

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Monday, September 24, 1934, at 12:40 p.m.

PRESENT: Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. James
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Director of the Division
of Research and Statistics
Mr. Parry, Assistant Director of the Division
of Research and Statistics
Mr. DuBois, Assistant Counsel

ALSO PRESENT: Mr. Black, Governor of the Federal Reserve
Bank of Atlanta.

Reference was made to the revised draft of September 23, 1934, of the regulation with regard to the extension and maintenance of credit by brokers, dealers and members of national securities exchanges, which had been prepared by members of the Board's staff in accordance with the request made at the meeting on September 22, and copies of which had been furnished to all members of the Board including, at the request of Vice Governor Thomas, the Secretary of the Treasury and the Comptroller of the Currency. Mr. Thomas stated that he had sent copies of the revised draft to Mr. Oliphant, General Counsel to the Secretary of the Treasury, and Mr. Joseph P. Kennedy, Chairman of the Securities and Exchange Commission.

The draft was discussed and it was suggested that subsection (b) of section 5, "Credit not for purchasing or carrying securities", be changed to read as follows:

9/24/34

-2-

"In a special account recorded separately, a creditor may, notwithstanding any other provision of this regulation, extend credit to any customer, without collateral or on any collateral other than non-exempted registered securities, for bona fide commercial or industrial purposes or for any other purpose except for the purpose of purchasing or carrying securities or of evading or circumventing the provisions of this regulation."

This amendment to the draft was agreed to by the members present, and Mr. Szymczak and Mr. James stated that they were ready to vote on the draft as thus amended.

Messrs. Thomas and Hamlin indicated that they were inclined favorably to the revised draft, but stated that they had not had an opportunity to read the draft carefully but would do so by 3:00 p.m. this afternoon. Mr. Thomas stated he would call a meeting at that time for a discussion of any further questions that might occur to him or Mr. Hamlin in connection with their study of the draft of regulation. Mr. Szymczak inquired whether it was agreed that the regulation should be issued before October 1 and made effective on that date, and all the members present expressed concurrence with that position.

It was suggested that Mr. Thomas arrange a meeting of the Board for tomorrow morning, to which the Secretary of the Treasury and the Comptroller of the Currency would be invited, with the view to taking final action on the regulation. Mr. Thomas stated that it was important that as much time as possible be saved in acting upon the regulation and that he would communicate with the Secretary of the Treasury and the Comptroller of the Currency and arrange a meeting for sometime tomorrow morning, if possible.

9/24/34

-3-

Mr. Morrill said that Mr. Wyatt was preparing a statement, to be printed on the inside page of the regulation, in connection with the procedure to be followed in submitting inquiries regarding the interpretation and application of the regulation, and that a press statement was being prepared by Messrs. Goldenweiser, Wyatt and Parry to be issued when the final regulation is made public. Certain questions in connection with the press statement were raised and discussed, but no action was taken.

At this point the members of the staff left the meeting, and the Executive Committee went into executive session, at the conclusion of which Mr. Morrill was requested to record in the minutes of the meeting that the committee had asked Mr. Szymczak to give special attention and supervision to the question of expediting the transfer of title to the proposed site on Constitution Avenue for the Board's new building.

Thereupon the meeting adjourned.

C. E. Morice
Secretary.

Approved:

J. J. Thomas
Vice Governor.