A meeting of the Executive Committee of the Board of Governors of the Federal Reserve System was held in Washington on Friday, September 27, 1955, at 2:30 p.m.

PRESENT: Mr. Thomas, Vice Chairman
Mr. Hamlin
Mr. James
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

The Committee acted upon the following matters:

Letter dated September 26, 1955, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegram dated September 27, 1955, from Mr. Clark, Secretary of the Federal Reserve Bank of Atlanta, both advising of the establishment without change by their respective banks on the dates stated of the rates of discount and purchase in effect at the banks.

Noted with unanimous approval.

Memorandum dated September 25, 1955, from Mr. James submitting a letter dated September 18 from Mr. Preston, Deputy Governor of the Federal Reserve Bank of Chicago, which requested approval of changes in the personnel classification plan of the bank to provide for the discontinuance of three positions, the creation of one new position, and a reduction in the salary range of one position, all in the leased wire, codes and telegrams division of the service department. The memorandum stated that the changes referred to were a result of the consolidation of the leased wire division with the codes and telegrams division, and recommended that they be approved.

Approved unanimously.
Letter to Governor Fleming of the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to Mr. Carter's letter of September 25 requesting authority to waive a penalty of $124.85 incurred by the Central United National Bank of Cleveland on reserve deficiencies during the semi-weekly period ending Tuesday, August 27.

"In view of the circumstances, particularly of the fact that the member bank was not advised by the Federal Reserve bank of the change in the method of computing net demand deposits until after the close of the semi-weekly period in which the deficiency occurred, authorization is hereby given to waive the penalty."

Approved unanimously.

Letter to 'The Gap National Bank', Gap, Pennsylvania, reading as follows:

"This refers to the resolution adopted on February 7, 1954, by the board of directors of your bank signifying the bank's desire to surrender its right to exercise trust powers which have been granted to it by the Federal Reserve Board.

"The Board of Governors of the Federal Reserve System understands that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary. The Board, therefore, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is inclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers covered by section 11(k) of the Federal Reserve Act except with the permission of the Board of Governors of the Federal Reserve System."
"It will be noted that the inclosed certificate which the undersigned has executed bears the seal containing the inscription 'Federal Reserve Board', while the certificate itself contains reference to the Board of Governors of the Federal Reserve System. The name of the Federal Reserve Board was changed to the Board of Governors of the Federal Reserve System by the provisions of section 203(a) of the Banking Act of 1935, approved August 23, 1935; however, until the adoption of a new seal the Board will continue to use the old seal as its official seal."

Approved unanimously.

Letter to Mr. Sproul, Assistant to the Governor of the Federal Reserve Bank of New York, reading as follows:

"The Board of Governors of the Federal Reserve System has received your letter of September 20, 1935, and approves the action of your directors in authorizing the officers of the Federal Reserve Bank of New York to open and maintain an account on the books of the bank in the name of the Banco Central de la Republica Argentina and to carry out operations in this market for that bank along substantially the same general lines and subject to substantially the same terms and conditions as for other central banks having accounts with you.

"It is assumed that the action of your directors contemplates restricting the relations to be established with the Banco Central de la Republica Argentina to the opening of a one way account, and it will be appreciated if you will forward to the Board, for its records, a copy of your letter to the Banco Central de la Republica Argentina setting forth the terms and conditions upon which the account with that institution will be opened and maintained, together with a copy of the bank's acceptance of such conditions.

"Your letter states that, if the opening of the account is approved, your bank will offer a participation in the account to the other Federal Reserve banks. The Board of Governors of the Federal Reserve System approves the participation in the account by any of the Federal Reserve banks which may desire to do so, and letters are being addressed today to the chairmen of the banks advising them to this effect."

Approved unanimously.

Letter to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:
"This refers to your letter of August 17, 1935, with inclusions, and previous correspondence relative to the Board's letter of March 3, 1935 (X-9143), regarding security for trust funds deposited in banking departments of member banks.

"It is the Board's understanding that, in the event of dissolution or liquidation of a State bank or trust company in the State of Maryland, any money received by such bank or trust company in a fiduciary capacity would be protected by a preference in all of the assets of the bank or trust company over its general creditors. On the basis of this understanding, the Board is of the opinion that it is justified in waiving compliance by State member banks and trust companies in the State of Maryland with the condition of membership to the effect that, if a State member bank or trust company deposits trust funds in its banking department, it must deposit securities in its trust department to secure the payment of the trust funds. The Board, however, expressly reserves the right to force full compliance with such condition if, at any time, as the result of statutory changes or otherwise, it feels that such trust funds are not otherwise adequately protected.

"Accordingly, it is requested that you advise in writing each State bank or trust company in the State of Maryland which is a member of the Federal Reserve System and which is subject to the condition of membership referred to above that the Board waives compliance with the requirements of such condition. In doing so, you should, in each case, of course, make it entirely clear that the Board reserves the right to require full compliance with such condition if at any time the Board feels that trust funds deposited in the banking departments of such banks or trust companies are not afforded adequate protection. Please forward to the Board for its records a copy of the advice you furnish each of such banks and trust companies in the State of Maryland."

Approved unanimously.

Letter to Mr. Fletcher, Acting Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"This refers to your letter of September 16, advising the Board that you have a number of requests from State member banks or holding company affiliates of State member banks, which seek to obtain waivers of reports by and examinations of affiliates which do not fall within the purview of the general waiver granted by the Board, as set forth in its letter of September 9, X-9612."
"In response to your inquiry, it is suggested that you forward such letters, or copies thereof, to the Board, together with your comments and, where appropriate, the opinion of your counsel, and that you advise the writers thereof that their requests will be referred to the Board for consideration in connection with any revisions which may be contemplated in the waiver provision, but that the reports for the forthcoming call should be submitted and published in accordance with forms and instructions which will be forwarded to them shortly."

Approved unanimously.

There was then presented the following application for a change in stock of a Federal Reserve bank:

Application for the SURRENDER of Stock:

District No. 12.
The First National Bank of Union,
Union, Oregon

Shares

39

39

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Vice Chairman.

Assistant Secretary.