

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, October 14, 1931, at 11:45 a. m.

PRESENT: Governor Meyer  
 Mr. Hamlin  
 Mr. Miller  
 Mr. James  
 Mr. Magee  
 Mr. Morrill, Secretary.  
 Mr. McClelland, Assistant Secretary.

ALSO PRESENT: Mr. Harrison, Assistant to the Governor.

The following matters were considered and acted upon by the Board:

Letters dated October 13 from Deputy Governor Crane of the Federal Reserve Bank of New York, advising that at the request of the Bank of the Republic of Uruguay (Banco de la Republica Oriental del Uruguay) and the Bank of Lithuania (Lietuvos Bankas), the Board of Directors of the Federal Reserve Bank of New York had voted, subject to the approval of the Federal Reserve Board, to authorize the officers to open and maintain accounts on the books of the New York bank for the two institutions and to carry out operations in the New York market for them along the same general lines and subject to the same terms and conditions as for other central banks having accounts with the Federal Reserve Bank of New York.

Upon motion, it was voted to approve the action taken by the New York directors.

Telegram dated October 13 from the Governor of the Federal Reserve Bank of New York, advising that the Executive Committee of the bank on that date voted, subject to the approval of the Federal Reserve Board, to authorize the officers to arrange for a renewal, for a period of three months from October 16, of the bank's participation of about \$985,000 in the central bank credit to the Austrian National Bank which expires on that date.

Upon motion, it was voted to approve the action of the Executive Committee of the New York bank.

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Telegram dated October 13 from Deputy Governor Kenzel of the Federal Reserve Bank of New York, reporting recent developments in the bill market and advising that the bank considers the following schedule of buying rates on acceptances as being in effect:

Bankers' acceptances:

1 to 75 days	2 1/8%
76 to 90 days	2 1/4%
91 to 120 days	2 1/2%
121 to 180 days	3 %
Repurchase	2 1/4%

Trade bills 2 1/2%

Without objection, noted with approval.

Telegrams dated October 14 from the Governors of the Federal Reserve Banks of Boston and St. Louis and the Chairmen of the Federal Reserve Banks of Richmond and Chicago, advising of the establishment at those banks of the same schedule of buying rates on bankers' acceptances as was made effective at the Federal Reserve Bank of New York yesterday; the Governor of the Federal Reserve Bank of Boston also reporting a rate of 2 1/4% for the purchase of bankers' acceptances under resale agreement and a rate of 2 1/2% on trade bills.

Without objection, noted with approval.

Telegram dated October 14 from the Chairman of the Federal Reserve Bank of San Francisco, advising of the establishment by the Executive Committee of the bank of a minimum authorized buying rate of 1 3/4% on acceptances and the following schedule of effective buying rates:

1 to 75 days	2 1/8%
76 to 90 days	2 1/4%
91 to 180 days	3 1/2%
Repurchase	2 1/4%

Upon motion, the minimum authorized buying rate fixed by the Executive Committee of the

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San Francisco bank was approved, and, there being no objection, the establishment of the schedule of effective buying rates referred to above was noted with approval.

Report of Committee on Salaries and Expenditures on a list submitted by the Federal Reserve Bank of San Francisco of employees for whom the directors authorized leaves of absence with pay, on account of illness, during the month of September, where the total of such absences since January 1, 1931, has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Memorandum from Counsel dated October 7 with regard to letter dated October 5 from the President of the First National Bank, Durham, North Carolina, requesting information as to the rights and duties of the bank in connection with a request of the Commissioner of Banks of North Carolina that he be furnished with a copy of the report of the last examination of the bank as a condition precedent to the issuance by him of an authorization to do a trust business without giving bond; such authorization being permitted under a recent North Carolina statute in the case of any bank which, in the opinion of the Commissioner, after investigation, is solvent to the extent of \$100,000 or more. In his memorandum Counsel reported that the office of the Comptroller of the Currency has been in correspondence with the Commissioner of Banks of North Carolina regarding the administration of the statute referred to, and Counsel submitted draft of a letter referring to the Comptroller of the Currency the inquiry of the First National Bank of Durham.

Upon motion, the letter to the Comptroller, submitted by Counsel, was approved.

Memorandum from Counsel dated October 12 with regard to letter dated October 3 from the attorneys of The Chase Bank, advising that the branches of

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that institution at Shanghai, Hongkong and Tientsin, China, which were authorized by the Board on July 30, 1931, were opened for business on October 1, and enclosing certificates of the payment on September 30, of an installment of an additional 50% of the subscribed capital of the bank and of the amendment of its articles of association to provide for an increase in the number of directors from eleven to fifteen. In his memorandum Counsel stated that the actions taken by The Chase Bank are proper under the law and are reported for the information of the Board, and he submitted draft of a letter to the attorneys of The Chase Bank requesting that, when the new directors provided for by the amended articles of association have been elected, the Board be furnished with a list of the directors of the corporation, together with the certificate required by Section 25(a) of the Federal Reserve Act that each is a citizen of the United States.

Upon motion, the proposed letter  
was approved.

Draft of a reply to a letter dated October 10 from the Chairman of the Federal Reserve Bank of Chicago, transmitting an inquiry received from the President of the Monticello State Bank of Monticello, Iowa, as to whether an arrangement by the bank with a druggist in Oxford, Iowa, where because of the recent closing of the only state bank in the community there are no banking facilities available, to cash small checks and do any other business likely to help the people in the community, would be contrary to the Board's ruling of April 28, 1931, that a state bank while a member of the System may not establish a branch office beyond the limits of the city, town or village in which it is situated, in the manner permitted by a recent amendment to the laws of the State of Iowa; the proposed reply advising that the Board's ruling is based on the provisions of Section 9 of the Federal Reserve Act and the

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Board is, therefore, unable to rule that a state member bank may enter into an arrangement such as that outlined without relinquishing its membership in the Federal Reserve System.

Upon motion, the proposed letter was approved.

Reference was then made to the action taken by the Board on October 9 in authorizing the Executive Committee to approve, for and on behalf of the Board, an increase not in excess of 1% in the discount rate of any Federal Reserve bank, other than New York.

After discussion, upon motion, it was voted to amend the authority granted the Executive Committee on October 9, and to authorize it, for a period of one week from this date, to approve, for and on behalf of the Board, an increase not in excess of 1% in the discount rate of any Federal Reserve bank, including New York.

REPORTS OF STANDING COMMITTEES:

Dated, October 14 Recommending changes in stock at Federal Reserve banks, as set forth in the Auxiliary Minute Book of this date.  
Recommendations approved.

The meeting adjourned at 12:45 p. m.

Walter Howell  
Secretary.

Approved:

Lucy M. Hayes  
Governor.

AUXILIARY MINUTES  
(October 14, 1931.)

Reports of Standing Committee dated October 14th, recommending changes in stock at Federal Reserve Banks, approved as follows:

	<u>Shares</u>	
<u>Application for ADDITIONAL Stock:</u>		
<u>District No. 12.</u>		
Parma National Bank, Parma, Idaho.	3	3
<u>Application for SURRENDER of Stock:</u>		
<u>District No. 8.</u>		
Old First National Bank, Mount Vernon, Ind. (V.L.Abs. by Peoples Bank & Trust Co.)	75	75

Orestes Moriel  
Secretary.

Approved:

C. W. ...  
Governor.