

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, August 30, 1928 at 12:30 p.m.

PRESENT: The Chairman  
Governor Young  
Mr. Platt  
Mr. James  
Mr. McIntosh  
Mr. McClelland, Asst. Secretary

The Governor stated that he had communicated with the Federal Reserve Banks of Minneapolis and Dallas regarding the possibility of their rendering additional assistance to the Federal Intermediate Credit banks. He stated that the Federal Reserve Bank of Dallas recently rejected a rediscount offering from the Intermediate Credit bank at Houston because of the fact that the reserve ratio of the bank is at about 50% and the Regulations of the Federal Reserve Board provide that "No Federal Reserve bank shall discount paper for any Federal Intermediate Credit bank when its own reserves amount to less than 50% of its own aggregate liabilities for deposits and Federal Reserve notes in actual circulation". He stated that the Regulations also provide that "The aggregate amount of paper discounted by all Federal Reserve banks for any one Federal Intermediate Credit bank shall at no time exceed an amount equal to the paid-up and unimpaired capital and surplus of such Federal Intermediate Credit Bank" and that the Federal Reserve Bank of Minneapolis can not render further assistance to the Intermediate Credit Bank at St. Paul, having already rediscounted for that institution up to the amount of its capital and surplus. He recommended that the Board change its Regulation so as to provide that with the permission of the Board Federal Reserve banks may rediscount for Federal Intermediate Credit banks beyond the limits now prescribed.

He submitted the following resolution which, after discussion, was unanimously adopted:

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"BE IT RESOLVED by the Federal Reserve Board, that effective August 30, 1928, Subdivision (d) of Section VI of Regulation A, Series of 1928, be and hereby is amended to read as follows:

'(d) Discounts for Federal intermediate credit banks.- Any Federal reserve bank may discount agricultural paper for any Federal intermediate credit bank; but no Federal reserve bank shall discount for any Federal intermediate credit bank any such paper which bears the indorsement of any nonmember State bank or trust company which is eligible for membership in the Federal reserve system under the terms of section 9 of the Federal reserve act as amended. In discounting such paper each Federal reserve bank shall give preference to the demands of its own member banks and shall have due regard to the probable future needs of its own member banks. Except with the permission of the Federal Reserve Board, no Federal reserve bank shall discount paper for any Federal intermediate credit bank when its own reserves amount to less than 50 per cent of its own aggregate liabilities for deposits and Federal reserve notes in actual circulation. Except with the permission of the Federal Reserve Board, the aggregate amount of paper discounted by all Federal reserve banks for any one Federal intermediate credit bank shall at no time exceed an amount equal to the paid-up and unimpaired capital and surplus of such Federal intermediate credit bank.'"

Upon motion by the Governor, it was also voted that authority be vested in the Executive Committee of the Board, upon application by any Federal Reserve Bank, to extend the limit to which it may rediscount for any Federal Intermediate Credit bank.

The meeting adjourned at 1:15 p.m.

*E. M. Mc Clelland*  
Assistant Secretary.

Approved:

*A. W. Mellon*  
Chairman.

*OK [Signature]*