

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, November 18, 1935, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman
 Mr. Thomas, Vice Chairman
 Mr. Hamlin
 Mr. Miller
 Mr. James
 Mr. Szymczak

Mr. Morrill, Secretary
 Mr. Bethea, Assistant Secretary
 Mr. Carpenter, Assistant Secretary

The Board acted upon the following matters:

Letters to Mr. Sproul, Secretary of the Federal Reserve Bank of New York, Mr. Strater, Secretary of the Federal Reserve Bank of Cleveland, Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, and Mr. Moore, Deputy Chairman of the Federal Reserve Bank of San Francisco, all stating that the Board approves the establishment without change by the New York and San Francisco banks on November 14, and by the Cleveland and Chicago banks on November 15, 1935, of the rates of discount and purchase in their respective existing schedules.

Approved unanimously.

Telegram to the Federal reserve agents at all Federal reserve banks, reading as follows:

"Ruling No. 47 The Board of Governors of the Federal Reserve System has been asked to interpret section 3(f)(4) of Regulation T with respect to the application of the 'margin rules covering "when issued" contracts' adopted by the New York Stock Exchange on November 12, 1935.

"In reply to this inquiry the Board rules that the 'required

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"margin' in sections 1(a), 1(b) and 1(c) of such rules of the exchange constitutes for members of the exchange 'the amount of margin customarily required by the creditor on every future commitment in unissued securities plus any unrealized loss on each such commitment and/or minus any unrealized gain on each such commitment not exceeding the margin thereon' referred to in section 3(f)(4) of Regulation T."

Approved unanimously.

Memorandum dated November 8, 1935, from Mr. Smead, Chief of the Division of Bank Operations, submitting a draft of a standard condition report form to be used by Federal and State supervisory authorities; recommending that copies of the draft be sent to the Federal reserve agents at all Federal reserve banks for their comments and suggestions, and stating that after the receipt and analysis of such comments and suggestions it is proposed, before presenting the form to the Board for final action, to make such changes in the form as seem desirable and then to discuss the form with members of the committee on revision of call report forms, appointed at a conference of representatives of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Reconstruction Finance Corporation, Treasury and the Board with representatives of State supervisory authorities, the American Bankers Association, National Association of Bank Auditors and Comptrollers, and the Reserve City Bankers Association held in May 1935 for the purpose of determining the practicability of working out a uniform form of condition report. The memorandum called attention to the fact that the wording of the statement, with respect to the accuracy of the report, that is to be signed by an officer of the bank and attested by three directors, is the same as in

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the present condition report form, and stated that this wording is not entirely satisfactory, and that a recommendation for changes therein would be submitted to the Board at a later date.

Approved unanimously, together with a letter to the Federal reserve agents at all Federal reserve banks transmitting copies of the draft of the revised form of report.

Letter to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"This refers to your letter of November 8 in which you suggest that pending the adoption of a uniform form for the publication of call reports for Federal and State authorities the Board accept the publication of call reports made by State member banks to State banking authorities in lieu of publication of reports submitted to the Federal Reserve banks.

"As you know the last sentence in paragraph 5 of Section 9 of the Federal Reserve Act, which relates to condition reports of member banks, provides that 'Such reports of condition shall be in such form and shall contain such information as the Board of Governors of the Federal Reserve System may require and shall be published by the reporting banks in such manner and in accordance with such regulations as the said Board may prescribe.' In view of this provision of the law the Board is not authorized to waive publication of reports submitted to the Federal Reserve banks on dates of call fixed by the Board. It is understood, however, that in a few states publication is optional with the State banking authorities and it is possible that such authorities would feel justified in waiving the publication of reports submitted to them provided reports submitted to the Federal Reserve banks were published in accordance with the regulations of the Board of Governors of the Federal Reserve System.

"It is understood that a preliminary draft for a revised call report form has been prepared and that it is proposed to ask the Federal Reserve agents to review it and comment thereon before it is taken up with the full membership of the standing committee on revision of call report forms. It is hoped that a form of call report may be agreed upon in time for use on the first call for condition reports in 1936.

"The letter from the State Bank of Terry, Montana, inclosed with your letter of November 8, and the letter from the

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"Yellowstone Bank, Laurel, Montana, inclosed with your letter of November 9, are returned herewith."

Approved unanimously.

Telegram to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"Your November 13 letter received and carefully noted. Under provisions of Banking Act of 1935 reports of condition submitted by State bank members to Federal Reserve banks must be published. Publication of report in form submitted to State Banking Department will not meet legal requirements. You are, therefore, requested to advise Security Bank & Trust Company of Wharton, and any other bank making inquiry, that report must be published in accordance with regulation printed on reverse side of Form 105-e."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. Carter
Chairman.