A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Vice Governor on Thursday, July 12, 1928 at 3 p.m.

PRESENT: Vice Governor Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Eddy, Secretary
Mr. Noell, Assistant Secretary

The Vice Governor announced the receipt of telephone advice from the Deputy Governor of the Federal Reserve Bank of New York that the Board of Directors of that bank at its meeting today voted to establish a rediscount rate of 5½ on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board.

Mr. Hamlin moved that the Board approve the rediscount rate of 5½ established by the directors of the New York Bank, such rate to be effective at the opening of business tomorrow, July 13, 1928.

Mr. Hamlin's motion being put by the chair was carried, the members voting as follows:
Mr. Platt "aye"
Mr. Hamlin "aye"
Mr. Miller "aye"
Mr. James "no"

The Vice Governor then presented telegram dated July 12th from the Chairman of the Federal Reserve Bank of Richmond, advising that the Board of Directors of that bank at its meeting today voted to establish a rediscount rate of 5½ on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board.
Mr. Miller moved that the Board approve the rediscount rate of 5% established by the directors of the Richmond bank, such rate to be effective at the opening of business tomorrow, July 13, 1928.

Mr. Miller's motion being put by the chair was carried, the members voting as follows:

Mr. Platt "aye"
Mr. Hamlin "aye"
Mr. Miller "aye"
Mr. James "no"

Mr. James moved that both the New York and Richmond banks be requested to send to the Board, for its records, a written statement of the reasons which actuated the directors of the banks in increasing the rediscount rate to 5%.

Mr. Hamlin stated that he was in favor of Mr. James' motion, but that its adoption would inaugurate a new policy in connection with the handling of rediscount applications, and thereupon moved that action on Mr. James' motion be taken at a regular meeting of the Board.

Mr. Miller moved that the senior officers of the Federal Reserve Banks of New York and Richmond be requested to furnish the Board with a written statement of the reasons which actuated the directors of those banks in increasing the rediscount rate to 5% and that at a future meeting of the Board, consideration be given to the advisability of adopting a formal order to the effect that the reserve banks when advising of any change in the rediscount rates, accompany such advice with a statement of the reasons which actuated the directors in changing the rate.

Mr. Miller's motion, being put by the chair, was carried.

Telegram dated July 12th from the Secretary of the Board of Directors of the Federal Reserve Bank of Kansas City, advising that no official action regarding rates was taken today on account of lack of a quorum, and stating that the next meeting will be held on the regular meeting date July 26th.

Noted.

The Secretary referred to the status of the Treasury's small currency note program, as outlined verbally to the Board by Assistant Secretary Bond at its meeting on June 26th, stating that Mr. Bond had confirmed by letter
dated June 29th, the statements he made before the Board, and had renewed his request that an order for the printing of new notes during the present fiscal year be placed with the Bureau of Engraving and Printing at the earliest practicable date. The Secretary stated that he had communicated with all Federal reserve banks on the subject and that the banks had estimated the amounts of each denomination of small notes which in their judgment should be printed during this fiscal year, the total of the estimates amounting to 22,177,676 sheets, twelve notes to a sheet; and thereupon requested authority to place an order with the Bureau of Engraving and Printing for the production of that amount of new Federal reserve notes.

Upon motion, the Secretary was instructed to order the printing of Federal reserve notes of the new size for the present fiscal year, of a total of 22,177,676 sheets, in accordance with the estimated requirements, as submitted to the Board by the Federal reserve banks.

Mr. James suggested that in due course and prior to the Fall conference of Governors, a letter be addressed to the Governor of each Federal reserve bank calling attention to the probable cost to the banks of converting currency issues, in accordance with the Treasury's program and suggesting that the matter be made the subject of discussion at the Governors' conference in the Fall.

Upon motion, Mr. James' suggestion was adopted.

The meeting adjourned at 4 o'clock A.M.

Secretary.

Approved:

Edwin Platt
Vice-Governor