

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, February 15, 1929, at 2:15 p.m.

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

Discussion ensued with respect to the following minute which the Federal Advisory Council made at its preliminary meeting yesterday and delivered to the Board at the regular joint meeting this morning:

"The Federal Advisory Council approves the action of the Federal Reserve Board in instructing the Federal Reserve Banks to prevent, as far as possible, the diversion of Federal reserve funds for the purpose of carrying loans based on securities. The Federal Advisory Council suggests that all the member banks in each district be asked directly by the Federal Reserve Bank of the district to cooperate in order to attain the end desired. The Council believes beneficial results can be attained in this manner."

It was voted that a copy of the minute be telegraphed this afternoon to each Federal reserve bank.

In view of the permission given the Board by the Council to use the above minute in any way which the Board might see fit, it was moved that the following statement be issued to the press at 3:00 o'clock this afternoon for immediate release.

"The Federal Advisory Council at a preliminary meeting yesterday made the following minute, which was delivered to the Federal Reserve Board at the regular quarterly meeting of the Council and the Board this morning:

'The Federal Advisory Council approves the action of the Federal Reserve Board in instructing the Federal Reserve Banks to prevent, as far as possible, the diversion of Federal reserve funds for the purpose of carrying loans based on securities. The Federal Advisory Council suggests that all the member banks in each district be asked directly by the Federal Reserve Bank of the district to cooperate in order to attain the end desired. The Council believes beneficial results can be attained in this manner.'

2/15/29

-2-

169

The above motion being put by the chair, was carried, Governor Young voting "no".

Telegram dated February 14th from the Deputy Governor of the Federal Reserve Bank of New York, delivered this morning, advising of the establishment of the following schedule of rates for purchases of acceptances, effective today:

Bankers acceptances:		
1 to 45 days	-	5%
46 to 90 days	-	5 1/8%
91 to 180 days	-	5 1/4%
Repurchase	-	5%
Trade acceptances	-	5 1/4%

The Governor referred to previous discussion by the Board with respect to the procedure now in effect at the Federal Reserve Bank of New York of establishing buying rates for acceptances, which does not give the Board an opportunity of considering such rates before they are made effective. The Governor was authorized, on the occasion of his next visit to New York, to discuss with the directors of that bank the formulation of a procedure under which buying rates could be considered by the Board before they are made effective by the bank.

Upon motion, the schedule of rates made effective today was noted with approval.

Mr. Cunningham stated that he voted "aye" because the rates are already effective, but did so reluctantly because they had not been previously considered by the Board.

Telegram dated February 15th from the Governor of the Federal Reserve Bank of Boston, advising of the establishment today of the same schedule of buying rates made effective at the Federal Reserve Bank of New York, as listed above.

Noted with approval.

Telegrams dated February 15th from the Chairman of the Federal Reserve Bank of Chicago and the Governor of the Federal Reserve Bank of St. Louis, advising of the establishment today of the following rates for purchases of

2/15/29

bankers' acceptances:

1 to 45 days	-	5%
46 to 90 days	-	5 1/8%
91 to 180 days	-	5 1/4%

Noted with approval.

The Governor then presented letter dated February 13th from the Deputy Chairman of the Federal Reserve Bank of Philadelphia, replying to the Board's letter of February 2nd with regard to the improper use of the credit facilities of the Federal reserve banks by member banks.

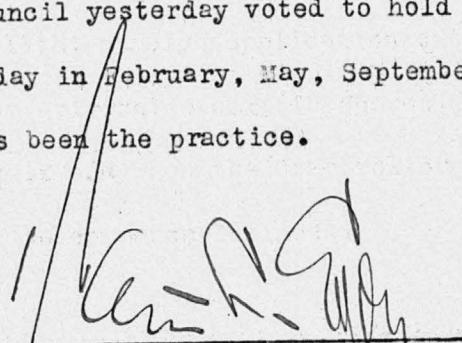
Ordered circulated.

Letter dated February 14th from the Federal Reserve Agent at New York, advising that the Bank of America, N. A., is planning to take over the Traders National Bank in Brooklyn, which is near the Fulton Street office of the Bank of America.

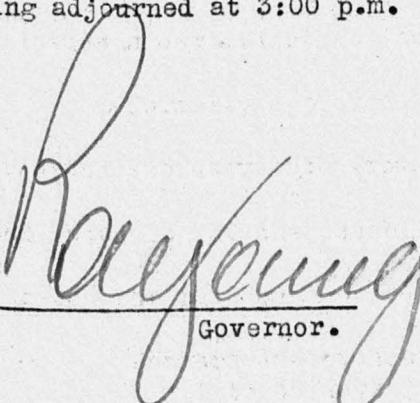
Noted.

The Secretary then announced that he was informally advised by the Secretary of the Federal Advisory Council that the Council yesterday voted to hold its regular meetings hereafter on the third Tuesday in February, May, September and November, instead of the third Friday, as has been the practice.

The meeting adjourned at 3:00 p.m.


Secretary.

Approved:


Governor.