Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, December 7, 1949.

PRESENT: Mr. McCabe, Chairman  
Mr. Szymczak  
Mr. Draper  
Mr. Vardaman  
Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Morrill, Special Adviser  
Mr. Thurston, Assistant to the Board

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 6, 1949, were approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"The Board has been engaged for some time in revising and extending the data on the condition of all banks for the period, 1896-1938. In connection with this project it is necessary to have certain information for state member banks by states, and for a few years the data needed are not available at the Board. It is hoped that they may be at the Federal Reserve Banks.

"It will be appreciated if you will furnish the Board the following summary tabulations, by States, of loans and investments of State member banks in your district:

For June call dates, 1922 to 1926, inclusive, the amounts of loans on real estate, loans on collateral, and all other loans.
For June call dates, 1925 to 1928, inclusive, the amounts of U. S. Government securities, securities of states and political subdivisions, and all other investments (including foreign government securities)."
"In lieu of summary figures, it will be satisfactory to submit work sheet tabulations. It will also be satisfactory to give whatever breakdown of loans and investments was required by the form of report used on each call, instead of the particular breakdowns indicated above.

"Since the project is well along, it would be appreciated if these data could be provided at your earliest convenience."

Approved unanimously.

Memorandum dated November 29, 1949, from Mr. Millard, Director of the Division of Examinations, recommending the promotion and increase in the basic annual salaries of the following members of the staff in that Division, effective December 23, 1949:

<table>
<thead>
<tr>
<th>Name</th>
<th>Promotion</th>
<th>Salary Increase</th>
</tr>
</thead>
</table>

Approved unanimously.

Memorandum dated November 30, 1949, from Mr. Millard, Director of the Division of Examinations, recommending that Federal Reserve Examiner Willis G. Brown be transferred from the field examining staff to the office staff of the Board's Division of Examinations, effective January 1, 1950.

Approved unanimously.

Memorandum dated November 6, 1949, from Chairman McCabe, reading as follows:

"Pending the selection of a successor to Mr.
"Clayton as a member of the Personnel Committee, I recommend that Mr. Draper be appointed to serve on this Committee."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation, reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that 'The Hartford-Connecticut Trust Company', Hartford, Connecticut, became a member of the Federal Reserve System on December 2, 1949, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Letter to Britton & Koontz National Bank in Natchez, Natchez, Mississippi, reading as follows:

"The Board of Governors has given consideration to your fiduciary application and grants you authority to act, when not in contravention of State or local law, as trustee under deed of trust covering property in the Montebello Subdivision, Natchez, Mississippi. The exercise
"Of such authority shall be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary power granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Letter to Mr. Robert D. Tucker, Lecturer in Finance, Department of Business Administration, University of California, Los Angeles 24, California, reading as follows:

"This refers to your letter of November 15, 1949, relating to your proposed thesis on the subject of common trust funds and to the interpretation of the provisions of Regulation F restricting the publication of information with respect to common trust funds. The pertinent provisions of Regulation F are contained in section 17(c)(3), to which you refer, and also in the third paragraph of section 17(a).

"For your information we quote the following from our reply of this date to a letter from a magazine editor stating that he had undertaken to compile for publication certain statistics concerning common trust funds and that some of the banks from which he had requested information had asked that he first clear the matter with us:

'The publication of statistics covering the composition, yields, and unit values of common trust funds raises a number of questions concerning the value, if any, of such statistics and the possible harmful results of their publication which warrant careful consideration. Without undertaking a detailed discussion of the problem at this time, we must say that we have serious reservations with respect to the publication of statistics such as you have in mind, even though the banks operating the particular funds would not be identified and the statistics, in the main would be in composite form.
'In the light of inquiries received from time to time concerning the publication of common trust fund statistics and the interpretation of the pertinent provisions of Regulation F, we are making a further study of this problem. In this connection, we are inviting the Common Trust Fund Committee of the Trust Division of the American Bankers Association to consider the matter and give us the benefit of its views. Thereafter, some further statement of the Board's views may be in order, but, in the meantime, we do not feel that we can give you the clearance which you desire.'

"As you will note from the foregoing, we question the advisability of publication of common trust fund statistics of the kind you have in mind, even though the banks operating the particular funds would not be identified; and, while we are making a further study of the problem, we do not feel that we should approve the publication of such statistics at this time. There would appear to be no objection, however, to a private study of common trust funds if it could be arranged that the study would not be published or made available for quotation."

Approved unanimously, together with the following letter to Mr. A. W. Whittlesey, Chairman, Committee on Common Trust Funds, Trust Division, American Bankers Association, c/o The Pennsylvania Company for Banking and Trusts, Philadelphia 1, Pennsylvania:

"This refers to the questions concerning the publication of common trust fund statistics which Mr. John C. Baumann, Assistant General Counsel to the Board, discussed with you briefly on the telephone a few days ago.

"There have been various proposals for the publication of common trust fund statistics, including statistics with respect to the composition, yields, and unit values of such funds. The statistics might be in composite form covering a number of funds or they might cover individual funds with comparisons being made between them. The banks operating particular funds might or might not be identified."
"In connection with these proposals, we have received inquiries concerning the propriety of banks furnishing information for this purpose, and the interpretation of the pertinent provisions of sections 17(a) and 17(c)(3) of Regulation F. We have serious reservations with respect to the publication of such statistics, even in cases where the banks operating particular funds would not be identified. However, in the light of the inquiries we have received, we believe that it is desirable to make a further study of the matter, with the view of possibly publishing some statement or ruling concerning it.

"In a study of this problem, there are a number of factors which appear to warrant careful consideration. On the one hand, there are questions with respect to purposes, if any, which would be served by the publication of common trust fund statistics. On the other hand, there are possible objections to the publication of such statistics, including those involving misinterpretation and misuse of the statistics, ill-informed and unfair comparisons of particular funds with other funds or with composite figures, encouragement of less conservative management of common trust funds, and encouragement of the use of common trust funds for general investment purposes, rather than strictly as a mechanism for the collective investment of funds of bona fide trusts.

"We know that your Committee from time to time has given considerable thought to questions relating to the publication of common trust fund statistics and it will be appreciated if the Committee will take this subject up again and let us have the benefit of its current views. In this connection, we believe that it may be desirable for you and members of the Board's staff to discuss this matter informally prior to any action by the Committee. If you agree, we would be glad to have you get in touch with Mr. Baumann to make arrangements for such a conference either here or elsewhere, at your convenience. As you requested in the telephone conversation mentioned above, we are enclosing several copies of this letter in order that you may furnish them to the members of your Committee."

Letter to Mr. Mills, Vice President and Cashier of the
Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your Bank's letter of November 23, 1949, in which you advise that it appears expenses for certain functions at your head office and Helena Branch will exceed the 1949 estimates as follows:

<table>
<thead>
<tr>
<th>Function</th>
<th>Minneapolis</th>
<th>Helena</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Overhead</td>
<td>$14,663</td>
<td></td>
</tr>
<tr>
<td>Provision of Space</td>
<td>36,168</td>
<td></td>
</tr>
<tr>
<td>Provision of Personnel</td>
<td></td>
<td>$824</td>
</tr>
<tr>
<td>Discount and Credit</td>
<td>9,534</td>
<td>96</td>
</tr>
<tr>
<td>Securities</td>
<td></td>
<td>80</td>
</tr>
<tr>
<td>Currency and Coin</td>
<td>6,944</td>
<td>4,498</td>
</tr>
<tr>
<td>Check Collection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>2,645</td>
<td></td>
</tr>
</tbody>
</table>

"The Board accepts the revised figures as submitted, and appropriate notations are being made in the Board's records."

Approved unanimously.

Approved:

Chairman.