

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 22, 1937, at 11:30 a.m.

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

Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Thurston, Special Assistant to the
Chairman
Mr. Wyatt, General Counsel
Mr. Paulger, Chief of the Division of
Examinations
Mr. Goldenweiser, Director of the Division
of Research and Statistics
Mr. Smead, Chief of the Division of Bank
Operations
Mr. Parry, Chief of the Division of
Security Loans
Mr. Dreibelbis, Assistant General Counsel
Mr. Vest, Assistant General Counsel
Mr. Leonard, Assistant Chief of the
Division of Examinations
Mr. Thomas, Assistant Director of the
Division of Research and Statistics
Mr. Bradley, Assistant Chief of the Divi-
sion of Security Loans

Mr. Szymczak referred to the informal consideration which had been given by the members of the Board to the question whether a change should be made in the margin requirements prescribed in Regulation "T", "Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges", and Regulation "U", "Loans by Banks for the Purpose of Purchasing or Carrying Stocks Registered on a National Securities Exchange", and suggested that the Board give

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further consideration to the question at this meeting.

At the request of Mr. Szymczak, Mr. Parry reviewed recent developments in the securities markets and stated that, on the basis of market conditions during the last two or three days, it appeared that the present downward trend was levelling off to a point where a reduction in margin requirements would not be misinterpreted. He then expressed the opinion that margin requirements now prescribed in Regulations T and U might be considered as being higher than necessary under present circumstances and that, if the present tone of the market was sustained through the balance of the week, the Board might well consider a reduction.

There ensued a discussion of the extent to which margin requirements might be reduced at the conclusion of which Mr. Szymczak made the suggestion, which was concurred in by the other members of the Board, that action on the matter should be deferred with the understanding that the members of the Board would continue their study of the matter with a view to taking action at any time that conditions justified a change in the existing requirements.

Mr. Ransom referred to the action taken at the meeting of the Board on August 4, 1936, in authorizing Mr. Wyatt to attend as an observer the Annual Meeting of the American Bar Association on August 24-28, 1936, at which consideration was given to the report of the Special Committee on Administrative Law of the American Bar Association which recommended the adoption of a resolution favoring the establishment by

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Congress of a Federal administrative court. Mr. Ransom stated that, while the revised bill prepared by the Special Committee for submission at the current annual meeting of the American Bar Association would expressly exempt the Board of Governors from certain of its provisions regarding appeals to the courts, there were other objectionable features in the report which would affect the Board, and that, therefore, he would suggest that Mr. Wyatt be authorized to attend the forthcoming annual meeting of the Association as an observer and for the purpose of discussing the revised report informally and unofficially with members of the Special Committee and other members of the American Bar Association who may be interested.

Mr. Ransom's suggestion was approved unanimously.

At this point Messrs. Thurston, Wyatt, Paulger, Goldenweiser, Smead, Parry, Dreibelbis, Vest, Leonard, Thomas, and Bradley left the meeting and consideration was then given to each of the matters herein-after 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 21, 1937, were approved unanimously.

Memorandum dated September 20, 1937, from Mr. Bethea, Assistant Secretary, recommending the appointment of Mr. Richard T. Meyer as chauffeur for the Board's passenger cars, with salary at the rate of

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\$1,380 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Letter to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"In accordance with the request contained in your letter of September 14, the Board approves the designation as assistant examiner of Roger K. Grobel, a clerk in the Examination Department, with the understanding that his services will be used solely to lend temporary assistance to your regular examiners and that he will not be transferred permanently to examining work without the Board's approval."

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your letter of September 9 inclosing a statement showing the discount and purchase rates in effect at your bank as of September 4, in accordance with the request contained in the Board's letter of September 3, 1937 (S-29).

"Since the Federal Reserve banks are not now authorized by the Board to discount eligible paper for individuals, partnerships and corporations under the provisions of the third paragraph of Section 13 of the Federal Reserve Act, it is not thought desirable to include rates on such paper in the rate schedules of the Federal Reserve banks.

"Eight of the Federal Reserve banks have established buying rates of one-half of one percent on maturities up to and including 90 days, three-fourths of one percent for maturities up to and including 120 days, and one percent for maturities from 121 to 180 days. Since no bankers' acceptances have been purchased by your bank for some time it is not thought essential that graduated rates on acceptances of the various maturities be established by your bank."

Approved unanimously.

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Letter to Honorable J. F. T. O'Connor, Comptroller of the Currency, reading as follows:

"There are inclosed herewith for your consideration a copy of a letter dated August 9, 1937, from Mr. O. H. Rogers, President of the Babylon National Bank & Trust Company, Babylon, New York, and a photostatic copy of an advertisement of the Suffolk County Federal Savings and Loan Association which appeared in the Babylon Leader on Friday, August 6, 1937. Since it is a national bank involved, the matter is being referred to your office."

Approved unanimously.

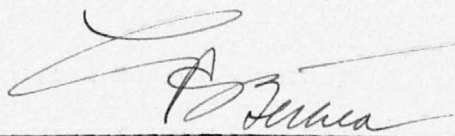
Memorandum dated September 20, 1937, from Mr. Vest, Assistant General Counsel, recommending that there be published in the October issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Applicability of Regulation U to Stock Registered after Loan is made.

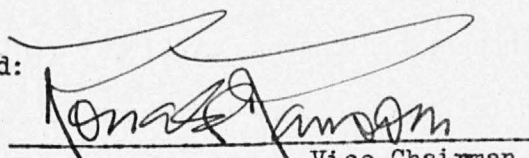
Cash or Cashier's Checks as Collateral for Loans Subject to Regulation U.

Approved unanimously.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Vice Chairman.