

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, November 28, 1936, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. McKee

Mr. Morrill, Secretary
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:

Telegrams dated November 27, 1936, to Messrs. Strater, Young and Powell, Secretaries of the Federal Reserve Banks of Cleveland, Chicago and Minneapolis, respectively, stating that the Board approves the establishment without change by the banks on that date of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Telegram to Mr. Gidney, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Your letter November 24, 1936 re 'Solvay Bank', Solvay, New York. In accordance with your recommendation Board extends until December 28, 1936, time within which bank may accomplish its membership. Please keep the Board advised of developments."

Approved unanimously.

Letter dated November 27, 1936, to the Presidents of all Federal reserve banks, reading as follows:

"Replies received from all Federal Reserve banks to the Board's letter X-9719 of October 17, 1936, in regard to the suggestion that all shipments of Federal Reserve notes of

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"Other Federal Reserve banks be made in thousands of dollars and that the Federal Reserve note clearing be likewise made in thousands of dollars indicate that all Federal Reserve banks are either favorable to the proposal or have no objection to its adoption.

"Since all Federal Reserve banks are agreeable to the change, and since its adoption would reduce the number of words transmitted over the main line leased wire system and branch lines and effect some saving in expenses, the Board has approved the change effective Tuesday, December 1, 1936. It is requested, therefore, effective as of that date that all shipments of Federal Reserve notes of other Federal Reserve banks to the bank of issue and to the Treasury be made in thousands of dollars, and effective as of the same date the Federal Reserve note settlement through the Interdistrict Settlement Fund will also be made in thousands of dollars.

"While a majority of the Federal Reserve banks favor or have no objection to the proposal that the transit clearing through the Interdistrict Settlement Fund be made in even thousands of dollars instead of in dollars and cents as at present, reference to which was made in the Board's letter of September 2, 1936 (X-9685), some of the Federal Reserve banks are opposed to the suggested change. A number of banks stated that while the suggested change might effect some economy in the use of the telegraph wires this saving would be more than offset by the increased accounting necessary in carrying over from day to day the unsettled balances with the various Federal Reserve banks and branches. Some of the banks having branches using the timed wire service state that little or no saving of telegraphic expense would be effected as a result of making settlements in even thousands of dollars since the Interdistrict Settlement wires are now transmitted in less than the three-minute period on which the timed wire service charge is based.

"Since a number of the Federal Reserve banks are opposed to the suggestion that the transit clearing be made in even thousands of dollars it is thought that final decision on this matter should be deferred until after the matter has been considered by the Presidents' Conference."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

W. C. C. C.
Chairman.

Chesler Marie
Secretary.