

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, March 25, 1937, at 10:30 a. m.

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

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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on March 23, 1937, were approved unanimously.

Telegrams to Mr. Walden, First Vice President of the Federal Reserve Bank of Richmond and Mr. McKinney, President of the Federal Reserve Bank of Dallas, stating that the Board approves the establishment without change by the Dallas bank on March 24, 1937, and by the Richmond bank today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Recommendation dated March 18, 1937, from the Personnel Committee that, in accordance with the policy prescribed by the Board in its letter of January 21, 1937, X-9798, to the Presidents of all Federal reserve banks, Mr. H. W. Kitzmiller, an employee in the Board's Division of Research and Statistics, who will be sixty-five years of age on May 5, 1937, be carried on the Board's payroll until the end of the year 1937 and at that time retired under the terms of the retirement plan, with

3/25/37

-2-

a supplemental allowance of six months salary to be paid to the Retirement System for the purpose of increasing Mr. Kitzmiller's annual retirement allowance.

Approved unanimously.

Recommendation dated March 17, 1937, from the Personnel Committee that the Board grant the necessary leave with pay in addition to the regular annual leave to, and assume transportation expenses of, the following employees of the Board, in connection with their attendance at the next session of the Graduate School of Banking at Rutgers University; it being understood that the employees will pay for their own tuition and subsistence expenses while in attendance at the school:

Legal Division - Mr. John C. Baumann (for the second year)
Division of Examinations - Mr. C. T. Malone (for the second year)
and Mr. L. H. Jones (for the first year)
Division of Bank Operations - Mr. David M. Kennedy (for the first year)

The memorandum from the Personnel Committee contained the further recommendation that, in the event the quota of the Board's employees at the school is increased because of the non-attendance of Federal reserve bank employees, first consideration be given to Mr. A. W. Lee of the Division of Examinations for his second year at the Graduate School.

The recommendations were approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"Reference is made to your letter of March 20, 1937, in reply to our letter of March 17 in which it was suggested

3/25/37

-3-

"that provision be made in the bank's personnel classification plan for the position of Consulting Economist.

"In view of the circumstances stated in your letter and particularly of the fact that the arrangement with Dr. Kincaid is experimental, it will not be necessary, for the present, to provide for the position of Consulting Economist in the personnel classification plan."

Approved unanimously.

Letter to Mr. McKinney, President of the Federal Reserve Bank of Dallas, reading as follows:

"Reference is made to Mr. R. R. Gilbert's letter of March 1, 1937 regarding the Board's letter (X-9827) of February 25, 1937 to Federal Reserve Agent Walsh with respect to the procedure to be followed in the future in notifying other Federal reserve agents of agreements filed by nonmember banks pursuant to the provisions of section 8(a) of the Securities Exchange Act of 1934.

"In this connection Mr. Gilbert points out that in the transfer of certain nonstatutory duties of the Federal Reserve Agent to the banking department of your bank, one of the duties so transferred was the administration of the provisions of the Securities Exchange Act which was transferred from the Federal Reserve Agent to the Vice President in charge of examinations. He states that in view of the Board's letter of February 25 both he and Mr. Walsh desire advice as to which officer of the bank should now be considered responsible for the administration of the provisions of the Securities Exchange Act.

"The Board's letter of February 25, 1937 was addressed to the Federal Reserve Agents because of certain provisions of sections 10 and 11 of Regulation T which, as indicated in the Board's letter (X-9755) of December 2, 1936, contemplate that the Federal Reserve Agent, notwithstanding the transfer of his nonstatutory duties to the Federal reserve bank, will continue to execute certain very limited functions in connection with the agreements filed by nonmember banks under the Securities Exchange Act. It has not seemed advisable to amend the regulation at this time merely to alter this matter of detail, but an amendment to transfer even these limited nonstatutory functions from the Federal Reserve Agent is being considered in connection with a general revision of Regulation T upon which work is now being done. In the meantime, it is contemplated that the administration of the Securities Exchange Act at your bank will continue to be under the Vice

3/25/37

-4-

"President in charge of examinations, the only exception being the very limited duties indicated above with respect to the agreements of nonmember banks which will remain under the Federal Reserve Agent pending such an amendment to the regulation."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Donald J. Groom
Vice Chairman.