A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, October 31, 1929 at 11:00 a.m.

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

Application of the James River National Bank of Jamestown, N. D., for permission to act as registrar of stocks and bonds and committee of estates of lunatics, in addition to the right previously granted by the Board to act as trustee, executor, administrator, guardian of estates, assignee, receiver or in any other fiduciary capacity in which state banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the state of North Dakota. The Assistant Secretary stated that the application is approved by the Executive Committee of the Federal Reserve Bank of Minneapolis and by the Board's Law Committee, but that it is being called to the particular attention of the Board because of the fact that the bank was recently sold to the Northwest Bancorporation of Minneapolis which, in refinancing, removed all doubtful paper, losses, the entire real estate account and, in addition thereto, $24,000 of other assets.

After discussion, upon motion, the application was approved, Mr. James voting "no" and Mr. Cunningham not voting.

Application of the First National Bank of Jonesboro, Ill., for permission to exercise general fiduciary powers, together with a divided report thereon by the Board's Law Committee; Mr. Hamlin recommending approval of the appli-
cation and Mr. Platt expressing the opinion that the capital of the bank, which is $50,000, is too small.

After discussion, upon motion, the application was approved, Mr. Platt voting "no".

Application of the Plainview National Bank of Plainview, Texas, for permission to exercise general fiduciary powers, together with a favorable report thereon by the Board's Law Committee, in which Mr. Platt, however, expressed the opinion that the case is a rather close one and should be brought to the special attention of the Board.

After discussion, upon motion, the application was approved, Mr. James voting "no".

Application of the First National Bank of Primghar, Iowa, for permission to exercise general fiduciary powers, on which action was deferred at the meeting of the Board on October 17th and the Governor requested to take up with the Comptroller of the Currency the possibility of the elimination of doubtful and bad assets disclosed by the analysis furnished the Board of the last examination of the bank. The Governor reported that the records of the office of the Comptroller indicate that the bank has no bad assets and that the item of $13,000, shown in the analysis furnished the Board, is undoubtedly a duplication of the $13,000 of doubtful paper set up by the Examiner.

After discussion, upon motion, the application was therefore approved.

Memorandum from the Secretary dated October 20th on letter dated October 17th from the Federal Reserve Agent at Kansas City, requesting reconsideration by the Board of its action of October 9th in deferring approval of the application of the National Bank of North Kansas City, Mo., for permission to ex-
exercise general fiduciary powers; the letter from the Federal Reserve Agent stating that if the application can be granted at this time, to permit a change in name which the new management of the bank believes desirable, the bank will be glad to agree to accept no trust business until any requirements the Board may wish to make have been met. A recommendation, made in the memorandum of the Assistant Secretary, that the application be approved by the Board, thus permitting the desired change in the name of the bank, on condition that no trust business be undertaken until all losses have been eliminated and the surplus of the institution increased to 20% of capital, was concurred in by Governor Young and Mr. Hamlin but questioned by Mr. Platt, who expressed the opinion that the condition of the bank does not make a good case for waiving the usual 20% surplus requirement.

After discussion, upon motion, it was voted to approve the application, on condition that no trust business be undertaken until all losses have been eliminated and the surplus of the institution increased to 20% of capital, Messrs. Platt and James voting "no".

Matter approved on initials on October 26th, namely, application of the First National Bank of Boonville, Ind., for permission to exercise general fiduciary powers.

Upon motion, the application was formally approved.

The Assistant Secretary then reported that Mr. Carrick, Secretary of the Federal Reserve Bank of Boston, is in Washington today regarding a proposed affiliation of the Old Colony Trust Company and the First National Bank of Boston, which involves the organization of a new national bank to be known as the Old Colony National Bank, which will take over practically all of the commercial banking business of the Old Colony Trust Company and later consoli-
date with the First National Bank of Boston, under the title and charter of the latter, which will then, so far as possible, transfer its trust business to the Old Colony Trust Company. He stated that during the brief existence of the Old Colony National Bank certain interlocking directorates with the Old Colony Trust Company are desired and applications have been submitted, approval of which are recommended by the Board's Counsel, as follows:

Mr. Philip Stockton - for permission to serve at the same time as director of the Old Colony Trust Company, as director and officer of the Old Colony National Bank, and as director of the International Acceptance Bank, New York, N. Y., upon condition that Mr. Stockton resign as director of the Boulevard Trust Company, Brookline, Massachusetts and the Newton Trust Company, Newton, Massachusetts.

Mr. Francis R. Hart - for permission to serve at the same time as officer and director of the Old Colony Trust Company, as director of the Old Colony National Bank and as director of the American Trust Company, Boston, Massachusetts.

Mr. G. P. Gardner -
Mr. P. Y. DeNormandie -
Mr. Reginald Foster -
for permission to serve at the same time as directors of the Old Colony Trust Company and as directors of the Old Colony National Bank, Boston, Massachusetts.

Mr. James C. Howe -
Mr. T. Jefferson Coolidge -
for permission to serve at the same time as directors and officers of the Old Colony Trust Company and as officers of the Old Colony National Bank, Boston, Massachusetts.

Mr. L. D. Seaver -
Mr. Arthur S. Bennick -
for permission to serve at the same time as officers of the Old Colony Trust Company and as officers of the Old Colony National Bank, Boston, Massachusetts.

Upon motion, the several applications were approved as recommended.
Memorandum dated October 30th from the Chief of the Division of Bank Operations, recommending that the temporary appointment of Miss Geraldine Johnson, as comptometer operator in the Division, be made permanent, effective November 1, 1929, at a salary of $1440 per annum.

Approved.

Memorandum dated October 31st from the Director of the Division of Research and Statistics, transmitting and recommending acceptance of the resignation of Mr. Walter A. Stark, Research Assistant, effective at the close of business October 31, 1929; the memorandum advising that Mr. Stark is to become Chief of the Section of Financial and Economic Research of the United States Treasury, to succeed Mr. Ebersole, who is resigning on February 1, 1930, and at the request of the Undersecretary of the Treasury, is assuming his duties on November 1st.

Upon motion, Mr. Stark's resignation was accepted.

Memorandum dated October 30th from the Director of the Division of Research and Statistics, transmitting and recommending acceptance of the resignation of Mrs. Joyce W. Moss, statistical clerk in the Division, effective at the close of business on November 15, 1929.

Accepted.

Memorandum dated October 29th from the Chief of the Division of Bank Operations, transmitting statements of expenditures by the Federal Reserve Banks for educational and welfare work, etc., during the month of September and for the nine months ending September 30th.

Ordered circulated.
Letter dated October 29th from the Federal Reserve Agent at Chicago, advising of the resignation, effective November 15th, of Mr. A. L. Wilson, Examiner, who has been serving as Acting Assistant Federal Reserve Agent at the Detroit Branch; the letter stating that before Mr. Wilson left the Branch all notes held under joint custody for account of the Treasurer of the United States were delivered to the Branch and that a representative of the Agent's office changed the combinations of the safes in which the reserve stock of Federal Reserve notes held at the Branch is carried, arrangements having been made to send a special representative to the Branch whenever it is desirable to release and deliver any of the Federal Reserve notes held in the reserve stock.

Noted, with approval.

Letter dated October 30th from the Deputy Governor of the Federal Reserve Bank of New York, with regard to operations in the open market during the week ending October 30th and conditions in the bill and Government securities markets; the letter stating that purchases of short-term Government securities totaling $25,000,000 have been made, bringing the Open Market Investment Account to $47,500,000 and that of additional purchases which have been made to relieve the situation in the market, totaling $108,152,000, a further $25,000,000 will be transferred to the Open Market Investment Account today and distributed among participating Federal Reserve banks.

Noted.

Memorandum from Counsel dated October 29th, on the subject of the use of patents covering bank vault construction, submitting drafts of letters to Mr. A. B. Trowbridge and to Mr. J. E. Bruce, attorney for the Consolidated Expanded Metal Companies, Wheeling, W. Va., revised, as suggested at the meeting on
October 28th, to eliminate any reference to the possible issuance by the Board of licenses for the use of the patents.

After discussion, upon motion, the letters were approved.

Memorandum dated October 30th from the Chief of the Division of Bank Operations, on the subject of retirement of Federal Reserve notes, reading as follows:

"Under date of July 27, the Board addressed a letter, X-6349, to all Governors and Federal reserve agents enclosing a copy of the report on retirement of Federal reserve notes submitted by Mr. Rounds and the undersigned, and asked the Governors and Agents for an expression of their views with regard to the advisability of adopting the recommendations contained in the committee's report.

"All Governors and Federal reserve agents, in their replies to the Board (attached hereto), have expressed themselves as being in favor of adopting the plan outlined by the committee, that is 'That arrangements be made to have Federal reserve notes retired by the banks through turning them over to the Federal reserve agents, that shipments of lowers be made to the Comptroller of the Currency in the name of the Federal reserve agent where they will be given a 100 per cent count, and that uppers continue to be shipped to the National Bank Redemption Agency, and that that agency give them a 10 percent or test count only.'

"Inasmuch as all of the Governors and Federal reserve agents have concurred in the above recommendations, and as their adoption will reduce somewhat the amount of collateral tied up against Federal reserve notes as well as the cost of counting the currency at Washington, it is recommended that the proposed procedure be adopted as of March 1, 1930. Redemptions of currency at the present time are unusually heavy because of the issue of the new-size notes, and consequently it is thought best to defer making the change until after the first of the year when redemptions will be on a lower level than at present. This will also give both the banks and the Treasury ample time to work out all the details in connection with the change.

"In view of the fact that the notes are now being counted by both the Treasury Department and the Comptroller of the Currency, it is suggested that the report be approved by the Board subject to concurrence therein by the Secretary of the Treasury and the Comptroller of the Currency. It has been suggested that the ten per cent test count referred to in the Committee's report should be made in one of the redemption divisions of the Comptroller's office instead of by the National Bank Redemption Agency. While it would seem preferable to have the notes test counted in the National Bank Redemption Agency, the place where the count is to be made should be determined by the Secretary of the Treasury and the Comptroller of the Currency.

"The principal changes in procedure, so far as the Federal reserve banks and agents are concerned, will be as follows:

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"1. Each Federal reserve agent will receive, from his bank, unfit Federal reserve notes of other Federal reserve banks (in addition to notes of his own bank), and will ship such notes to the Comptroller of the Currency for the account of the agents at the respective banks of issue. Each Federal reserve agent will have to give each other Federal reserve agent power of attorney authorizing the above procedure.

2. In case the uppers of cut Federal reserve notes are shipped to the National Bank Redemption Agency of the Treasury Department, instead of to the Comptroller of the Currency, the Comptroller will have to give each Federal reserve agent a power of attorney authorizing such shipments.

3. Each Federal reserve agent will have to designate an employee in his department or an employee in one of the departments of the bank to act as his representative for the purpose of (1) package counting Federal reserve notes prepared by the bank for shipment to Washington, and (2) actually witnessing the shipments which will be made in the name of the Federal reserve agent. There is a precedent for designating an employee in the banking department to act for the Federal reserve agent in the arrangement that has been in force for many years whereby collateral pledged against Federal reserve notes is held in the joint custody of the Federal reserve bank and agent, the agent having designated an employee in the discount department to act in his behalf."

After discussion, upon motion, it was voted to tentatively approve the plan recommended and to transmit a proposed letter to the Secretary of the Treasury requesting that if not inconsistent with Treasury policy the necessary arrangements be made effective as of March 1, 1930 or such other date as is most convenient.

Memorandum from Counsel dated October 23rd, submitting, in accordance with instructions given at the meeting on October 15th, draft of a letter to the Governors and Chairmen of all Federal Reserve banks advising that the Federal Reserve Board has approved the following recommendation of the Standing Committee on Collections, which was concurred in by the Conference of Governors on April 3, 1929:

"The Committee, therefore, recommends that Federal reserve banks decline to accept mail transfers from non-member banks with the one exception, namely: that any Federal reserve bank
"accept from any non-member bank, whether located in its own district or in another Federal reserve district, such non-member bank's own draft on a clearing house bank in the city of the Federal reserve bank or one of its branches, for the credit of one of its own member or non-member clearing banks, provided such member or non-member clearing bank has authorized the Federal reserve bank to accept such remittance from the non-member bank as agent of the member or non-member clearing bank, subject to the same conditions of collection and credit that would prevail if such remittance had been sent to the Federal reserve bank by the member or non-member clearing bank itself.

"It is further recommended that, if the Governor's Conference approve this recommendation, the Federal Reserve Board be requested to make their action mandatory upon all Federal reserve banks, since it is evident that the practices of the Federal reserve banks should be uniform in this matter."

After discussion, upon motion, the proposed letter to all Federal Reserve banks was referred to the Executive Committee with power.

Memorandum from Counsel dated October 24th, submitting draft of a letter to the Governors of all Federal Reserve banks with reference to a recommendation made by the Standing Committee on Collections in its report submitted to the Governors' Conference held in November, 1927, that the Federal Reserve banks be authorized at their discretion to conduct an experiment in sending direct to drawee banks in other districts for remittance, checks drawn on such banks which have been received by the Federal Reserve banks from their own member or non-member clearing banks; the letter stating that such practice is not prevented by law but is contrary to Paragraph 5 of Section V of the Board's Regulation J and requesting that at the forthcoming Conference of Governors consideration be given to the question whether the Board should amend Regulation J in this respect.

After discussion, upon motion, the proposed letter was approved.

Memorandum from Counsel dated October 28th, advising that the Chairman
of the General Committee on Bankers Acceptances has replied to a letter addressed to him in accordance with action taken by the Board at the meeting on October 15th, stating that the proposed rulings liberalizing the use of domestic bankers acceptances, submitted with Counsel's memorandum of October 9th, accurately express the views of the General Committee on Bankers Acceptances and that the question is now before the Board as to whether it will adopt either or both of the proposed rules.

After detailed discussion, Mr. Hamlin moved that the Board approve, in the form suggested by Counsel, the ruling permitting the purchaser of goods under bankers acceptance credits to draw bills having a maturity consistent with the usual and customary credit time that obtains in the relative trade, instead of requiring the shipper to draw the bill if it has a maturity in excess of the actual transit time of the goods.

Mr. Hamlin's motion, being put by the Chair, was carried.

Mr. Hamlin then moved that the Board lay on the table the other proposed ruling to permit the use of bankers acceptances secured by receipts covering readily marketable staples to finance the carrying of certain staples during the time they are being converted into other forms or processed by a converter or processor independent of the drawer, provided that the identity of the goods is not lost and the accepting bank remains secured by the independent converter's receipt.

This motion, being put by the Chair, was carried.

Memorandum from Counsel dated October 19th with reference to authority granted by the New York State Banking Department to the Equitable Trust Company of New York to establish an office in the city of Detroit; Counsel stating that after careful consideration it is his opinion that the functions of the Detroit office of the Equitable Trust Company, as described in a letter received
from the Federal Reserve Agent at New York in response to an inquiry made of him, are not such as to constitute it a branch within the meaning of that word as used in Section 9 of the Federal Reserve Act and that, accordingly, the Equitable Trust Company may lawfully establish the office while remaining a member of the Federal Reserve System - this opinion subject to reconsideration, however, should the functions of the office at any time be so broadened or increased as not to be strictly confined to those described to the Board. In his memorandum, Counsel stated that the question is a close one and as a ruling by the Board that the establishment of such an office by a state member bank is not contrary to the provisions of Section 9 of the Act, may in effect open the doors for evasion of the branch bank provisions of the Act by state member banks, the Board may desire to refer the question to the Attorney General of the United States before taking any position with reference thereto.

After discussion, Mr. Hamlin moved that the question be referred to the Attorney General in accordance with Counsel's suggestion.

Mr. Miller moved, as a substitute, that the question be referred to the Attorney General with a statement that in the opinion of the Board the operation of the proposed office would be in contravention of the intent of the Federal Reserve Act with regard to branch banking.

Mr. Miller's substitute motion, being put by the Chair, was lost, the members voting as follows:

Mr. Miller, "aye"
Mr. James, "aye"
Mr. Cunningham, "aye"
Governor Young, "no"
Mr. Platt, "no"
Mr. Hamlin, "no"

Mr. Hamlin's original motion was then put by the Chair and unanimously carried.
Mr. Miller then moved that in referring the above question to the Attorney General it be stated that the Board is divided on the question whether the operation of the proposed office would be in contravention of the intent of the Federal Reserve Act with regard to branch banking.

Mr. Miller's motion, being put by the Chair, was carried.

Memorandum from Counsel dated October 17th, submitting a digest of state laws relating to the ownership of bank stocks by holding corporations and recommending (1) that the digest be sent to the Chairmen and Governors of all Federal Reserve banks in order that they may have the information in advance of their forthcoming Conferences at which the general subject of chain and branch banking will be considered; and (2) that the digest be published in the next issue of the Federal Reserve Bulletin.

After discussion, upon motion, it was voted that the digest be furnished to the Chairmen and Governors of all Federal Reserve banks for their information but that no publication of it be made in the Federal Reserve Bulletin.

The Governor then stated that he had not previously reported to the Board advice received from the Chairman of the Federal Reserve Bank of New York that he refrained from attending the September and October meetings of the General Council of the Reichsbank but that he desires to attend a meeting to be held on November 30th, which will possibly be the last during his service on the General Council.

The Governor stated that he advised Mr. McGarrah that the Board would have no objection to his attending the November meeting and, upon motion, the Governor's action was approved.

Memorandum dated October 24th from Counsel with regard to letter dated October 19th from the Governor of the Federal Reserve Bank of Boston, raising
the question whether the uniform policy on check collections, approved by the
Board on October 15th, should be construed as preventing a Federal Reserve
bank from making special arrangements to secure the payment of checks in
special cases and, particularly, whether it would be inconsistent with the
uniform policy for a Federal Reserve bank to take a pledge of collateral for
the purpose of protecting itself as agent in the collection of checks on a
specific bank; Counsel recommending that the question be made a topic for
discussion at the forthcoming Conference of Governors and submitting draft
of an appropriate letter to the Governors of all Federal Reserve banks.

After discussion, upon motion, the matter
was referred to the Governor for recommendation.

The Governor then reported to the Board that some concern is still felt
in New York as to the sufficiency of member banks' holdings of eligible paper,
although he was informed that all banks have about $900,000,000 of Government
securities and about an equal amount of eligible paper, which should be suf-
ficient to handle the situation. Individual banks, however, are not in such
good position. The New York member banks, the Governor stated, have taken
over from interior banks and others in the last week about $1,000,000 of se-
curity loans. They are in debt at the Federal Reserve bank to the extent of
$170,000,000., the reason that rediscounts have not been heavier being that
their deposits have gone up rapidly and borrowings have been merely to meet
reserve requirements. The Governor stated that if funds should begin to move
to the interior, the New York banks, of course, would have to borrow at the
Federal Reserve bank dollar for dollar to meet withdrawals. The Federal Reserve
Bank of New York, he stated, did not buy any Government securities yesterday
and is not buying anything today. The general impression in New York, he stated,
is that there should be a reduction in the discount rate, but Governor Harrison is undecided whether he should recommend a reduction of $\frac{1}{2}$ or 1 per cent. The Governor stated that he advised Governor Harrison that the Board yesterday was in favor of a reduction of 1 per cent, but that he would discuss the matter further. He also stated that he advised Governor Harrison that at the meeting yesterday a canvass of the members of the Board disclosed that a majority appeared to have changed their views with respect to coupling with a reduction in the discount rate an agreement to suspend purchases of Government securities for the time being, feeling that the Federal reserve banks should be prepared to pursue a liberal policy in extending credit necessary in their judgment to protect and support the existing situation. A discussion as to the attitude of the members of the Board ensued, during which attention was called to the fact that the minutes of meetings of the Board since October 15th have not been read and approved, and that it would be desirable to have the past records, particularly those of the last day or so, acted upon.

Mr. Hamlin then moved that the minutes of yesterday's meeting be read and acted on by the Board.

Mr. James moved, as a substitute, that the Board remain in session until all minutes, which have not yet been approved, have been read and acted upon.

Mr. Hamlin stated that Mr. James' substitute was satisfactory to him and, upon motion, it was carried, Mr. Platt voting "no".

The Governor then suggested that inasmuch as the New York Directors meet early this afternoon, the members of the Board be canvassed regarding the discount rate and a short recess then taken, the reading of the minutes to be first order of business when the Board reconvenes. This suggestion was
agreed to by the members of the Board.

Governor Young then requested an expression from each member as to whether he would favor a reduction in the New York rate and whether he would prefer that the new rate be 5 1/2 per cent or 5 per cent.

Mr. Platt stated that he would be in favor of a reduction of but 1/2 per cent, if conditions in New York remain unchanged.

Mr. Cunningham stated that he would favor a reduction of the rate to 5 per cent, but renewed his expression that the reduction should be coupled with an agreement that pending developments under the lower rate further purchases of Government securities should be suspended.

Mr. Miller stated that his inclination would be to ascertain at the last moment before acting just what conditions are in the securities markets; that if they were of a nature such as existed on Tuesday, he would favor a reduction of the rate to 5 per cent; otherwise, he would consider that the rate of the bank at this juncture is strictly a matter for determination by the New York directors and he would follow their action. In the latter circumstances, he stated, his hope would be that they would not change the rate, but that if it was reduced he thought it would be a mistake to go only to 5 1/2 per cent.

Mr. James said that he was inclined to agree with Mr. Miller's statement in a general way.

Mr. Hamlin stated he would prefer that the rate go to 5 per cent, assuming conditions are such that the New York directors consider the rate should be reduced, but that he would vote for a rate of 5 1/2 per cent if the directors believed that desirable.
At 1:00 p.m., the meeting recessed and reconvened at 2:15 p.m., the same members being present as attended the morning session.

The Governor stated that he had conveyed to Governor Harrison, as best he could, the expressions of the members before recess regarding rate action.

The minutes of the meeting of the Federal Reserve Board held on October 15th were read and approved.

The Governor stated that he has discussed with Undersecretary of the Treasury Mills the question of the possibility of allotting additional space in the Treasury building to the Board, and the Undersecretary suggested that he be advised more or less exactly as to the amount of additional space which the Board would like to secure. He suggested that a committee from the Board's staff be appointed to survey the Board's requirements and make a report and, upon motion, the matter was referred to him with power.

The minutes of the meeting of the Federal Reserve Board held on October 17th were then read and approved.

The minutes of the meeting of the Executive Committee held on October 23rd were read and, upon motion, the actions recorded therein were ratified.

The minutes of the meetings of the Federal Reserve Board held on October 24th, 25th, 29th and 30th were then read and approved.

At this point, Mr. Pole joined the meeting and the Governor reported telephone advice received from the Governor of the Federal Reserve Bank of New York that the directors of that bank have voted to establish a rediscount rate of 5 per cent on all classes of paper of all maturities, with the understanding, however, that their action is predicated upon approval or disapproval by the Federal Reserve Board today. The directors, he stated, also voted to establish a minimum buying rate for purchases of acceptances of 4 1/2 per cent, with the understanding that if this minimum rate is approved by the Board an effective
buying rate of 4 3/4 per cent would be established. With regard to Government securities, he advised that the officers had reported to the directors that no purchases were made either yesterday or today, and that they could see no occasion for additional purchases at this time, although it might become necessary to take on additional amounts later, depending on developments.

The Governor also reported that the Bank of England today reduced its discount rate from 6 1/2 to 6 per cent.

Discussion then ensued regarding the action of the New York directors, particularly as to the question of regulating further purchases of Government securities, should the reduction in rate be approved by the Board.

Mr. James stated that he has had drafted and is prepared to submit to the Board at the appropriate time a proposed regulation in line with the motion made by him at the meeting on October 29th.

The Governor stated that the regulation which Mr. James is prepared to submit can be made special order of business for consideration within the next few days.

Mr. Hamlin then moved that the rediscount rate of 5 per cent established by the directors of the Federal Reserve Bank of New York on all classes of paper of all maturities, be approved, effective tomorrow, November 1st.

Mr. Hamlin's motion, being put by the Chair, was unanimously carried.

Mr. Cunningham stated that he personally would have preferred to vote on the reduction in the New York discount rate coupled with some understanding that the question of further purchases of Government securities would be deferred and further purchases made contingent upon approval by the Federal Reserve Board, but inasmuch as Mr. James had signified his intention of introducing a regulation covering the question of security purchases, and in view of the Governor's assurance that the regulation can be taken up for consideration in the very near future, he voted to approve the action of the New York directors in reducing the rediscount rate.
of the bank from 6 to 5 per cent, with the hope that the regulation referred to may receive consideration, at the pleasure of the Governor, not later than next week.

Mr. James stated that Mr. Cunningham's expression reflected his own attitude in the matter.

The Governor then referred to the action of the New York directors in voting to reduce the minimum buying rate of the bank to 4 1/2 per cent, with the idea of making effective a rate of 4 3/4 per cent, and suggested that the Board approve a minimum buying rate of 4 3/4 per cent, thus permitting the establishment of an effective rate of 4 3/4 per cent, and take under review the action of the New York directors in voting to establish a 4 1/2 per cent minimum rate.

Mr. Platt moved that the Federal Reserve Bank of New York be advised that the Board has reviewed the action of the directors of that bank in voting to establish a minimum buying rate of 4 1/2 per cent and has approved that rate.

Mr. Cunningham moved, as a substitute for Mr. Platt's motion, that the Federal Reserve Bank of New York be advised that the Board has reviewed the action of the directors of that bank in voting to establish a minimum buying rate of 4 1/2 per cent and has determined the minimum buying rate of the bank to be 4 3/4 per cent.

Mr. Cunningham's substitute motion, being put by the Chair was carried, the members voting as follows:

- Governor Young, "aye"
- Mr. Miller, "aye"
- Mr. Cunningham, "aye"
- Mr. James, "aye"
- Mr. Pole, "aye"
- Mr. Platt, "no"
- Mr. Hamlin, "no"

Mr. James then referred to the following motion made by him at the meeting on October 29th, with regard to purchases of Government securities made by the
Federal Reserve Bank of New York for its own account:

"In order that the public may be fully informed and not misled as to the action and attitude of the Federal Reserve Board, I move that the 'statement', when published next Thursday, shall show this purchase as having been made by the New York Federal Reserve Bank for its own account and without reference to the Federal Reserve Board."

The Governor moved, as a substitute for Mr. James' motion, that no statement along the lines suggested by Mr. James be made to the public.

Governor Young's substitute motion, being put by the Chair was carried, Messrs. James and Cunningham voting "no" and Mr. Miller "not voting".

Mr. James then submitted the draft of a proposed regulation on the subject of open market operations previously referred to, which, upon motion, was made special order of business for Tuesday, November 5th. Copies of the proposed regulation were furnished each member of the Board.

Mr. James then withdrew the motion made by him on October 29th that Counsel be instructed to prepare draft of such a regulation, and Messrs. Hamlin and Miller withdrew the motions made by them at that meeting as substitutes for that of Mr. James.

At the suggestion of the Governor, upon motion, he was authorized to approve an effective buying rate at the Federal Reserve Bank of New York not less than the minimum rate of 4 3/4 per cent approved by the Board, as well as rates established by the other Federal reserve banks in accordance with the New York schedule.

REPORTS OF STANDING COMMITTEES:

Dated, October 28th, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date. Recommendations approved.

Dated, October 29th, Recommending action on applications for fiduciary powers, as set forth in the Auxiliary Minute Book of this date. Recommendations approved.
Dated, October 25th, Recommending approval of the application of Mr. Henry C. Whitehead, for permission to serve at the same time as director of the Hobart Trust Company of Passaic, N. J., as director and officer of the Peoples Bank and Trust Company of Passaic, N. J., and as director and officer of the American National Bank of Passaic, of Passaic, N. J.

Approved.

Dated, October 25th, Recommending approval of the application of Mr. William H. Stevens, for permission to serve at the same time as director of the Hobart Trust Company of Passaic, N. J., as director and officer of the Peoples Bank and Trust Company of Passaic, N. J., and as director of the American National Bank of Passaic, of Passaic, N. J.

Approved.

Dated, October 25th, Recommending approval of the application of Mr. James H. Walden, for permission to serve at the same time as director of the Hobart Trust Company of Passaic, N. J., as director and officer of the Peoples Bank and Trust Company of Passaic, N. J., and as director of the American National Bank of Passaic, of Passaic, N. J.

Approved.

Dated, October 25th, Recommending approval of the application of Mr. Charles A. Fulle, for permission to serve at the same time as director of the First National Bank & Trust Company of Montclair, N. J., and as director of the Equitable Trust Company of New York, N. Y.

Approved.

Dated, October 28th, Recommending approval of the application of Mr. Eugene Giles, for permission to serve at the same time as director and officer of the Continental National Bank of Salt Lake City, Utah; as director and officer of the First National Bank of Ely, Nev., and as director of the First National Bank of Nephi, Utah.

Approved.

Dated, October 28th, Recommending approval of the application of Mr. H. L. Williamson, for permission to serve at the same time as director and officer of the Fourth and First National Bank of Nashville, Tenn., and as director of the First National Bank of Kingsport, Tenn.

Approved.

Dated, October 30th, Recommending approval of the application of Mr. Cornelius Doremus, for permission to serve at the same time as director and officer of the First National Bank of Garfield, N. J., and as director and officer of the First National Bank and Trust Company of Ridgewood, N. J.

Approved.
The meeting adjourned at 4:45 p.m.

Approved: 

C.W. M. Cleveland
Assistant Secretary.

Governor.