A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, October 10, 1945, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. Draper
Mr. Evans

Mr. Carpenter, Secretary
Mr. Connell, General Assistant, Office of the Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on October 9, 1945, were approved unanimously.

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

"The Board of Governors approves the payment of salary to Mr. Harold J. Newman as Assistant Cashier, Federal Reserve Bank of Chicago, for the period from October 4, 1945, to March 31, 1946, inclusive, at the rate of $7,000 per annum, which is the rate fixed by your Board of Directors as reported in your letter of October 5, 1945."

Approved unanimously.

Telegram to Mr. Mangels, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:
"Your wire October 5. In view of second paragraph of sec.6(g) of Regulation T, we believe interest can be paid even though bonds were in default when purchased."

Approved unanimously.

Letter to Mr. Neil B. Dawes, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Your letter of September 18, 1945, and the enclosed letter from the Detroit office of Paine, Webber, Jackson & Curtis presented a question under Regulation T arising in connection with income taxes."

"The question arises where a client has two certificates representing an identical number of shares of the same stock. One certificate is held by his broker as collateral. The other is in the client's safety deposit box. The client desires to sell the shares represented by the certificate held by the broker. The question is whether he can replace the certificate held by the broker with the certificate from his safety deposit box without violating the second paragraph of section 3(b) which provides that no 'withdrawal' of listed securities shall be permissible if the account, after such withdrawal, would be undermargined.

"In speaking of a 'withdrawal' of securities, the Regulation has reference to a withdrawal of securities which were held as collateral. The mere substitution of certificates representing an identical number of shares of the same stock is not a transaction of a kind contemplated by the Regulation. In the circumstances, the Board is of the opinion that the substitution of one certificate for another in the circumstances described need not be regarded as subject in any way to the provisions of Regulation T."

Approved unanimously.

Telegram to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:
"Your wire October 9 re Affiliated Fund. Regulation U is not applicable to the making of a loan by another bank if actually unsecured but question whether loan would be unsecured would, of course, depend upon all the facts and circumstances of the case."

Approved unanimously.

Thereupon the meeting adjourned.

[Signature]
Secretary.

[Signature]
Chairman.