

A meeting of the Federal Reserve Board was held in Governor Black's office on Monday, April 9, 1934, at 3:30 p. m.

PRESENT: Mr. Black, Governor
Mr. Hamlin
Mr. Miller
Mr. Thomas
Mr. Szymczak
Mr. O'Connor

Governor Black reported that he had just appeared before the Committee on Interstate and Foreign Commerce of the House of Representatives at a hearing on the so-called stock exchange bill and had stated to the Committee the opinion of the members of the Board as expressed at the meeting of the Board on April 6, 1934, that (1) margin requirements should be imposed in connection with loans on securities by banks as well as by brokers and dealers, and (2) that brokers and dealers should be allowed to borrow from nonmember banks which should be required to abide by such provisions of the law and regulations as are applicable to member banks with respect to loans on securities.

Governor Black also reported that he had talked with Senator Glass today and that the Senator had informed him that he had submitted to the Senate Banking and Currency Committee a substitute for the draft of the stock exchange bill under consideration by the Committee, and that the substitute bill would vest the supervisory authority given by the bill in a new commission of three members appointed by the President by and with the advice and consent of the Senate, and would not give the Federal Reserve Board any control over margin requirements. Governor Black stated that he had advised Senator Glass that he felt the Board should have authority to impose, if, as and when needed, margin requirements

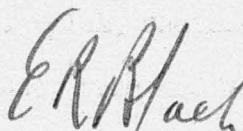
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on member banks in connection with loans on securities, and that Senator Glass had practically agreed with this suggestion.

After a full discussion, it was unanimously voted as the opinion of the members present that it would be proper to draft, for the use of Senator Glass, an amendment to the substitute bill which would empower the Federal Reserve Board, when in its opinion such action is necessary, to impose margin requirements in connection with loans on securities by member banks, and that it should be stated to Senator Glass that, in the opinion of the Board, such power should be vested in the Board.

Thereupon the meeting adjourned.



Governor.