

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, March 7, 1936, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. McKee
Mr. Ransom
Mr. Morrison

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

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

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

"Receipt is acknowledged of Mr. Gettemy's letter of February 24, 1936, with regard to a subscription to stock in the Federal Reserve Bank of Boston by The Peoples National Bank of Claremont, Claremont, New Hampshire.

"Mr. Gettemy referred to the footnote on the Board's Form 56 which reads as follows: 'If six per cent of the paid-up capital and surplus, including reserve for dividends payable in common stock, amounts to a sum not divisible by 100, the bank is required to hold one additional share of stock for any excess or fractional part of \$100.' It appears that six per cent of the combined capital and surplus of The Peoples National Bank of Claremont amounts to \$16,000.0002, and that, on the basis of carrying the computation to the fourth decimal, the bank has applied for 161 shares of Federal Reserve bank stock. Mr. Gettemy has requested advice as to whether the bank is justified in carrying the computation to the fourth decimal in determining the basis of its subscription to Federal Reserve bank stock.

"While the carrying of the computation to the fourth decimal, in order to determine whether the bank is entitled to an additional share of Federal Reserve bank stock on the basis of 'any excess or fractional part of \$100' would permit the bank to subscribe for an additional share of stock on a very small fraction of \$100, the Board has no objection to the issuance of the additional share on such

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"basis if the bank so desires. Accordingly, the Board knows of no reason why you should not approve the application which has been made by The Peoples National Bank of Claremont for 161 shares of Federal Reserve bank stock."

Approved unanimously.

Letter to Mr. Thomas, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Reference is made to Mr. McAdams' letter of February 11 in which he recommends that the Hutchinson State Bank, Hutchinson, Kansas, not be required to publish the report, as of December 31, 1935, of its affiliate, the Hutchinson Oil and Gas Company. He states in his letter that the bank was apparently unaware of the existence of this affiliation until it was called to its attention at the time of the examination of the bank January 18, 1936, the affiliation existing by virtue of the fact that three of the five directors of the Hutchinson Oil and Gas Company were also directors of the bank. He also states that subsequently the affiliation has been terminated by electing an additional director to the Board of the Hutchinson Oil and Gas Company so that it is no longer true that a majority of the company's directors are directors of the bank. Under the circumstances it appears that no good purpose would be served by publication of the report of the Hutchinson Oil and Gas Company at this time."

Approved unanimously.

Letter to the Federal reserve agents at all Federal reserve banks, transmitting forms and instructions in connection with the next call for condition reports of State member banks. The form of report was approved by the Board on February 10, 1936.

Approved unanimously.

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

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"In view of the provisions of the Banking Act of 1935, it will be necessary to amend the plates from which Federal Reserve bank stock certificates are printed in order to make provision for the signature of the President or a Vice-President of the Federal Reserve bank in lieu of the signature of the Governor. In the circumstances, the form of certificates issued by the Federal Reserve banks has been examined with the view of determining whether any other changes should be made at the same time.

"The form of certificate now used at eight of the Federal Reserve banks is identical except for the name of the Federal Reserve bank and district, which changes are made in a single plate at the Bureau of Engraving and Printing without the requirement of a plate for each of the banks. The certificate in use at one bank differs from that in use at the majority of banks only in that it provides for the signature of the 'Secretary' instead of the 'Cashier'. The certificates in use at two other banks differ from the one in use at the majority of banks in that the words 'paid up' are used instead of 'paid' in referring to the 50 percent payment on the par value, etc., and the phrase 'and is liable to further assessments aggregating not more than 50 percent of its par value' is omitted. The certificate of one of these banks provides for the signature of the Secretary and the other for the signature of the Cashier. The remaining bank issues non-negotiable receipts in lieu of stock certificates.

"The differences in the form of certificates now issued by the Federal Reserve banks are not of major importance and it appears to the Board that a uniform certificate might well be adopted. It also appears to the Board that it should be sufficient to have the certificates signed by the President or a Vice-President and by the Secretary, instead of also requiring the countersignature of the Federal Reserve agent, since Federal Reserve bank stock is not transferable and cannot be hypothecated and the certificate is merely formal evidence that the member bank has made the required payment on its subscription to Federal Reserve bank stock. The Board would like to have any comments that your bank may wish to make on these proposals, together with suggestions for any additional changes that may appear desirable. In order to expedite consideration of the matter, there is inclosed a draft of a proposed revised form of certificate. It will be noted that the revised form provides for the signature of the First Vice-President, but when the certificates are prepared this title may be changed as desired by the individual Reserve banks (without making separate plates). Furthermore, even if the title 'First Vice-

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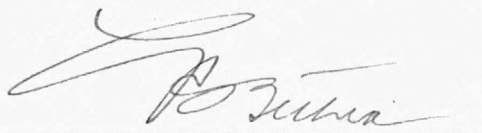
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"'President' appears on all of the certificates, the word 'First' can be stricken out when the certificate is signed by another Vice-President and the words 'First' and 'Vice' can be stricken out when it is signed by the President.


"Please advise the Board of the number of unissued certificates that you now have on hand and approximately how long the supply may be expected to last. If a uniform form of certificate is decided upon it will be desirable to cancel the existing supply of certificates and to issue certificates only on the new form. Please, therefore, also advise the Board of the number of certificates of the revised form that should be ordered, together with the serial numbers to be shown thereon."

Approved unanimously.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Chairman.