

Upon call of the Governor, a special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, September 14, 1928 at 12:30 p.m.

PRESENT: The Chairman
Governor Young
Mr. James
Mr. Cunningham
Mr. McIntosh
Mr. McClelland, Assistant Secretary
Mr. Vest, Assistant Counsel

The Assistant Secretary read a letter dated September 11th from the Deputy Governor of the Federal Reserve Bank of Dallas, advising that according to their interpretation of the Board's Regulations, a Federal reserve bank may not, without permission of the Federal Reserve Board, either discount or purchase sight drafts secured by bills of lading bearing the signature or endorsement of a non-member bank, although they may be otherwise eligible for discount and purchase under Section 13 and the Regulations; the Deputy Governor stating that the Dallas Bank accordingly declined to discount such a sight draft for one of its member banks and accepted the item for collection instead. In his letter, the Deputy Governor of the Dallas Bank suggested the amendment of Regulation "A" so as to permit the discount by Federal reserve banks of sight drafts, bearing the signature or endorsement of non-member banks, without the permission of the Board, stating that an exception in favor of this class of paper would not be contrary to the spirit of the regulation which is drawn to prevent the indirect use of reserve credit by banks which give no support to the Federal Reserve System.

Mr. Vest submitted to the Board alternate forms of amendments to Regulation "A" along the lines of the suggestion of the Deputy Governor of the Dallas Bank, one form including also an amendment to conform to the

9/14/28

-2-

recent act permitting the discount of sight and demand drafts growing out of the exportation as well as the domestic shipment of staple products and eliminating the requirement that such products must be of an agricultural character.

After discussion, it was voted to advise the Deputy Governor of the Dallas Bank that the question of the suggested amendment will be submitted by the Board to the forthcoming conferences of Governors and Federal Reserve Agents and that in the meantime, pursuant to the regulation, the Board grants permission to the directors of the Dallas Bank, if they desire, to authorize the discount for member banks of bills of exchange, payable on sight or demand, bearing the signature or endorsement of non-member banks, provided such paper is otherwise eligible for discount under the Act and the Board's Regulations.

REPORTS OF STANDING COMMITTEES:

- Dated, September 13th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, September 11th, Recommending action on application for fiduciary powers, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, September 11th, Recommending approval of the application of Mr. Bernard B. Winslow for permission to serve at the same time as officer and director of the Home National Bank and as officer and director of the Security Cooperative Bank, both of Brockton, Mass.
Recommendation approved.

The meeting adjourned at 1:00 p.m.

E. M. McCalland
Assistant Secretary.

Approved:

A. O. Nelson
Chairman.