A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, February 7, 1938, at 11:30 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

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 February 4, 1938, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on February 5, 1938, were approved and the actions recorded therein were ratified unanimously.

Telegram to Mr. Clerk, First Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Reference your letter of February 3. Board agrees with conclusion of your Counsel that deposit of stock exchange may not be classified by member bank as savings deposit."

Approved unanimously.

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

"It will be noted that at page 87 of the February 1938 Federal Reserve Bulletin there is a statement with respect to the
"status of rulings published regarding Regulation T prior to the revision of January 1, 1938.

As you know, there are also certain unpublished rulings regarding the old regulation, that is, unpublished mimeographed letters which were assigned Regulation T numbers prior to Reg. T-63. For the same reasons that most of the old published rulings may be disregarded, it should no longer be necessary to refer to any of the old unpublished rulings, except the following:

X-9879, Reg. T-53, dated April 24, 1937, regarding the use of unpublished rulings under Regulation T;

X-9880, Reg. T-54, dated April 28, 1937, regarding the meaning of the term 'broker or dealer who transacts a business in securities through the medium of any such member';

X-9885, Reg. T-55, dated May 6, 1937, regarding the designation of certain securities by the Secretary of the Treasury for exemption;

S-13, Reg. T-56, dated June 7, 1937, regarding the question whether failure to call a security for trading prevents it from being a registered security; and

S-23, Reg. T-59, dated July 19, 1937, regarding the clearance of certain transactions through a cash account."

Approved unanimously.

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

"Receipt is acknowledged of your letter of January 26, 1939, inquiring whether it would be proper for the board of directors of your bank to authorize the cancelation of the Federal Reserve bank stock outstanding in the name of The Consolidated National Bank, Tucson, Arizona. Your counsel apparently feels that, in view of the circumstances involved, this procedure might be justified under section 7 of the Board's Regulation I.

The provisions of section 7 of Regulation I do not become operative until after a member bank has gone into voluntary liquidation in accordance with the applicable requirements of law, and, as stated in the Board's letter of September 24, 1937, to Mr. Gilbert, regarding The Consolidated National
"Bank, there is no way under the present law for Federal Reserve bank stock outstanding in the name of the bank to be canceled unless the bank is placed either in voluntary liquidation or receivership. Despite the resolutions of the stockholders of the national bank referred to by your counsel, the office of the Comptroller of the Currency has advised informally that the bank has not yet been legally placed in voluntary liquidation, and accordingly, the board of directors of your bank could not at this time lawfully authorize the cancelation of the Federal Reserve bank stock held by such national bank. In this connection, however, the Comptroller's office has also advised that, on February 1, 1938, it requested that the bank be placed in voluntary liquidation as soon as possible, and it is understood that you will hear directly from that office when such action has been taken.

"We concur in your desire to effect an early cancelation of this Federal Reserve bank stock, in view of the fact that the national bank discontinued its banking operations in the year 1935, and it is regretted that such cancelation cannot lawfully be accomplished until it is determined that the bank has been placed in voluntary liquidation in accordance with applicable statutory requirements."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

[Signature]

Chairman.

[Signature]

Secretary.