

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, March 31, 1930 at 12:00 o'clock noon.

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

Mr. Frederic A. Delano, Class C Director of the Federal Reserve Bank of Richmond was also present. He presented and discussed with the Board final plans for the proposed addition to the building of the Richmond Bank, requesting that the Bank be advised of any suggestions for changes which the Board may wish to make before it proceeds to ask for bids.

After Mr. Delano left the meeting, the plans were referred to the Committee on District No. 5 for report.

The minutes of the meeting of the Federal Reserve Board held on March 27th were read and approved.

The Assistant Secretary then presented and read draft of a proposed letter to the Chairmen of the Boards of Directors of all Federal Reserve banks, submitting the revision of open market procedure adopted by the Board on March 26th.

After discussion, the proposed letter was amended and ordered transmitted in the following form:

"Under date of January 23, 1930, a letter was addressed to each Federal Reserve bank advising of adoption by the Board of a revision of the open market procedure made effective in April, 1923. This letter expressed the belief of the Board that the procedure adopted contained the essentials of a workable plan designed to give expression to the common interests of the Federal Reserve banks in matters of open market policy and to provide a reasonable and practicable method for joint action. It requested that after each bank had had time to consider the plan its views thereon be forwarded to the Board.

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"On March 24th and 25th, a meeting was held for the consideration of open market policy attended by representatives of the twelve Federal reserve banks. At the conclusion of the regular business, a thorough discussion was had regarding open market procedure in the light of letters which had been received by the Board from the directors of eleven of the Federal Reserve banks. Following this discussion the representatives of the Federal Reserve banks, with the Governor of the Federal Reserve Board, were appointed a committee to prepare a further revision of the plan acceptable to them. This revision was then thoroughly discussed by the Board and the representatives of the Federal Reserve banks, with the result that some further changes were made.

"The revised procedure in its final form, copy of which is attached, was unanimously agreed to by the representatives of the Federal Reserve banks. It has since been considered by the Federal Reserve Board and was adopted by the Board without change, to become effective when ratified by the boards of directors of the twelve Federal Reserve banks. Please, therefore, submit the matter to the Board of Directors of your bank at its next meeting and advise the Board whether your directors accept participation in the Open Market Policy Conference under the plan as revised.

"In the Board's letter of January 23, 1930, it was pointed out that certain working arrangements which might be necessary would best be determined by the conference itself when organized. In this connection, the representatives of the Federal Reserve banks at the meeting on March 24th and 25th voted it to be the sense of those present at the meeting that the representative of the Federal Reserve Bank of New York on the Open Market Policy Conference should be elected chairman for one year; that the Executive Committee, provided for in the procedure, should consist of the chairman and the representatives of the Federal Reserve Banks of Boston, Cleveland, Philadelphia and Chicago for one year; and that the conference adopt a principle of reasonable rotation in the membership of the Executive Committee after the first year."

"(1) The Open Market Investment Committee, as at present constituted, is hereby discontinued and a new committee, voluntary in character, to be known as the Open Market Policy Conference, is set up in its place.

"(2) The Open Market Policy Conference shall consist of a representative from each Federal Reserve bank, designated by the Board of Directors of the bank.

"(3) The Conference shall meet with the Federal Reserve Board upon the call of the Governor of the Federal Reserve Board or the Chairman of the Executive Committee, after consultation with the Governor of the Federal Reserve Board.

"(4) The function of the Open Market Policy Conference shall be to consider, develop and recommend policies and plans with regard to open market operations.

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"(5) The time, character and volume of purchases and sales shall be governed with the view of accommodating commerce and business and with regard to their bearing upon the credit situation.

"(6) The conclusions and/or recommendations of the Open Market Policy Conference, when approved by the Federal Reserve Board, shall be submitted to each Federal Reserve bank for determination as to whether it will participate in any purchases or sales recommended; any Federal Reserve bank dissenting from the proposed policy shall be expected to acquaint the Federal Reserve Board and the Chairman of the Executive Committee with the reasons for its dissent.

"(7) An Executive Committee of five shall be selected from and by the members of the Conference for a term of one year, with full power to act in the execution of the policies adopted by the Open Market Policy Conference and approved by the Federal Reserve Board, and to hold meetings with the Board as frequently as may be desirable.

"(8) Each Federal Reserve Bank participating in the Open Market Policy Conference shall be considered as waiving none of its rights under the Federal Reserve Act; each Federal Reserve bank shall have the right at its option to retire as a member of the Open Market Policy Conference, but each bank while a member of the Conference shall respect its Conference obligations."

The Assistant Secretary reported that the term of Mr. Hamlin as member of the Executive Committee expires today and in regular order the Governor appointed Mr. Miller to serve as member of the Committee for the quarter ending June 30, 1930.

Telegrams dated March 28th from the Chairman of the Federal Reserve Bank of Chicago, and March 27th from the Chairman of the Federal Reserve Bank of Kansas City, both advising that their Boards of Directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letter dated March 26th from the Chairman of the Federal Reserve Bank of New York, setting forth the usual weekly review of operations and conditions in the bill and Government securities markets.

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Noted.

The Governor stated that due to the absence today of Mr. Miller, he would not request action on the report submitted last week by the Open Market Policy Conference, or the requests which have been received from the Federal Reserve Banks of New York and San Francisco for reductions in their minimum buying rates on acceptances. He stated that Chairman Case of the New York bank advised him over the telephone this morning that no change in the effective buying rates of that bank is contemplated at this time.

The Assistant Secretary reported that the Comptroller of the Currency this morning issued a call for reports of condition of National banks as at the close of business March 27th, and that concurrently a call was made for reports of condition from State member banks.

Upon motion, the call made on behalf of the Board was ratified.

Letter dated March 26th from the Assistant Federal Reserve Agent at New York, advising that the proposed merger of the City Trust Company of Passaic, New Jersey, with the Peoples Bank and Trust Company of Passaic reported to the Board some time ago, has been abandoned, but that it is expected a proposed merger of the Hobart Trust Company of Passaic with the Peoples Bank and Trust Company will be effected at an early date.

Noted.

Report of the Committee on Examinations on letter dated March 28th and telegram dated March 29th from the Caleb Heathcote Trust Company, Scarsdale, New York, requesting permission to purchase fifty shares of stock in the Bankers Trust Company of New York City.

Upon recommendation of the Committee, the permission requested was granted.

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Letter dated March 27th from the First Federal Foreign Banking Corporation, New York City, advising that it is not contemplated that any collateral will be withdrawn from the trustee as a result of the cancellation of outstanding debentures as recently authorized by the Board.

Noted.

Letter dated March 28th from the First Federal Foreign Banking Corporation, New York City, referring to the fact that under Section 25 (a) of the Federal Reserve Act the Corporation cannot exercise its acceptance powers while it has outstanding any debentures, bonds, notes or other obligations issued by it; the letter requesting permission to exercise acceptance powers, provided the Corporation deposits with the trustee for its 5 per cent, 5 year Secured Gold Notes a sum equal to $100\frac{1}{2}$ and accrued interest to July 15, 1930 of all outstanding notes, which are callable for redemption on the date and at the price stated.

Referred to Counsel.

Memorandum dated March 28th from the Chief of the Division of Bank Operations submitting a revised form of letter to all Federal Reserve banks, transmitting a proposed letter to member banks and a proposed press statement, regarding the plan for the conversion of Canadian paper currency, worked out some time ago and recommending that the plan be made effective on April 15, 1930; the memorandum stating that Canadian currency at the present time is quoted at only a slight discount and that Deputy Governor Crane of the Federal Reserve Bank of New York, and Managing Director Cation of the Detroit Branch, the other members of the Committee which worked out the plan, concur in the recommendation.

Upon motion, the recommendation was approved and the proposed letter to the Federal Reserve banks was ordered transmitted.

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The Assistant Secretary submitted and read to the Board draft of a letter to all Federal Reserve Agents, prepared in accordance with instructions given at the meeting on March 27th, regarding investment by State member banks in stock of other banks and trust companies.

Upon motion, the proposed letter was approved and ordered transmitted.

REPORTS OF STANDING COMMITTEES:

- Dated, March 27th, Recommending action on an application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, March 17th, Recommending action on an application for admission of a State bank subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, March 27th, Recommending approval of the application of Mr. J. N. Greening for permission to serve at the same time as officer of the Barnett National Bank of Avon Park, Florida, as director of the Barnett National Bank of Cocoa, Florida, and as officer of the Barnett National Bank of Jacksonville, Florida.
Approved.
- Dated, March 27th, Recommending approval of the application of Mr. Charles A. Templeton for permission to serve at the same time as director of the Waterbury National Bank of Waterbury, Conn., and as director of the Waterbury Trust Company, Waterbury, Conn.
Approved.
- Dated, March 28th, Recommending approval of the application of Mr. John W. Bellis for permission to serve at the same time as director and officer of the Second Bank and Trust Company of Hoboken, New Jersey and as director and officer of the First National Bank of Oradell, N. J.
Approved.
- Dated, March 28th, Recommending approval of the application of Mr. Willard Hamilton for permission to serve at the same time as director of the Florida National Bank of Jacksonville, Fla., as director and officer of the Florida National Bank at Bartow, Fla., and as director and officer of the Florida National Bank at Lakeland, Fla.
Approved.
- Dated, March 28th, Recommending approval of the application of Mr. Geo. H. Becker for permission to serve at the same time as director of the Livingston National Bank of Livingston, N. J., and as director of the Savings, Investment and Trust Company of East Orange, N. J.
Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, March 29th, Recommending approval of the application of Mr. E. A. Cudahy for permission to serve at the same time as director of the Union Stock Yards National Bank of Wichita, Kansas and as director of the Continental Illinois Bank & Trust Company of Chicago, Ill.

Approved.

Dated, March 29th, Recommending approval of the application of Mr. Clarence E. Belden for permission to serve at the same time as director of the Produce National Bank of South Deerfield, Massachusetts, and as director of the Northampton National Bank of Northampton, Massachusetts.

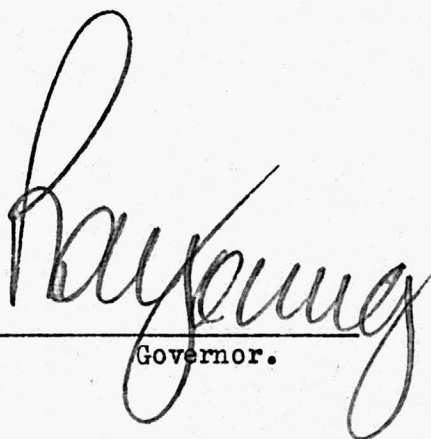
Approved.

Dated, March 29th, Recommending approval of the application of Mr. Clifford A. Richmond for permission to serve at the same time as director of the Northampton National Bank of Northampton, Massachusetts and as director and officer of the First National Bank of Easthampton, Massachusetts.

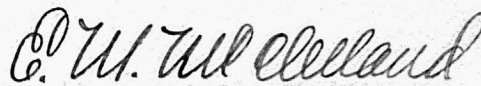
Approved.

The meeting adjourned at 1:15 p.m.

Approved:



 Governor.



 Assistant Secretary.