

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, September 5, 1929 at 11:30 a.m.

PRESENT: Governor Young
Mr. Platt
Mr. James
Mr. Cunningham
Mr. Hamlin
Mr. McClelland, Asst. Secretary

Letter dated September 4th from the Deputy Governor of the Federal Reserve Bank of New York, advising that there has been no change in the Open Market Investment Account since the last advice to the Board under date of August 28th; the letter also stating that the government security market generally has been fairly active with prices for most of the long-term issues fractionally lower and the short-term issues fractionally higher and that bill dealers experienced a heavy demand during the past week representing largely the replacement of maturities for foreign banks. It was also stated that a large influx of new bills took place during the week and that the System holdings show a net increase of \$23,000,000 for the week.

Noted.

A general discussion regarding the present credit situation ensued.

The Governor reported an interview with Senator Allen of Kansas, regarding the establishment of a branch of the Federal Reserve Bank of Kansas City at Wichita, Kansas. He stated that an application has been made to the Federal Reserve Bank of Kansas City for the establishment of the branch and has been turned down, and that it is the desire of the applicants to appear before the Board regarding the matter. He stated that he advised Senator Allen that although it was the almost unanimous opinion of the Board that no new branch Federal Reserve banks should be established the Board would be glad to receive

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the Wichita delegation if it desires to appear.

Telegram dated September 5th from the Assistant Federal Reserve Agent at St. Louis, advising that the board of directors at its regular meeting made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Boston of employees for whom the directors of that bank approved leaves of absence with pay, on account of illness, during the month of August where the total of such absences since January 1, 1929, has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Matter approved on initials this morning, namely, telegram to the Governors of all Federal Reserve banks, prepared by the Vice Governor in accordance with the instructions of the Board yesterday, with regard to the request made of the Federal Reserve banks by the Economic Policy Commission of the American Bankers Association for information on chain and branch banking; the telegram advising that the Board sees no objection to the Federal Reserve banks furnishing whatever information they have, with the understanding that it is for the use of the Commission only and not to be made public as official.

Formally approved.

Memorandum from Counsel dated August 29th, submitting opinion of the

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Attorney General of the United States that (1) a state member bank of the Federal Reserve System may not, since February 25, 1927, establish a branch in a foreign country and continue to hold stock in a Federal Reserve bank; and (2) a state member bank may not acquire a branch in a foreign country by consolidating with a state bank which has absorbed or taken over a liquidating national bank having such a foreign branch established since February 25, 1927 and continue to retain stock in a Federal Reserve bank. In this connection, the Assistant Secretary submitted copy of a letter addressed by the Governor to the Federal Reserve Agent at New York, transmitting copy of the above opinion which was requested because of the desire of the Equitable Trust Company of New York to establish a branch in Paris, France; the letter requesting the Federal Reserve Agent to advise the Equitable Trust Company of the steps which have been taken by the Board to secure an amendment to the Federal Reserve Act permitting the establishment of foreign branches by state member banks.

After discussion, upon motion the opinion of the Attorney General and the letter addressed by the Governor to the Federal Reserve Agent at New York were noted, and the Governor was authorized to renew efforts to have the amendment to Section 9 of the Federal Reserve Act, previously recommended by the Board, enacted into law.

Draft of reply prepared by Counsel and approved by the Law Committee to letter dated August 16th from Roosevelt and O'Connor, attorneys-at-law, New York City, regarding the Federal International Banking Company, proposed to be organized under Section 25 (a) of the Federal Reserve Act; the reply answering several inquiries regarding the construction of the Board's Regulations governing the use of bankers' acceptances by corporations organized under Section 25 (a).

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Upon motion, the proposed reply was approved.

The minutes of the meeting of the Federal Reserve Board held on September 4th were then read and approved.

The meeting adjourned at 1:10 p.m.

Approved:

Raymond
Governor.

C. W. McCreland
Assistant Secretary.