

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 23, 1936, at 2:30 p. m.

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

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman

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 22, 1936, were approved unanimously.

Telegram to Mr. Powell, Secretary of the Federal Reserve Bank of Minneapolis, stating that the Board approves the establishment without change by the bank today of the rates of discount and purchase in its existing schedule.

Approved unanimously.

Letter to Mr. Fenner, Acting Assistant Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, reading as follows:

"This refers to your letter of July 8, 1936, inclosing a copy of certain correspondence between Mr. Hill and Mr. Robert C. Zecher, President, and Mr. John C. Truxal, Vice President, The Lancaster County National Bank, Lancaster, Pennsylvania, relating to subsection (a) of section 11 of

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"the Board's Regulation F, revised effective June 1, 1936, and to the question whether an exception should not be made thereto in order to permit national banks in Pennsylvania to invest trust funds in mortgages purchased from their commercial departments to the extent authorized by the provisions of the Pennsylvania Banking Code providing for the earmarking of assets for future trust investment.

"Prior to the adoption of Regulation F, revised effective June 1, 1936, which prohibits the investment of trust funds by a national bank in property acquired from itself unless such investment is expressly required by the instrument creating the trust or by court order, the Board considered the provisions of the Pennsylvania Banking Code referred to above and, in a letter of March 5, 1936, to Mr. R. I. Fulton, mentioned by Mr. Hill, the Board indicated that, on the basis of established principles of law and sound trust practices, it could not approve investments of trust funds by national banks in property acquired from their own commercial departments pursuant to such provisions of State law. After further consideration, the Board does not feel that it is justified in modifying its position concerning this matter and, accordingly, does not believe that consideration of an amendment to Regulation F in this connection is warranted."

Approved unanimously.

Thereupon the meeting adjourned.

Wesley Morice  
Secretary.

Approved:

Harold Hanson  
Vice Chairman.