

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 1, 1937, at 2:30 p.m.

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

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:

There were presented telegrams dated August 31 and September 1, 1937, from Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, stating that the board of directors of the bank voted to establish, for the reasons set forth in the later telegram, a discount rate of $1\frac{1}{2}$ percent per annum on rediscounts of eligible paper for member banks and advances to member banks under the provisions of Sections 13 and 13a of the Federal Reserve Act and a rate of 2 percent on advances to member banks under the provisions of Section 10(b) of the Federal Reserve Act, effective the first business day following that on which approved by the Board of Governors, and that on August 31, 1937, the executive committee had voted to establish without change the other rates of discount and purchase in the bank's existing schedule.

The discount rate of $1\frac{1}{2}$ percent and the rate of 2 percent on advances under Section 10(b) of the Federal Reserve Act, established by the board of directors of the Federal Reserve Bank of St. Louis, were approved unanimously, effective September 2, 1937.

9/1/37

-2-

The establishment by the bank without change of the other rates of discount and purchase in its existing schedule was also approved unanimously.

The reasons for approval by the Board of the reduced rates were the same as stated by the Board in connection with its approval on August 20, 1937, of rate reductions by the Federal Reserve Banks of Atlanta and Chicago.

There was also presented a telegram received from President Young of the Federal Reserve Bank of Boston stating that the board of directors of the bank, at its meeting today, voted to establish for the reasons set forth in the telegram, a discount rate of $1\frac{1}{2}$ percent per annum on rediscounts of eligible paper for member banks and advances to member banks under the provisions of Sections 13 and 13a of the Federal Reserve Act, and a rate of 2 percent on advances to member banks under the provisions of Section 10(b) of the Federal Reserve Act, effective the first business day following that on which approved by the Board, and had established without change the other rates of discount and purchase in its existing schedule.

The discount rate of $1\frac{1}{2}$ percent and the rate of 2 percent on advances under Section 10(b) of the Federal Reserve Act, established by the board of directors of the Federal Reserve Bank of Boston were approved unanimously, effective September 2, 1937.

The establishment by the bank without change of the other rates of discount and purchase in its existing schedule was also approved unanimously.

9/1/37

-3-

The reasons for approval by the Board of the reduced rates were the same as stated by the Board in connection with its approval on August 20, 1937, of rate reductions by the Federal Reserve Banks of Atlanta and Chicago.

In connection with the changes in rates at the Federal Reserve Banks of St. Louis and Boston, there was presented a telegram just received from Mr. Broderick stating that he approved the reduced rates as fixed by the boards of directors of the respective banks.

Memorandum dated August 30, 1937, from Mr. Bethea, Assistant Secretary, recommending the appointment of Miss Dorothy E. Peebles as a stenographer in the Office of the Secretary, with salary at the rate of \$1,560 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination. The memorandum also recommended that Mrs. Margaret L. Higdon, who was appointed on July 14, 1937, as a stenographer in the Secretary's office on a temporary basis for a period of not to exceed three months, be appointed on a permanent basis, with no change in her present salary at the rate of \$1,440 per annum, effective as of the date upon which she passes satisfactorily the usual physical examination.

Approved unanimously.

Letter to the "Bank of Baraboo", Baraboo, Wisconsin, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for permission to exercise fiduciary powers, and grants you authority, effective if and when the Bank of Baraboo, Baraboo,

9/1/37

-4-

"Wisconsin, is converted into a national banking association and is authorized by the Comptroller of the Currency to commence business as 'The Baraboo National Bank', to act, when not in contravention of State or local law, as trustee, executor, administrator, guardian of estates, assignee, receiver, and committee of estates of lunatics, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"After the conversion of the Bank of Baraboo into The Baraboo National Bank becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, you are requested to have the board of directors of the national bank adopt a resolution ratifying your application for permission to exercise trust powers, and a certified copy of the resolution so adopted should be forwarded to the Federal Reserve Bank of Chicago, to be forwarded to the Board of Governors of the Federal Reserve System for its records. When a copy of such resolution has been received by the Board, a formal certificate covering your authority to exercise trust powers will be sent to you."

Approved unanimously.

Letter to Mr. Charles S. Pyle, President, The National Bank of Rising Sun, Rising Sun, Maryland, reading as follows:

"Receipt is acknowledged of your letter of August 26, 1937 in which you express the view that it would be desirable for the Board of Governors to reduce the maximum rate of interest payable by member banks on time deposits to 2 per cent per annum instead of 2-1/2 per cent per annum.

"As you are no doubt aware, member banks may at present pay a rate of 2-1/2 per cent per annum only on time deposits having a maturity date 6 months or more after the date of deposit or which are payable upon written notice of 6 months or more.

"The Board of Governors is always glad to receive suggestions and comments from bankers and others regarding matters coming within its jurisdiction. The matter of the rate of interest payable by member banks on time and savings deposits is one which is receiving constant attention, and the suggestion contained in your letter is appreciated."

Approved unanimously.

9/1/37

-5-

Memorandum dated August 25, 1937, from Mr. Parry, Chief of the Division of Security Loans, referring to the action taken at the meeting of the Board on February 20, 1936, permitting certain classes of member firms of national securities exchanges to file reports on Form F.R. 240 semi-annually instead of monthly, and recommending that the Board now permit such member firms of the New York Stock Exchange as (1) do not carry any margin accounts for customers, (2) do not borrow money from banks, and (3) do not have balance sheet totals exceeding \$1,000,000, to file their reports only at semi-annual intervals. The memorandum also requested approval by the Board of drafts of letters attached thereto advising the Presidents of the Federal reserve banks concerned that the Board has taken the proposed action and asking them to request semi-annual reports beginning as of December 31, 1937, from the additional firms in their respective districts who are to report only semi-annually. The reason given for the recommendation was that, on the basis of information compiled from monthly reports of member firms of national securities exchanges, it appeared that semi-annual reports from the class of firms referred to, instead of monthly reports, would be sufficient for the current information of the Board.

The recommendation and letters were approved unanimously.

Letter to Mr. Christian C. Luhn, Editor, Trust Companies, New York, New York, reading as follows:

"Your letter of July 27, 1937, to Vice Chairman Ransom, the receipt of which was acknowledged by him on August 2,

9/1/37

-6-

"has been handed to me for attention in the absence of Mr. Morrill and has been discussed with the Board's Division of Examinations.

"Your purposes are fully appreciated and, while it does not seem to be practicable to clear such matter through the Board or to have the examiners submit contributions directly for publication anonymously or otherwise, it is possible that examiners may assist by suggesting to the officers of the institutions involved that any systems or practices deemed worthy of such treatment be reported to you through contributed articles or descriptive material to be prepared by your staff for the information of your clientele.

"The trust examiners for the several Federal reserve banks meet from time to time for the discussion of mutual problems and it is probable that such a meeting will be held in the near future. The matter will be called to their attention at that time."

Approved unanimously.

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

"Referring your September 1 wire, no objection to your releasing figures of excess reserves of weekly reporting member banks in Chicago as of Wednesdays and Saturdays. Please wire Board figures of excess reserves released as of Saturday."

Approved unanimously.

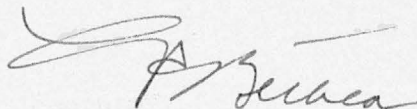
There was submitted a recommendation, which had been approved by the Personnel Committee, that the Board authorize the payment of vouchers totaling \$129.64, covering mopping apparatus and emergency room supplies for the Board's new building, as called for in purchase orders Nos. 1675, 1781 and 1930.

Approved unanimously.

9/1/37

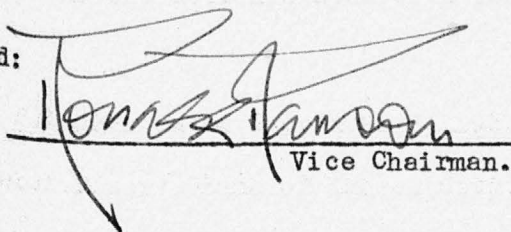
-7-

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.