

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, April 11, 1928, at 12:20 p.m.

PRESENT: Governor Young
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. McIntosh
Mr. Noell, Assistant Secretary

The Governor stated that Governor McDougal had called him on the telephone this morning from Chicago and advised that banks in Chicago have increased their over-the-counter rate about $1/4$ of 1%, the minimum rate being $4\ 1/2\%$ on commercial paper to customers, and also that the rate to bond dealers and others had gone up to $4\ 3/4\%$. He also stated that he had a telephone conversation with Deputy Governor Case of the Federal Reserve Bank of New York, who advised him that a meeting of some of the directors of the bank had been held on Monday and a meeting of officers this morning, at which the present situation was discussed. Mr. Case, he stated, advised him that the report this week will show a reduction of approximately \$5,000,000 in the Open Market Investment Account and that during the next week they have in mind selling approximately \$20,000,000 to \$25,000,000 of Government securities from the Account for the reason that while the banks now owe \$240,000,000, there would be a further return of holiday currency which would relieve the situation in New York to a certain extent and they wanted to keep a grip on the present situation. He stated that he had advised Mr. Case that there would be no objection to the sale of securities as contemplated.

The Governor further stated he had inquired of Mr. Case whether there had been any discussion of discount rate at the meeting and was advised that one of the directors talked about it at the last meeting and it would be

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discussed very thoroughly at the meeting to be held tomorrow, although Mr. Case thought it perfectly safe to assure him that there would be no request for a rate increase tomorrow although there might be later.

During the discussion which followed, Mr. McIntosh left the meeting.

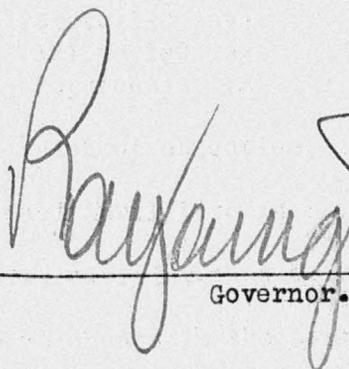
Mr. Miller then offered the following resolution, which at his request was laid upon the table for future consideration:

"That it be the sense of the Board that a separate rate be established for advances, said advances being defined as funds obtained from the Federal Reserve banks on bills payable or on securities negotiated under repurchase agreement, and that such rate be 1% in excess of the discount rate; and Counsel is instructed to prepare drafts of amendment of existing regulations of the Federal Reserve Board in order to give effect to this change."

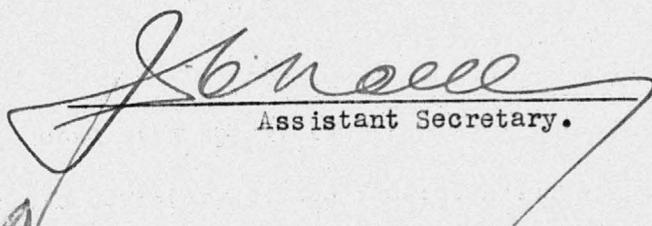
Further discussion then ensued, during which Governor Young was requested to convey to Governor Harding of the Federal Reserve Bank of Boston, and Mr. Case, Deputy Governor of the Federal Reserve Bank of New York, advice of the resolution offered by Mr. Miller and to convey to the Board their reaction thereto.

The meeting adjourned at 1:00 p.m.

Approved:



 Governor.


 Assistant Secretary.