

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 4, 1938, at 11:30 a. m.

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

Mr. Morrill, 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 August 3, 1938, were approved unanimously.

Memorandum dated August 4, 1938, from Mr. Van Fossen, Assistant Chief of the Division of Bank Operations, submitting a letter dated August 2 from Mr. Walden, First Vice President of the Federal Reserve Bank of Richmond, which requested approval by the Board of a change in the personnel classification plan of the bank to provide for the creation of the new position of "Consulting Economist" in the Research and Statistics Department of the bank. The memorandum stated that the proposed change had been reviewed and recommended that it be approved.

Approved unanimously.

Letter to Mr. A. Heckscher, New York, New York, reading as follows:

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"Reference is made to your letter of July 22, 1938, addressed to the Securities and Exchange Commission. This appears to relate to certain restrictions upon transactions in under-margined accounts which existed in Regulation T prior to the revision which became effective January 1, 1938.

"Subject to certain conditions stated therein, section 3(b) of Regulation T as revised, a copy of which is inclosed, has the effect of permitting a customer, on the day on which he sells a security from any general account, either to purchase another security or to withdraw a certain amount of margin from the account, subject of course to the consent of the broker carrying the account. The amount of margin which a broker may allow a customer so to withdraw is at the present time, in the case of a sale of a registered security, 40 per cent of the proceeds of the sale. Furthermore, the last part of clause (4) of section 4(f) permits a broker to set up a 'special miscellaneous account', so that a customer who is enabled to withdraw margin from a general account may leave such margin with the broker in his special miscellaneous account, where it is available if needed later to provide margin for a new purchase.

"If you should have any further questions in this connection it is suggested that you communicate directly with the Federal Reserve Bank of New York."

Approved unanimously.

Memorandum dated August 3, 1938, from Mr. Ransom recommending approval by the Board of the payment to Mr. Malcolm H. Bryan, Vice President of the Federal Reserve Bank of Atlanta, of the amount of \$120.75 covering his expenses in connection with a recent trip from Atlanta to Washington for the purposes outlined in the memorandum.

Approved unanimously.

Memorandum dated July 29, 1938, from Mr. Morrill recommending that, for the reasons stated in the memorandum, there be added

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to the 1938 budgets for Board Members' Offices and the Office of the Secretary the amounts of \$500 and \$6,000, respectively, to meet necessary expenditures for the balance of the year.

Approved unanimously.

Thereupon the meeting adjourned.

Chessee Morie
Secretary.

Approved:

W. C. ...
Chairman.