

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, May 24, 1937, at 3:00 p. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Broderick  
Mr. Szymczak  
Mr. McKee  
Mr. Davis

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman  
Mr. Thurston, Special Assistant to the  
Chairman  
Mr. Wyatt, General Counsel  
Mr. Goldenweiser, Director of the Division  
of Research and Statistics

Mr. Broderick moved that, inasmuch as the Board has excused from work on May 29, 1937, such of its employees as can be spared on that date, it authorize the Fiscal Agent to issue to employees on May 28 salary checks for the last half of the month.

Carried unanimously.

At the suggestion of the Chairman, Mr. Goldenweiser outlined his views as to actions that might be taken by the System in the light of present conditions and possible developments throughout the remainder of the year. Following Mr. Goldenweiser's statement, there was a discussion of the advisability of reductions by the Federal reserve banks of their discount rates and effective buying rates on acceptances and the desirability of the adoption of a practice on the part of the Federal reserve banks of making purchases of Treasury bills of relatively short maturities from member banks under repurchase agreements at established rates. In this connection reference

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was made to the manner in which the purchases of acceptances are handled in the New York market. It was suggested that a schedule of buying rates on Treasury bills might be desirable because of the small volume of bankers bills in the market and in order to stimulate a broader interest in the Treasury bill market. At the conclusion of the discussion Chairman Eccles suggested that these matters be taken up for further consideration at the meeting of the Board on June 1, 1937.

At this point Messrs. Thurston, Wyatt and Goldenweiser left the meeting and consideration was then 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 May 21, 1937, were approved unanimously.

Telegrams to Messrs. Peyton and McKinney, Presidents of the Federal Reserve Banks of Minneapolis and Dallas, respectively, stating that the Board approves the establishment without change by the banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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

"As requested in your letter of May 18, the Board approves the continuation of the assignment of Mr. Harry H.

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"Ostendorf to the position of Supervisor, Loans and Discounts, Cincinnati Branch, at his present salary of \$3,000 per annum, which is \$250 in excess of the maximum provided for that position, for a further period of six months beginning June 1, 1937."

Approved unanimously.

Letter to the Presidents of all Federal reserve banks, reading as follows:

"The Board's letter of August 18, 1936 (X-9673) stated, among other things, that X-letters which do not contain rulings or interpretations would not be affected by the new procedure outlined therein but would continue in each case to bear only an X-number as in the past. It also stated that thereafter X-numbers would be applied only to communications sent to all Federal reserve banks so that the numbers on such communications would run consecutively in all cases.

"Recently, in reviewing material to which X-numbers have been assigned, it was noted that many routine items were being designated by the 'X' symbol and investigation disclosed that during the past two years approximately forty-five per cent of the items assigned X-numbers were of a routine character. It seems desirable, therefore, in the future, to segregate all circular communications sent to all Federal reserve banks into two classifications, one containing rulings, interpretations and instructions and the other including all routine items. To this end it has been suggested that the 'X' series of numbers be discontinued as of the close of May 31, 1937 and be superseded by two new series of numbers which shall be known as the 'S' and 'R' series respectively. The Board has approved this proposal, and beginning June 1, 1937 (1) S-numbers will be assigned to all mimeographed communications sent to all Federal reserve banks which contain rulings and interpretations of the statutes and the Board's regulations, and instructions relating to policy or administrative matters; and (2) R-numbers will be assigned to all routine mimeographed matters, statements, press releases, etc. sent to all Federal reserve banks.

"As a general rule it will be the intention to limit items to which S-numbers will be assigned to those which may be literally classified as rulings, interpretations or instructions, but it will be necessary to exercise some discretion as to whether 'instructions' are of a sufficiently



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"general character or of such a continuing nature that they should be preserved by the Federal reserve banks and possibly indexed and digested for their future guidance. In other words, letters containing instructions which are limited to short periods of time or to compliance with a single request for information or reports would not represent the type of instructions which it is proposed would fall within the 'S' classification and, therefore, such items will be given R-numbers. In addition, items such as those listed below which have heretofore been assigned X-numbers will, beginning June 1, 1937, be classified as routine matters and assigned R-numbers.

1. All statements for the press (including National Summary of Business Conditions)
2. Letters designating code words to cover new issues of Treasury bills
3. Letters listing holidays to be observed by the reserve banks and branches during the ensuing month
4. Letters to all Chairmen levying assessments on the reserve banks for expenses of Board
5. Letters reporting on expenses of main lines of leased wire system for preceding month
6. Letters transmitting statement of Bureau of Engraving and Printing covering cost of preparing Federal reserve notes for preceding month.
7. Letters advising of changes in interdistrict time schedule
8. Letters transmitting copies of auditor's certificate in connection with periodical audits of Board's accounts
9. Letters transmitting summary of monthly reports received regarding bank and public relations activities of the reserve banks
10. Any other mimeographed communications sent to all Federal reserve banks which may be regarded as purely routine, such as, letters requesting specific information, letters of transmittal, etc.

"Certain other items sent to the Federal reserve banks in the past bearing designations prefixed by 'B', 'Exam' or other division symbols will in the future be given S- or R-numbers, although S- or R-letters may occasionally transmit inclosures bearing symbols used by the various divisions of the Board. These symbols are as follows: 'Z' - Office of the Secretary;

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"L" - Office of General Counsel; 'B' - Division of Bank Operations; 'Exam' - Division of Examinations; 'R&S' - Division of Research and Statistics; and 'SL' - Division of Security Loans. However, the 'S' and 'R' series will be confined strictly to mimeographed material sent to all Federal reserve banks and the numbers in each classification will run consecutively, therefore each bank should have no difficulty in checking the completeness of its files of such items.

"The Board has also approved the discontinuance, beginning June 1, 1937, of the series of numbers heretofore assigned to so-called 'trans wires', and thereafter routine telegrams sent simultaneously to all Federal reserve banks will not bear any distinguishing symbol or number. However, all telegrams containing rulings, interpretations or instructions sent to all Federal reserve banks will be assigned S-numbers at the time they are dispatched. The transmission of the S-number will have no significance other than to put the Federal reserve bank on notice that the particular telegram has been dispatched to all of the other Federal reserve banks and to indicate that in due course a mimeographed copy of the wire will be forthcoming for the completion of its file of 'S' communications. Under the present procedure it has been customary to send out mimeographed copies of telegrams bearing an appropriate X-number in all cases where rulings or interpretations are involved. The proposed method of handling S-telegrams is in reality a continuation of the existing procedure which is being modified only to the extent of eliminating trans numbers and substituting the proper S-number at the time the wire is dispatched, rather than indicating it only on the mimeographed copy of the wire. Since no good purpose would be served by distributing to the Federal reserve banks mimeographed copies of routine telegrams, the revised procedure contemplates, as indicated above, that R-numbers will not be assigned to routine telegrams."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. S. ...  
Chairman.