

A meeting of the Federal Reserve Board was held in the office of the Governor on Thursday, January 3, 1929 at 4:20 p.m.

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

The Governor presented telegram dated January 3rd from the Federal Reserve Bank of New York, advising that beginning tomorrow, January 4th, their effective minimum buying rates will be as follows:

Bankers' acceptances:		
1 to 30 days	-	4 1/2%
31 to 90 days	-	4 3/4%
91 to 120 days	-	4 7/8%
121 to 180 days	-	5%
Repurchase	-	4 3/4%
Trade acceptances	-	5%

He called attention to the fact that the above schedule increases one-quarter of one percent the existing rates for maturities from 31 to 120 days and for purchases under resale agreement, and further stated that in his opinion the new rates should not be made effective until approved by the Board. He stated that he had understood the advisability of an increase in open market rates was to be discussed at the Board's meeting with the Open Market Investment Committee on Monday.

A general discussion ensued both with respect to the desirability of the proposed increases and the procedure which has grown up in the matter of the establishment of buying rates at the Federal Reserve banks, whereby, after approval by the Board of a minimum rate, currently effective rates are estab-

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lished by the bank without prior reference to the Board. It was the consensus of opinion that such rates should be established, subject to the review and determination of the Board, in the same manner as rates of discount and that the present procedure should be revised. However, during the discussion it was decided that the matter of revising the procedure for handling buying rates should be given further consideration and that immediate action should be restricted to the schedule of rates proposed by the New York directors.

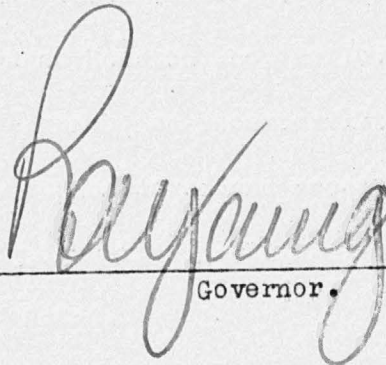
At the conclusion of the discussion, upon motion, it was voted that the following telegram be addressed to the Chairman of the Board of Directors of the New York bank:

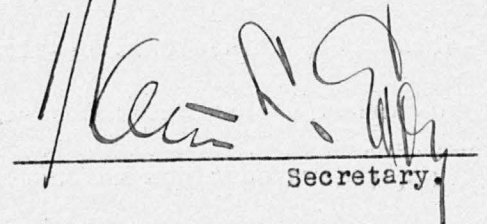
"Your telegram of this date showing important changes in revised schedule of buying rates on acceptances raises some questions of policy which it is the understanding of the Board were to be considered at the conference with the Open Market Investment Committee called for Monday, January 7th. Board prefers to postpone its action until after this meeting unless there are considerations of special urgency requiring earlier action by the Board, in which case you will please advise the Board of your reasons for the changed schedule in detail and not make new schedule of rates effective until you have been further advised by Board."

On this motion, Mr. Platt requested to be recorded as voting "no".

The meeting adjourned at 5:45 p.m.

Approved:


Governor.


Secretary.