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A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, August 15, 1938, at 11:30 a.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 11, 1938, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 12, 1938, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated August 12, 1938, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending the appointment on a temporary basis for a period of three months of Mrs. Geraldine N. Zeidler as a clerk in the Division, with salary at the rate of \$1,540 per annum, effective as of the date upon which she enters upon the performance of her duties.

Approved unanimously.

Memorandum dated August 15, 1938, from Mr. Noell, Assistant Secretary, submitting the resignation of Harold G. Wise as a page in

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the Office of the Secretary, and recommending that the resignation be accepted effective at the close of business on July 29, 1938.

Approved unanimously.

Letter to Mr. Rounds, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of August 6, 1938, regarding the inquiry of Mr. Francis A. Truslow, counsel to the New York Curb Exchange, with respect to a loan by a member of a national securities exchange to another member to enable the borrower to make a capital contribution to his firm. The question is whether such a loan would qualify for inclusion in a special miscellaneous account under section 4(f)(6) of Regulation T as a loan for a 'purpose other than purchasing or carrying or trading in securities.'

"As you indicate, the question is quite similar to those discussed in the Board's letters (X-9862, U-13; X-9889, Reg. U-14) of April 5, 1937 and May 7, 1937. In accordance with the principles referred to there, the Board agrees with your view that the present inquiry should be answered in the negative unless certain transactions are separated so that particular loans connected with such transactions may be identified as not being for the purpose of purchasing or carrying or trading in securities. Furthermore, as stated in your letter: 'Although we recognize that such segregation may be made under certain limited cases we believe that in most cases it is impracticable to do so.'

"Your reference to the possibility of amending Regulations T and U to exempt loans of the type here in question has been noted, and efforts will be continued for devising adequate safeguards against abuse of such an exemption."

Approved unanimously.

Letter to Mr. Harrison, President of the Federal Reserve Bank of New York, reading as follows:

"Referring to your letter of August 9 with respect to the adoption of a standard form of condition report for all banks, early in July a representative of the Board

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"discussed this matter with a representative of the Comptroller's office, and it is expected that representatives of the Comptroller's office, the Federal Deposit Insurance Corporation and the Board will meet on this matter shortly after Labor Day, when they all will have returned from vacations. Since considerable preliminary work has already been done in this connection, it is hoped that it will be possible to agree upon a standard form of report of condition for all banks at an early date."

Approved unanimously.

Memorandum dated June 2, 1938, from Mr. Morrill submitting for approval by the Board a draft of entry for the policy record required by section 10 of the Federal Reserve Act to be kept by the Board covering action taken by the Board on April 15, 1938, with respect to a reduction in reserve requirements of member banks.

Approved unanimously.

Memorandum dated August 13, 1938, from Mr. Vest, Assistant General Counsel, recommending that there be published in the September issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to recent rulings of the Board on the following subjects:

Limitation Upon Investment of Funds of a Trust in
a Common Trust Fund

Approval of Acceptance of Trusts by National
Bank

Settlement of Short Sale by Simultaneous Borrowing
of Security

Advance Made in Individual Capacity by Partner of
Member Firm

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Donald Brown
Vice Chairman.