDING COMMITTEES:

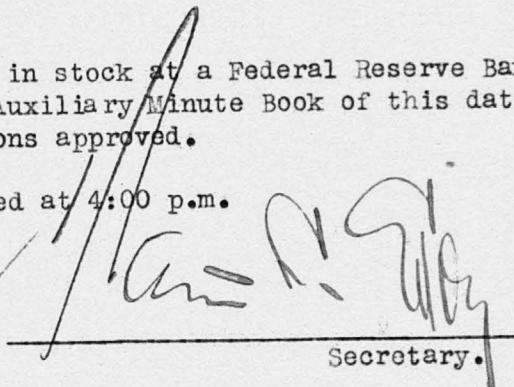
Dated, February 8th, Recommending changes in stock at a Federal Reserve Bank as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

The meeting adjourned at 4:00 p.m.

Approved:



Governor.



Secretary.