

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, January 22, 1946, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
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 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 January 21, 1946, were approved unanimously.

Memorandum dated January 16, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Miss Florence Irene Jaffy be appointed as an Economist in that Division on a temporary basis for an indefinite period, with salary at the rate of \$2,980 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum stated that Miss Jaffy would become a member of the Federal Reserve Retirement System.

Approved unanimously.

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Memorandum dated January 17, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Mrs. Mary L. Weedon be appointed as a clerk in that Division on a temporary basis for an indefinite period, with salary at the rate of \$1,968 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to a satisfactory check of her references. The memorandum stated that Mrs. Weedon would probably become a member of the Board of Governors' Plan of the retirement system.

Approved unanimously.

Letter to Mrs. Valerie R. Frank, Secretary of the Retirement Committee, Retirement System of the Federal Reserve Banks, reading as follows:

"Mr. Walter Wyatt, General Counsel, is planning to retire effective March 1, 1946, after almost 29 years of service with the Board. He is a member of the retirement system under the Bank Plan, and his application for special service retirement is enclosed.

"In connection with his retirement, the Board has authorized a supplemental payment to the retirement system under an extension of the formula set forth in the Board's letter of March 17, 1944, S-741; i.e., of the amount necessary to provide that the pension portion of his retirement allowance, instead of being reduced actuarially for age, be the same as if he were 65 at date of retirement reduced by $2\frac{1}{2}$ per cent for each year he lacks of being 65.

"It will be appreciated if you will advise us of the amount of the necessary contribution."

Approved unanimously.

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Letter to Mr. Tiebout, Assistant General Counsel of the Federal Reserve Bank of New York, reading as follows:

"This will acknowledge with thanks your letter of January 19, informing the Board that you expect to grant Mr. Edouard d. Eller leave of absence for one year without pay if arrangements between him and the War Department are completed for him to serve abroad with the Office of Military Government, European Theatre. The Board has no doubt that Mr. Eller's services will be useful to the Office of Military Government and sees no objection to them being made available as you indicate."

Approved unanimously.

Letter to the "Dillsboro State Bank," Dillsboro, Indiana, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to membership in the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

Letter to Mr. Robert V. Fleming, President of The Riggs National Bank, Washington, D. C., reading as follows:

"This is in reply to your letter of January 21, 1946, asking whether a loan by a bank to finance the purchase of stock of your bank would be subject to the Board's Regulation U.

"Regulation U is applicable to loans for the purpose of purchasing any stock registered on a national securities exchange. Although the stock of your bank is listed and traded on the Washington Stock Exchange, it is at present exempt, by action of the Securities and Exchange Commission, from the requirement of the Securities Exchange Act that a registration be effective. Accordingly, your

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"stock is not a stock registered on a national securities exchange for purposes of Regulation U and no bank would be subject to the terms of the regulation in making a loan for the purpose of purchasing the stock.

"Under Regulation T, applicable to the extension of credit by brokers or dealers in securities, the status of the stock is, by virtue of a special rule of the Commission, identical with that of a registered security. This means, at present, that with the recent change in margin requirements brokers and dealers are not permitted to extend any credit at all in connection with the purchase of your stock."

Approved unanimously.

Memorandum dated January 16, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, (1) that the legal texts and the accompanying reports of the Paraguayan legislation with respect to monetary and banking reform recently carried out in Paraguay as a result of the Board's mission to that country be printed as a Board publication in pamphlet form, (2) that an edition of 1,000 copies, the cost of which is estimated to be approximately \$800, be printed, and the appropriate classification in the budget of the Division of Research and Statistics for the year 1946 be increased by an amount sufficient to cover the cost, (3) that the initial distribution of the pamphlet be made by the Publications Section of the Division of Administrative Services on the basis of a list submitted by the International Section of the Division of Research and Statistics, and (4) that, aside from the initial distribution, copies of the pamphlets

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be sent on a complimentary basis upon request to Federal Reserve Banks (for internal use), Members of Congress, Government Departments, Libraries of Educational Institutions, Public Libraries, Foreign Central Banks and Governments, and the Press; and that to others there be a charge of \$1.00 per copy.

Approved unanimously.

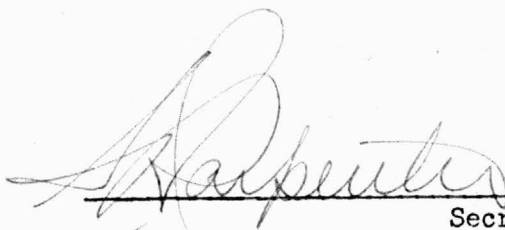
Memorandum dated January 22, 1946, from Mr. Hooff, Attorney, recommending that there be published in the February issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Margin Requirements for Purchasing Securities
Amendments to Regulations T and U

Foreign Funds Control
Treasury Department Releases

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.