A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, December 29, 1939, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. McKee
Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

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

Bond, in the amount of $100,000, executed under date of December 22, 1939, by Walter C. Coffey as Federal Reserve Agent at the Federal Reserve Bank of Minneapolis.

Approved unanimously.

Telegrams to Messrs. Kimball and Post, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Messrs. Walden and McLarin, First Vice Presidents of the Federal Reserve Banks of Richmond and Atlanta, respectively, Messrs. Dillard, Stewart and Powell, Secretaries of the Federal Reserve Banks of Chicago, St. Louis and Minneapolis, respectively, Mr. Gilbert, President of the Federal Reserve Bank of Dallas and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on December 26, by the Federal Reserve Banks of New York and Philadelphia, respectively.
York, Richmond, Atlanta, Chicago, St. Louis, Minneapolis and Dallas on December 28, 1939, and by the Federal Reserve Bank of Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated December 26, 1939, from Mr. Smead, Chief of the Division of Bank Operations, submitting two letters dated December 21 from Mr. Rounds, Vice President of the Federal Reserve Bank of New York, which requested approval by the Board of changes in the personnel classification plan of the bank to provide for the creation of the new position of "Statistical Clerk" in the Securities Department, for increases in the maximum salaries for the positions of "Chief" of the Personnel Department and "Supervisor" in the Government Bond Department, and for changes in the description of work for the positions of "Bond Trader" and "Assistant Bond Trader" in the Securities Department. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

Letter to the board of directors of the "Union Bank & Trust Company", Montgomery, Alabama, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation H and the following special conditions, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Atlanta:

"7. Such bank shall make adequate provision for depreciation in its furniture and fixtures."
"8. Prior to August 1, 1941, such bank shall increase its common capital stock to at least $200,000, and, until such increase has been effected, the total of the bank's outstanding preferred and common capital stock and reserve for dividends payable in common stock shall at no time be less than $200,000.

"9. Prior to admission of such bank to membership, its stockholders shall have adopted a resolution ratifying the directors' action creating the bank's existing reserve for dividends payable in common stock, authorizing additions to such reserve, and providing that such reserve, and additions thereto, shall be used for no purpose other than the payment of dividends payable in common stock."

The letter also contained the following special comments:

"It appears that the bank possesses numerous powers which it is not exercising and which are not necessarily required in the conduct of a banking and trust business, such as powers to insure titles, guarantee the payment of bonds, and act as surety. Attention is invited to the fact that if the bank desires to exercise such powers, or any other powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board of Governors understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously, together with a letter to Mr. Parker, President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Union Bank & Trust Company', Montgomery, Alabama, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward
"to the Superintendent of Banks for the State of Alabama for his information.

"In view of the fact that substantially all of the estimated losses shown in the report of examination for membership were reported to have been eliminated during the examination, the usual condition of membership regarding the elimination of estimated losses has not been prescribed."

Letter to Mr. Baldwin B. Bane, Director, Registration Division, Securities and Exchange Commission, reading as follows:

"This refers to your letter of December 5, 1939, inviting any criticisms or suggestions which the Board may have with reference to your proposed regulations under the Trust Indenture Act of 1939.

"As you know, appropriate members of the Board's staff have made themselves available to members of your staff for consultation with respect to any details of the proposed regulations upon which your staff desired assistance, and the Board will be glad to have the members of its staff continue to make themselves available in this connection. In the circumstances, the Board does not feel that it is necessary to make any detailed suggestions with regard to the proposed regulations.

"In view of the fact that banks and trust companies are already subjected to a number of requirements for furnishing and publishing information, it is hoped that the Securities and Exchange Commission will not require banking institutions which are prospective trustees under trust indentures to furnish any more information than is essential to enable the Commission to discharge its responsibilities under the Trust Indenture Act. In this connection, it is noted that the requirement that an institutional trustee shall list all of its affiliates in the proposed Form T-1 appears to be more inclusive than is necessary in view of the fact that some of the affiliates may have no effect upon the relationships between the trustee, the obligor, and the underwriters. It is also suggested that consideration be given to the question whether provision should not be made in the proposed regulations under which prospective trustees could request that particular information not be made available to the
"public when the Commission requires the information for its own use in determining whether or not there is full compliance with the Act but the public interest does not require its publication."

Approved unanimously.

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

"This refers to your letter of November 9, 1939, with reference to Mr. Grant's advice that Mr. Charles W. Collins, the Washington counsel of the Transamerica Corporation, would call on the Board's counsel to discuss the Board's recent ruling with regard to the reserve requirements of subsection (c) of section 5144 of the Revised Statutes. Recently, Mr. Collins made an appointment with members of the Board's staff and discussed informally a number of questions arising under the holding company act, and a copy of a memorandum of this discussion is enclosed herewith for your information. A copy of the memorandum which Mr. Collins left with the staff and which furnished the basis for the discussion is also enclosed."

Approved unanimously.

Letter to Mr. Martin, President of the Federal Reserve Bank of St. Louis, reading as follows:

"Referring to your December 26 letter, reallocation of the reserve of $5,000 for estimated losses on industrial advances to the loan to The Hug Company, Highland, Illinois, is approved as requested."

Approved unanimously.

Thereupon the meeting adjourned.

Approved: [Signature]

[Signature]

Chairman.