

A meeting of the Executive Committee of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 7, 1935, at 11:30 a. m.

PRESENT: Mr. Thomas, Vice Chairman  
Mr. Hamlin  
Mr. James

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary

The Committee acted upon the following matters:

Letters dated December 6, 1935, approved by three members of the Board, to Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, Mr. McAdams, Secretary of the Federal Reserve Bank of Kansas City, and Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, and December 7, 1935, to Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and Mr. Clark, Secretary of the Federal Reserve Bank of Atlanta, stating that the Board approves the establishment without change by the Philadelphia bank on December 4, by the New York, Kansas City and Dallas banks on December 5, and by the Atlanta bank on December 6, 1935, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Thomas C. Lynch, President, Carthage National Exchange Bank, Carthage, New York, reading as follows:

"This refers to your letters of October 30, 1935, and November 26, 1935, requesting advice as to whether the Carthage National Exchange Bank, Carthage, New York, may act as trustee under the will of Mr. Clifford P. McDonald, in view of the permission granted under date of March 1, 1932, by the Board of Governors of the Federal Reserve System to that bank

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"authorizing it to act as trustee and in certain other fiduciary capacities 'only in the specific trusts in which the Carthage National Bank and the National Exchange Bank and Trust Company of Carthage had been appointed and were acting on December 30, 1931.'

"You have advised that, on June 18, 1931, the will of Mr. McDonald was probated and that at that time the National Exchange Bank and Trust Company qualified to act as trustee thereunder. You have also referred to the Board's letter of February 24, 1933, containing advice to the effect that the Carthage National Exchange Bank, under the Board's grant of March 1, 1932, was authorized to act as trustee under a will naming the Carthage National Bank in that capacity, and you have stated that that case and the present case 'are parallel'. In the previous case to which you have referred, the Board understood that, on December 30, 1931, the Carthage National Bank had qualified and was acting as trustee under the will involved. In the circumstances, the Board considers that, on December 30, 1931, the National Exchange Bank and Trust Company was qualified and was acting as trustee under the will of Mr. Clifford P. McDonald and that, therefore, the Carthage National Exchange Bank, under the Board's grant referred to above, is authorized to act as trustee under such will, provided it is appointed by a court of competent jurisdiction to succeed the National Exchange Bank and Trust Company in that capacity."

Approved unanimously.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Reference is made to Mr. Downs' letter of November 7, 1935, recommending approval of a proposed reduction in the common capital stock of the 'Westwood Trust Company, of Westwood, N. J.', Westwood, New Jersey, from \$200,000 to \$100,000, pursuant to a plan which provides that approximately \$60,000 of the released capital will be used for the elimination of substandard assets and the balance of approximately \$40,000 will be used to augment the bank's surplus and undivided profits accounts.

"The Board has considered the information submitted, as well as the condition of the trust company as reflected in the last report of examination, and, in accordance with Mr. Downs' recommendation, approves the proposed reduction of \$100,000 in the common capital stock of the Westwood

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"Trust Company, of Westwood, N. J., on the basis of the plan as set forth in Mr. Downs' letter, with the understanding that the eliminated assets will remain the property of the trust company; that the transaction has the approval of the appropriate State authorities, and that your Counsel is satisfied as to the legality of the proceedings in connection therewith.

"In reviewing the condition of the trust company special consideration has been given to the excessive amount invested in bank premises, furniture and fixtures and other real estate, and, as the eliminations proposed by the trust company will leave approximately \$40,000 of the released capital available for additional eliminations or to augment the bank's surplus and undivided profits, it is suggested that you consider the advisability of recommending to the trust company that consideration be given to applying a portion of such funds to further reduce the carrying value of its investment in bank premises.

"It will be appreciated if you will forward copies of any amendments to the trust company's charter which may be adopted in connection with the capital adjustment, and advise the Board as to the eliminations effected as well as any corrections which may have been made in the criticized matters set forth in the last report of examination.

"A separate letter is being written to you inclosing a letter to be transmitted to the Hackensack Securities Company relating to the status of that company, Crum & Forster and Crum and Forster Insurance Shares Corporation as holding company affiliates of the Westwood Trust Company, of Westwood, N. J."

Approved unanimously.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, stating that, subject to the condition set forth in the telegram, the Board of Governors of the Federal Reserve System authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the "First National of Elmira Corporation", Elmira, New York, entitling such organization to vote the stock which it owns or controls of "The Citizens National Bank of Waverly", Waverly, New York,

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"The First National Bank of Horseheads", Horseheads, New York, and the "Watkins State Bank", Watkins Glen, New York, at all meetings of shareholders of such banks. The condition contained in the telegram upon which the permit was authorized was as follows:

"Prior to the issuance of the general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in the form accompanying the Board's letter X-9385."

The telegram also stated that the period within which such a permit may be issued pursuant to this authorization is limited to thirty days from the date of the telegram unless an extension of time is granted by the Board.

Approved unanimously.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"In connection with its consideration of the application of 'Hackensack Securities Company', Hackensack, New Jersey, for a voting permit entitling it to vote the stock which it owns or controls of 'Westwood Trust Company, of Westwood, N. J.', Westwood, New Jersey, the Board has determined that the applicant is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, accordingly, the applicant is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for your files.

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"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection it is requested that you advise the Board if, at any time, you believe this matter should again be considered by it."

Approved unanimously, together with a letter to "Hackensack Securities Company", Hackensack, New Jersey, reading as follows:

"This refers to the application of your company for a voting permit entitling it to vote the stock which it owns or controls of 'Westwood Trust Company, of Westwood, N. J.', Westwood, New Jersey.

"The Board understands that your company owns 1,070 of the 2,000 outstanding shares of common stock of Westwood Trust Company but does not own or control any other bank stock and does not manage or control any other bank. In view of these facts, the Board has determined that your company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, therefore, it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for your company to obtain a voting permit and the Board will give no further consideration to its application.

"If, however, your company should at any time own or control a substantial portion of the stock of, or manage or control, any other bank, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts.

"It is not apparent from the information before the Board whether Crum & Forster and Crum and Forster Insurance Shares Corporation are holding company affiliates of Westwood Trust Company by virtue of indirect control of the stock which your company holds of Westwood Trust Company. If such is the case, the stock which your company holds of Westwood Trust Company cannot be voted unless Crum & Forster and Crum and Forster Insurance Shares Corporation obtain voting permits or obtain determinations by the Board that they are not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks. The Board's

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"action with reference to your company does not affect the holding company affiliate status of such organizations."

Telegram dated December 6, 1935, approved by three members of the Board, to Governor Hamilton of the Federal Reserve Bank of Kansas City, reading as follows:

"Your telegram. Board believes that reasons underlying its decision not to fill vacancies on branch boards which will occur on December 31, 1935, as the result of the application of policy set forth in letter of January 9, 1935 (X-9085), do not apply to appointments to branch directorates by Federal reserve banks and that your directors should proceed with appointments in usual way in accordance with regulations attached to letter of January 9. It appears from Board's records that bank's appointees (other than managing directors) to boards of your branches whose terms expire on December 31, 1935, will have served six or more consecutive years and, therefore, under terms of regulations are not eligible for reappointment."

Approved unanimously.

Memorandum dated December 6, 1935, from Mr. Carpenter, Assistant Secretary, stating that the recent elections at Federal reserve banks resulted in the election of the following Class A and B directors, each for a term of three years beginning January 1, 1936:

<u>Name</u>	<u>Bank</u>
<u>Class A Directors</u>	
* A. L. Ripley	Boston
* E. K. Mills	New York
* Joseph Wayne, Jr.	Philadelphia
* R. A. Wardrop	Cleveland
* L. E. Johnson	Richmond
G. J. White	Atlanta
* F. D. Williams	Chicago
* J. G. Lonsdale	St. Louis
* H. R. Kibbee	Minneapolis
* E. E. Mullaney	Kansas City
* Alf Morris	Dallas
* T. H. Ramsay	San Francisco
* Reelected.	

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<u>Name</u>	<u>Class B Directors</u>	<u>Bank</u>
* P. R. Allen		Boston
* W. C. Teagle		New York
* Arthur W. Sewall		Philadelphia
* C. D. Crabbs		Cleveland
* Edwin Malloy		Richmond
E. T. George		Atlanta
* N. H. Noyes		Chicago
* M. P. Sturdivant		St. Louis
* J. E. O'Connell		Minneapolis
* L. E. Phillips		Kansas City
* John D. Middleton		Dallas
* A. B. C. Dohrmann		San Francisco
* Reelected.		

## Noted.

Letter to Mr. Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, reading as follows:

"Referring to your letter of October 27, according to advice received by the Board from the respective Federal Reserve banks, since August 23, 1935 the Federal Reserve bank stock outstanding in the names of the banks listed below has been canceled and the banks ceased to be members of the Federal Reserve System on the dates shown:

<u>Name and location of bank</u>	<u>Date of cessation of membership</u>
The First National Bank of Banning, Calif.	November 13
The McCloud National Bank McCloud, Calif.	November 13
The Claxton National Bank Claxton, Ga.	September 13
The First National Bank of Worden, Ill.	September 23
The First National Bank of Harvey, Iowa	September 16
The Home National Bank of Longton, Kans.	October 2
The First National Bank of Arcadia, La.	September 14
The Coldwater National Bank Coldwater, Mich.	November 13
The First National Bank of Belle Plaine, Minn.	September 17
The First National Bank of Pender, Nebr.	October 19
Farmers National Bank of Sardinia, Ohio	September 16
The Wallowa National Bank of Enterprise, Ore.	November 16
The First National Bank of Newberg, Ore.	September 11
Ontario National Bank Ontario, Ore.	October 21
The First National Bank of Union, Ore.	October 3
The Commercial National Bank of Bradford, Pa.	November 16
The South Side National Bank of Butler, Pa.	October 15
City Deposit Bank & Trust Co. Pittsburgh, Pa.	October 29

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"In response to your request, we shall furnish you currently hereafter the names of banks reported to the Board as having terminated membership through the cancelation of their Federal Reserve bank stockholdings."

Approved unanimously.

Letter to Mr. William F. Hofmann, Cashier, The First National Bank of La Grange, La Grange, Texas, reading as follows:

"This refers to your letter of November 23, 1935, inquiring whether your bank may make a loan to a depositor upon the security of his time certificate of deposit.

"The Board has recently approved a revision of its Regulation Q which deals with this subject, and subsections (d) and (e) of section 4 of this revised regulation provide as follows:

'(d) Payment in emergencies. - In an emergency where it is necessary to prevent great hardship to the depositor, a member bank may pay before maturity a time deposit or the portion thereof necessary to meet such emergency, provided that before making such payment the depositor shall sign an application describing fully the circumstances constituting the emergency which is deemed to justify the payment of the deposit before maturity, which application shall be approved by an officer of the bank who shall certify that, to the best of his knowledge and belief, the statements in the application are true. Such application shall be retained in the bank's files and made available to the examiners authorized to examine the bank. Where a time deposit is paid before maturity the depositor shall forfeit accrued and unpaid interest for a period of not less than three months on the amount withdrawn if an amount equal to the amount withdrawn has been on deposit three months or longer, and shall forfeit all accrued and unpaid interest on the amount withdrawn if an amount equal to the amount withdrawn has been on deposit less than three months. When a portion of a time certificate of deposit is paid before maturity, the certificate shall be canceled and a new certificate shall be issued for the unpaid portion of the deposit with the same terms, rate, date and maturity as the original deposit.

'(e) Loans upon security of time deposits. - A member bank may make a loan to the depositor upon the



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"security of his time deposit provided that the rate of interest on such loan shall be not less than 2 per cent per annum in excess of the rate of interest on the time deposit."

"This revised regulation does not become effective until January 1, 1936, but the Board will not object to your bank acting in accordance with these provisions prior to that date."

Approved unanimously, together with a letter to the Federal reserve agents at all Federal reserve banks inclosing a copy of the above letter for their information and guidance.

Letter to Mr. Harry Schwartz, Vice President, Zell Products Corporation, New York, New York, reading as follows:

"This refers to your letter dated October 22, 1935, regarding the question whether the distribution, by loan, gift, or otherwise, of savings devices for coin and currency accumulation, commonly known as coin banks, constitutes the payment of interest on deposits within the meaning of the term 'interest' as used in section 19 of the Federal Reserve Act and as defined in section 1(f) of the recent revision of the Board's Regulation Q.

"You suggested the inclusion in Regulation Q of a clause designed to make it clear that the distribution of coin banks does not constitute the payment of interest on deposits. However, the Board decided that the determination of this question should be in the form of a ruling rather than a specific provision on the point in the regulation.

"Prior to the date of your letter, Mr. Waugh, a representative of your corporation, had called at the Board's offices regarding this matter and had left with a member of the Board's staff a coin bank manufactured by your corporation bearing the name 'CaleMeter'. This coin bank is a small box with a slot for the insertion of coins in the top and can be unlocked only with a key. It also has a device for changing the date when a coin is deposited therein. However, the device is not an accurate calendar since it indicates thirty days for every month.

"It is understood that in your letter you refer to coin banks, such as the 'CaleMeter', which are used for the accumulation of coin or currency, or both; that such banks are distributed, by loan, gift, or otherwise, to savings depositors or prospective savings depositors; that the coin banks

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"are constructed so that money placed in them can not be removed without unlocking the banks; that the distributing bank retains the key or combination to the coin banks; and that the coin banks have no value except as devices to aid in the accumulation of savings and are not useful for any other purpose.

"After considering the matter the Board has reached the opinion that the distribution in the manner described above of coin banks of the type described above does not constitute the payment of interest on deposits within the meaning of section 19 of the Federal Reserve Act or section 1(f) of Regulation Q."

Approved unanimously, together with a letter to the Federal reserve agents at all Federal reserve banks inclosing a copy of the above letter for the information of their banks and others who may be interested in the matter.

Letter to the National Capital Press, Washington, D. C., reading as follows:

"This will confirm the telephone conversation with your Mr. Collins today to the effect that upon receipt from you of the proof on Regulation "Q", it was decided to print the supplement to the regulation with a title page, necessitating the printing of the supplement as a four-page pamphlet, with the text of the supplement printed on the second and third pages.

"Mr. Collins advised that the additional cost for printing the supplement in this form would be \$40, representing the cost of composition of the title page, press work, and extra paper required. This letter will be your authority to print 15,000 copies of the supplement in the form above described, at an additional cost of \$40."

Approved unanimously.

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

"This refers to Mr. Young's letters dated October 17, and November 7, 1935, requesting a determination by the Board that W. J. Young & Company, Clinton, Iowa, is not engaged,

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"directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935.

"The Board understands that W. J. Young & Company owns or controls 263 of the 600 outstanding shares of stock of the Clinton National Bank, Clinton, Iowa; that at the last election of directors of such bank 301 shares were voted; and that W. J. Young & Company did not vote the stock which it owns or controls at such election.

"On the basis of the above facts, the Board is of the opinion that W. J. Young & Company is not now a holding company affiliate of the Clinton National Bank and, accordingly, it is unnecessary for the Board to determine whether or not the company is engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks. However, if it should later become necessary, the Board will, at that time, upon request, be glad to determine whether or not the company is so engaged.

"In the absence of any further facts which you feel should be considered by the Board with regard to the question of whether or not W. J. Young & Company is now a holding company affiliate, you may advise the company of the Board's views in the matter."

Approved unanimously.

Telegram dated December 6, 1935, approved by four members of the Board, to Mr. West, Managing Director of the Portland Branch of the Federal Reserve Bank of San Francisco, reading as follows:

"Please convey following message immediately to Charles J. McPherson, Secretary Stockholders Protective Committee, First National Corporation of Portland: 'This refers to your telegram of November 29, 1935 which apparently referred to applications of Transamerica Corporation and Inter-America Corporation for permits to vote stock of First National Bank of Portland. Your telegram and information which has been obtained through Portland Branch indicate that the matters about which you are concerned involve only your desire to obtain access to books of First National Corporation in order to obtain information concerning value of its stock and that they are not pertinent to the financial condition of the Transamerica Corporation or the Inter-America Corporation,

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"the general character of their management, or the probable effect of the granting of such permits upon the affairs of the First National Bank of Portland, which are the matters which the law requires the Board to consider in acting upon such applications. The granting of the applications by the Board would not involve the issuance of any permit to First National Corporation nor affect the voting of any stock of First National Corporation, which has no application now pending before the Board. Your telegram was received after Board had completed lengthy consideration of applications named above and Board feels that issuance of permits should not be delayed unless it is furnished promptly additional information pertinent to the issuance of permits to Transamerica Corporation and Inter-America Corporation to vote stock of the First National Bank of Portland. The authority of the Board to grant permits evidently was not intended by Congress to make the Board the forum for the settlement of private controversies or to permit its withholding the issuance of voting permits as a means of enforcing private rights. However, if there is any matter which you desire to present to the Board which should be considered by it as pertinent to the financial condition of the Transamerica Corporation or the Inter-America Corporation, the general character of their management, or the probable effect of the granting of such permits upon the affairs of the First National Bank of Portland which are the matters which the law requires the Board to consider in acting upon such applications, Board will consider such matters if received in writing not later than Wednesday morning, December 11. Please acknowledge receipt by wire and advise whether you expect to file such information."

Approved unanimously.

Letter to Mr. Charles W. Collins, Attorney at Law, Washington,

D. C., reading as follows:

"For your information and that of Mr. Giannini, you are advised that a telegram dated November 29 has been received from Chas. J. McPherson, Secretary, Stockholders Protective Committee of First National Corporation of Portland, Oregon, reading as follows:

'Newspapers here indicate that Mr. Giannini board chairman Trans-America has applied to your Board for authority to vote the holdings of Trans-America Bank stocks. As representing the minority stockholders of the First National Corporation of Portland which holds

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"large block stock in First National Bank of Portland and in view of the absence of our attorney we would ask reasonable delay in granting such authority until we can ascertain our position and obtain complete audit."

"Upon consideration of the information contained in this telegram and other information which has been obtained in connection therewith the Board has advised Mr. McPherson that if there is any matter which he desires to present to the Board which should be considered by it as pertinent to the financial condition of the Transamerica Corporation or the Inter-America Corporation, the general character of their management, or the probable effect of the granting of such permits upon the affairs of the First National Bank of Portland which are the matters which the law requires the Board to consider in acting upon such applications, the Board will consider such matters if received in writing by the Board, in Washington, not later than Wednesday morning, December 11."

Approved unanimously.

Memorandum dated November 27, 1935, from Mr. Miller, reading as follows:

"In accordance with the Board's request, I have considered the amendment contained in the Banking Act of 1935, with respect to certain records of actions on questions of policy which are required to be kept by the Board, together with the memorandum from the Board's Secretary on this subject, and submit the following report and recommendations for the consideration of the Board.

"It is believed that the actions which Congress had in mind were those of an important nature which affect the general public interest, and not matters of a merely routine nature or the details of daily administration of numerous provisions of the law. Under this view proceedings which merely carry out or conform to policies previously adopted, the allowances in particular instances of exceptions to such general policies, and rulings merely interpreting the law or the Board's regulations in accordance with the opinion of counsel would not ordinarily be regarded as actions on questions of policy within the intent of the amendment. In fact, the inclusion of matters of the latter type would tend to clutter up the record and impair its value. It was understood that the other members of the Board, in the discussion at the meeting at which this matter was considered, were in full accord with this view, and

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"it is recommended that it be followed in the preparation of the required records.

"It may be well to consider one class of cases specifically. The law now requires a procedure with respect to the establishment of discount rates which results in their submission to the Board every two weeks, and with the exception of the establishment of new rates for the purposes of section 10(b) of the Federal Reserve Act, as amended by the Banking Act of 1935, there has been no change in existing rates since dates prior to the enactment of the Banking Act of 1935. It would seem sufficient to record the first actions which were taken by the Board after August 23, 1935, in which it noted without objection the establishment of the same rates that were in existence previously, with an accompanying statement to the effect that, as there had been no developments in business conditions which in the opinion of the Board would warrant a reconsideration at that time of the question of discount rates, the Board felt that there was no occasion for a change in existing policy. This, together with an appropriate statement, such as that contained in the sample record attached hereto with respect to the new rates for section 10(b) loans, would seem to be sufficient until changed rates are submitted for consideration or the Board takes up the question of the advisability of a change in discount rates, and therefore there would be omitted from the record any reference to the intervening periodic actions.

"It may be observed that, as the new records will be kept in addition to the regular minutes of the Board which will not be affected by the new procedure and which set forth in considerable detail all matters passed upon by the Board, if it should be found at a subsequent date that the completion of a proper record would require the addition of matters which previously had not been regarded of sufficient importance to include therein, such additions may be made readily from the information contained in the Board's minutes. It is apparent that no hard and fast rule or fixed yardstick can be laid down in advance for the purpose of determining exactly which matters should be included in the record and which need not be, but that the consideration of particular cases as they arise will create precedents and thereby the number of doubtful cases requiring special consideration will gradually be reduced very materially.

"It is recommended, therefore, that when the official minutes of the Board are circulated for the review or initials of the Board members there be included in the covering circulation sheet accompanying each set of minutes a brief reference to each of the items of a nature deemed sufficiently

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"important to include in the formal record of actions on questions of policy. A sample of such a circulation sheet is attached. The initials of the Board members on this circulation sheet would constitute approval not only of the minutes but also of the inclusion in the formal record of the items listed on the circulation sheet and of the exclusion of the records not so listed. Items not so listed, of course, would remain in the official minutes. This procedure would afford an opportunity for each member of the Board to indicate either that particular items, in his opinion, should be omitted or that items not listed should be added and the matter could then be decided by the Board if there were any differences of opinion.

"The record of the actions taken by the Board would be entitled 'Record of actions by the Board of Governors of the Federal Reserve System on questions of policy, required by the last paragraph of section 10 of the Federal Reserve Act, as amended by the Banking Act of 1935, to be kept by the Board'. A proposed title page and flyleaf of the new record are attached.

"Following the approval of the minutes and the list of actions to be included in the formal record, there would be prepared and circulated among the members of the Board a draft of the record, covering a period of a week at a time, containing the required statements of such actions, the votes thereon and the underlying reasons therefor, with a circulation sheet upon which the initials of the Board members would be placed if they approved the record as thus prepared. A sample of the sheet to be used in circulating the record for approval and a tentative record covering the period from August 23 to August 26, 1935, inclusive, are attached hereto.

"The actions entered in the record under this procedure will appear in chronological order and an index should be appended to the record at the end of the year. The record as thus prepared will be published as an appendix to the annual report. The law also requires that there be included in the annual report a full account of all actions on questions of policy and it is contemplated that this requirement will be met by incorporating in the text of the annual report a review which will cover related actions under appropriate headings.

"If the foregoing procedure be approved by the Board, it will be expected that the Board's Secretary will begin immediately the compilation of the Board's records of its actions in accordance with these recommendations for the period from August 23 to date, and in the future the procedure will be followed currently.

"It should be emphasized that the requirements of the law make it essential that the underlying reasons for any action of

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"the Board entered in the record be fully developed and carefully stated. This should be borne in mind in taking action upon matters which come before the Board for consideration, and it may be necessary in particular instances for the Board to devote special attention to the question of how the underlying reasons shall be ascertained and stated.

"In the memorandum of the Board's Secretary the question is raised whether, in view of the requirement in the amendment in relation to the Board's annual report, a full account of actions taken with respect to open market policies and operations and with respect to policies determined by the Board should be prepared for the entire calendar year 1935 or only for the period subsequent to August 23, 1935. It is recommended that when the annual report is drafted for the consideration of the Board the entire year be covered, without regard to the technical question whether the law might be construed to require such account only for the period subsequent to August 23.

"In view of the fact that the Board has already authorized, with respect to the meetings of the Federal Open Market Committee during this calendar year, the acceptance from the Committee of a record to be submitted by it, no recommendation is submitted in this report with respect to that procedure and it is assumed that if there should be a meeting of the Federal Open Market Committee in 1936 prior to March 1 a similar procedure will be acceptable. It is contemplated that this record will be kept in a volume and bound separately from the Board's record of its own actions.

"As to the procedure which should be followed with respect to the actions of the new Federal Open Market Committee, to be established March 1, 1936, it is believed that the matter should be left open for the present.

"It is recommended that no action be taken at this time on the question of keeping a stenographic verbatim record of actions either of the Board or of the Federal Open Market Committee."

Approved unanimously.

Telegram dated December 6, 1935, approved by two members of the Board, to Governor Calkins of the Federal Reserve Bank of San Francisco, reading as follows:

"Your wire Fourth to Chairman Eccles. Board has no objection to reconsideration by Governors Conference of



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"question regarding charging off cost of Board's new building."

Approved unanimously.


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

"In the Board's letter B-999 of July 18, 1934 you were requested, among other things, to obtain monthly reports on Form 234 from selected member banks, commencing with September 1934 and continuing thereafter until otherwise advised, in order to provide data for a study in connection with the changes in member bank reserve requirements recommended in 1931 by the Federal Reserve System Committee on Member Bank Reserves.

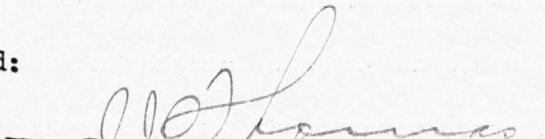
"You are now advised that the collection of these reports may be discontinued as of the end of the year."

Approved unanimously.

Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Vice Chairman.