

A meeting of the Federal Reserve Board was held in the office of the Governor on Thursday, December 12, 1929 at 11:00 a.m.

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

The minutes of the meeting of the Federal Reserve Board held on December 10th were read and approved.

The minutes of the meeting of the Federal Reserve Board held on December 11th were read and approved, as amended.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Atlanta of employees for whom the directors of that bank authorized leaves of absence with pay, on account of illness, during the month of November, 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.

Letter dated December 9th from the Secretary of the Federal Reserve Bank of Atlanta, advising of the reappointment of Messrs. W. W. Crawford, E. W. Lane, E. A. Lindsey and F. W. Foote, as directors of the Birmingham, Jacksonville, Nashville and New Orleans Branches, respectively, for terms of three years beginning January 1, 1930; the letter also advising of the reappointment of Messrs. A. E. Walker, W. S. McLarin, Jr., Joel B. Fort, Jr., and Marcus Walker as Managing Directors of the respective Branches for the year 1930.

Noted.

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Memoranda dated December 10th from Mr. Herson, submitting reports of examinations of the Federal Reserve Banks of San Francisco and Cleveland made as at the close of business July 20, 1929 and September 21, 1929, respectively.

Referred to the Committee on Examinations
and the appropriate District Committees.

The Governor then submitted report of the proceedings of the Federal Reserve Agents' Conference yesterday and discussion ensued regarding the recommendation of the Conference that the Board's Regulations with reference to computing reserve liabilities of member banks be changed so that the time fixed for determining the member bank's reserve liability would be at the opening of business on the following day. The Governor stated that the recommendation has been received from so many sources that the Board should give serious consideration to it and while he doubts that the member banks would get the relief that they anticipate through the change in the Regulation, he sees no harm in giving it a trial. At his suggestion, the Governor was authorized to secure the reaction of the Federal Reserve banks to a regulation: (1) permitting the required reserve balance of each member bank at the close of business each day to be based upon its net deposit balances at the close of business on the preceding day; and (2) require banks in cities where Federal Reserve banks or branches are located, and in such other reserve cities as the Board may designate from time to time, to compute their reserves on the basis of actual daily balances instead of average balances for semi-weekly periods.

The Board then discussed the action of the Federal Reserve Agent's

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Conference in voting to concur in the recommendation of the Federal Advisory Council that the Federal Reserve Board appoint a committee to study the merits of the branch banking system as practiced in this and other countries, the group or chain banking system as developed in this country and elsewhere, the unit banking system of this and other countries and the effect of ownership of bank stocks by investment trusts and holding corporations, in order that the Board may be in possession of accurate and authoritative information on the subject.

During the discussion, Mr. James moved that the Board approve the appointment of a committee as suggested by the Federal Advisory Council and approved by the Federal Reserve Agents, to wit:-

"To study the merits of the branch banking system as practiced in this and other countries, the group or chain banking system as developed in this country and elsewhere, the unit banking system of this and other countries and the effect of ownership of bank stocks by investment trusts and holding corporations, in order that the Board may be in possession of accurate and authoritative information on the subject."

said committee to be composed of one man selected by the Governors of the Federal Reserve banks, one by the Federal Reserve Agents, one by the Federal Advisory Council and one by the Federal Reserve Board, together with the Governor of the board as exofficio member, and to be empowered to employ, with the approval and at the expense of the Board, such expert services as may be necessary.

At one o'clock the Board recessed and reconvened at three o'clock, the same members being present as attended the morning session.

The appointment of a committee, as recommended by the Federal Advisory Council and the Federal Reserve Agents was further discussed and Mr. Miller

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submitted a substitute for the motion made by Mr. James at the morning meeting which was finally amended to read as follows:

"That in order to expedite the assembling of data on branch, group and chain banking that is being carried on in the Board's Division of Bank Operations, a committee of five be appointed by the Board, as recommended by the Federal Advisory Council and the Conference of Federal Reserve Agents, to assemble and digest information on branch banking as practiced in the United States, group and chain banking systems as developed in the United States and elsewhere, the unit banking system of this and other countries and the effect of ownership of bank stocks by investment trusts and holding corporations, in order that the Board may be in possession of accurate and authoritative information on the subject."

At the conclusion of the discussion, Mr. Miller's substitute motion was put by the Chair and carried, Mr. Cunningham not voting.

Discussion ensued with respect to reorganization of the Open Market Investment Committee and Mr. Miller requested that the Board give further consideration to the suggested revision which the Board submitted to the joint Conference of Governors and Federal Reserve Agents last year.

At the conclusion of the discussion, the matter was made special order of business for a date to be fixed by the Governor within the next two weeks.

REPORTS OF STANDING COMMITTEES:

Dated, December 12th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.

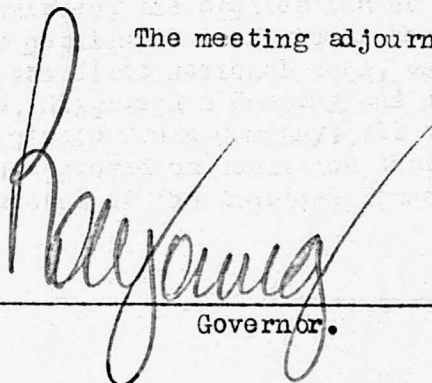
Recommendations approved.

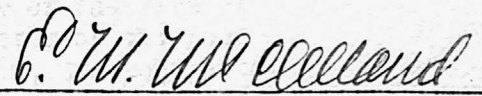
Dated, December 10th, Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

The meeting adjourned at five o'clock p.m.

Approved:


Governor.


Assistant Secretary.