

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, September 10, 1936, at 2:30 p. m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. Broderick  
Mr. McKee  
Mr. Davis

Mr. Bethea, 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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 9, 1936, were approved unani-  
mously.

Telegrams to Mr. Leach, President of the Federal Reserve Bank of Richmond, and Mr. Thomas, Chairman of the Federal Reserve Bank of Kansas City, stating that the Board approves the establishment without change by the respective banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Bond, in the amount of \$50,000, executed under date of September 1, 1936, by Mr. Harry Herbert Rhodes as Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City.

Approved unanimously.

Letter to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

"As requested in Mr. Strater's letter of September 3,

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"the Board approves the continuation of the assignment of Mr. Harry H. Ostendorf to the position of Supervisor, Loans and Discounts, Cincinnati Branch, at his present salary of \$3,000, which is \$250 in excess of the maximum provided for that position, for a further period of three months beginning September 1, 1936."

Approved unanimously.

Letter to Mr. Schaller, President of the Federal Reserve Bank of Chicago, reading as follows:

"Enclosed is a letter addressed to the Securities and Exchange Commission on August 18, 1936 by Mr. P. H. Todd of Kalamazoo, Michigan, which was referred to the Board by the Commission inasmuch as it related to the provisions of Regulation T.

"It seems desirable to refer to the Federal Reserve banks communications received by the Board direct from banks and individuals which involve interpretations of the Board's regulations and which the banks appear to be in a position to answer. Will you, therefore, kindly reply to the enclosed letter?

"You might advise Mr. Todd in replying to his letter that the Board has under consideration several suggestions for the modification of those provisions of Regulation T which prohibit 'net withdrawals' from 'restricted' accounts."

Approved unanimously.

Letter to Mr. Young, Secretary of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter dated July 7, 1936, inclosing three copies of the by-laws of the Federal Reserve Bank of Chicago, as amended June 26, 1936, and three copies of the by-laws of the Detroit Branch of such bank, as amended June 26, 1936.

"It is understood that the provisions of section 1 of article III of the by-laws of the Branch, relating to the appointment and tenure of officers, and the provisions of

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"article IV of such by-laws relating to the appointment and compensation of an Associate Counsel are, of course, subject to the provisions of the Federal Reserve Act which authorize the Board to remove officers and directors of Federal Reserve banks and which make any compensation of officers, directors, and employees of Federal Reserve banks subject to the approval of the Board.

"Although your letter does not so state, it is assumed that the amendments to the by-laws of the Detroit Branch were adopted subject to the approval of the Board of Governors. The Board has considered these amendments and, subject to its interpretation thereof as stated above, hereby approves the by-laws of the Detroit Branch of the Federal Reserve Bank of Chicago, as amended June 26, 1936.

"It has been observed that the minutes of the meeting of the Board of Directors of the Federal Reserve Bank of Chicago on June 26, 1936, contain the following resolution: 'RESOLVED, That the By-laws of the Detroit Branch of this bank be, and the same are hereby amended to read, as follows:'. However, the former by-laws and the amended by-laws of the Branch provide that they may be amended at any meeting of the Board of Directors of the Detroit Branch, provided such amendment has theretofore been approved by the Board of Directors of the Federal Reserve Bank of Chicago and the Board of Governors.

"In view of the above-mentioned provisions, it is assumed that these amendments must be adopted by the Board of Directors of the Branch before they become effective.

"This procedure with respect to the adoption and amendment of by-laws of branches of Federal Reserve banks and several other questions which have arisen in connection with the by-laws of the Detroit Branch and other branches have suggested the advisability of a review of the entire procedure for adoption and amendment of by-laws of the branches of Federal Reserve banks, and the Board expects to make such a review with a view toward bringing about such changes as may seem desirable."

Approved unanimously.

Letter to Mr. Parker, First Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"This will acknowledge receipt of your letters of September 1 and September 3, with respect to collection items



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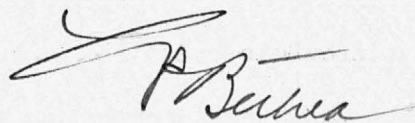
"received from certain concerns located in California.

"The Board appreciates your bringing this matter to its attention and will also appreciate further advice in case you have any difficulty in working out arrangements satisfactory to your bank with respect to the handling of such items.

"In order that the Collection Committee of the Presidents' Conference may be kept advised of developments of this character, it is suggested that you furnish a copy of your letter of September 1, and of your letter of September 3 with inclosures, to the Chairman of that Committee."

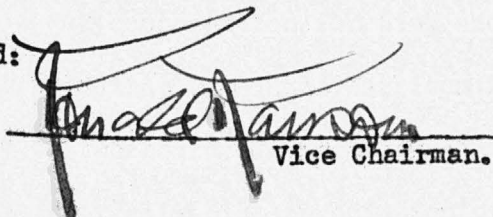
Approved, unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.