

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, November 1, 1954. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
 Mr. Szymczak
 Mr. Mills
 Mr. Robertson
 Mr. Balderston

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Thurston, Assistant to the Board
 Mr. Vest, General Counsel
 Mr. Noyes, Assistant Director, Division of Research and Statistics
 Mr. Hackley, Assistant General Counsel

The following matters, which had been circulated among the members of the Board, were presented for consideration and action taken as indicated:

Memorandum dated October 21, 1954, from Mr. Carpenter, Secretary of the Board, recommending that the appointment of Sudelle Rice, File Clerk in the Office of the Secretary, be changed from temporary (six months) to a regular employment basis, with no change in her present basic salary at the rate of \$3,030 per annum, effective upon approval by the Board.

Approved unanimously.

Memorandum dated October 18, 1954, from Mr. Bethea, Director, Division of Administrative Services, stating that the application of L. L. Ball, Chief Telegraph Operator in that Division, for retirement on account of disability under the Board Plan of the Retirement System of the Federal Reserve Banks had been approved, effective December 1, 1954.

Noted.

Memorandum dated October 25, 1954, from Mr. Bethea, Director, Division of Administrative Services, stating that the application of Robert B. Carter, Laborer in that Division, for retirement under the

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Board Plan of the Retirement System of the Federal Reserve Banks had been approved, effective November 1, 1954.

Noted.

Letter to Mr. Vergari, Counsel and Assistant Secretary, Federal Reserve Bank of Philadelphia, reading as follows:

This refers to your letter of October 21, 1954, regarding the question whether the Board's resolution of December 23, 1915, with respect to the holding of public or political office by directors and officers of the Federal Reserve Banks, would be regarded as applicable to the service by Mr. Bayard L. England, who has been nominated as a Class B director of your Bank, as a commissioner and vice chairman-treasurer of the New Jersey State Highway Authority.

It is understood that the New Jersey State Highway Authority was created in 1952 principally for the purpose of constructing and operating the Garden State Parkway from Bergen and Passaic counties to Cape May, New Jersey; that members of the Authority are appointed by the Governor and serve without compensation other than reimbursement for actual expenses incurred in the discharge of their duties; and that, to the best of your knowledge, this office is regarded as nonpolitical.

On the basis of the information stated above, the Board would offer no objection to Mr. England's service as a member of the New Jersey State Highway Authority if he should be elected a Class B director of your Bank.

Approved unanimously.

Letter to the Board of Directors, The Black Rock Bank and Trust Company, Bridgeport, Connecticut, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch by The Black Rock Bank and Trust Company on the southwest corner of Black Rock Turnpike and Stillson Road in the Town of Fairfield, Connecticut, provided (1) that prior to the establishment of the branch the combined capital and surplus of the bank shall be increased to not less than \$1,200,000, of which \$450,000 shall represent capital stock and (2) that the branch is established within one year from the date of this letter.

Approved unanimously, for
transmittal through the Federal
Reserve Bank of New York.

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

Reference is made to your letter of October 19, 1954, submitting the request of the Manufacturers Trust Company, New York, New York, for a further extension of time within which it may establish a branch at 63-63/65 108th Street, Forest Hills, Queens County, New York.

It is noted that construction of the branch building has been delayed because of an unforeseen condition arising out of the presence of water beneath the surface of the building, and the necessity of obtaining the approval by the required building authorities of a change in the original plans.

On the basis of the information submitted and in accordance with your recommendation, the Board of Governors extends to May 16, 1955, the time within which the subject bank may establish a branch at the location stated above.

Approved unanimously.

Letter to Mr. Diercks, Vice President, Federal Reserve Bank of Chicago, reading as follows:

Reference is made to Mr. Van Zante's letter of October 20, 1954, submitting the request of the Security Bank, Lincoln Park, Michigan, for an extension of time within which to establish a branch at Northline Road and Dix-Toledo Road in Southgate, Ecorse Township, Wayne County, Michigan.

The Board concurs in the Reserve Bank's recommendation and extends to February 7, 1955, the time within which the Security Bank may establish the branch, provided a similar extension of time is granted by the State Banking Department. It is assumed that the branch will not be established until the pending litigation is settled in such a manner that will conclusively permit the branch to be legally established.

Approved unanimously.

Letter to the Board of Directors, Citizens Commercial & Savings Bank, Flint, Michigan, reading as follows:

On April 27, 1954, the Board of Governors approved the establishment of a branch of the Citizens Commercial & Savings Bank on Lots 18 and 19 of the Dort Highway Industrial Sites on Dort Highway between Court Street and Kearsley Street,

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Flint, Michigan, provided not less than \$1,000,000 in new capital funds are provided from a sale of common stock prior to the establishment of the branch, and the branch is established within ten months from April 27, 1954.

In accordance with request submitted through the Federal Reserve Bank of Chicago, the Board of Governors now approves the establishment of the branch at the southeast corner of Court Street and Dort Highway, Flint, Michigan, instead of at the location originally proposed and approved. This approval is subject to the same terms and conditions set forth in letter of April 27, 1954, above referred to.

Approved unanimously, for
transmittal through the Federal
Reserve Bank of Chicago.

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

This refers to your letter of October 6 submitting with your favorable recommendation a request on behalf of the First Bank of Charlestown, Charlestown, Indiana, for permission to act as trustee of a bond issue of a local school township building corporation. It is noted that it is not the desire of the bank to exercise general trust powers and that the authority requested is solely to permit the bank to act under this specific appointment.

In view of the Reserve Bank's recommendation and the information which has been submitted, the Board of Governors of the Federal Reserve System grants the applicant permission under the provisions of its condition of membership numbered 1 to act as trustee under an indenture securing an issue of \$410,000 bonds of the Charlestown School Township Building Co., Inc., with the understanding that it will not acquire any other fiduciary business without first obtaining the permission of the Board. Please advise the member bank accordingly.

Approved unanimously.

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

Inquiries have been received regarding the appropriate reporting of certain bond profits by member banks.

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Circumstances vary, but follow substantially this pattern: the member bank sells bonds at a substantial profit and replenishes its bond account, in some instances by repurchasing the same issues. The tax liability on the bond profit is computed and the remainder of the profit is credited to a deferred income account, which in some instances has been reported on the condition statement as a miscellaneous liability in Schedule I. The bank amortizes the balance of the deferred income to the date of maturity of the sold bonds and includes the amounts amortized in current income on investments.

The purposes of these transactions and procedures are to take long-term capital gains for income tax purposes and to provide an even flow of income producing approximately the same yield as if the original securities had been held to maturity.

The Board will interpose no objection to either of the following alternative treatments of these profits, but the first one involves much less bookkeeping:

First alternative, profits used to write down securities

- (1) The profits on securities sold are to be reported in item 4(a)(2) of the earnings report, Profits on securities sold or redeemed. (Recoveries, if any, of previous write-downs should be reported against item 4(a)(1).)
- (2) The income taxes applicable to these profits are to be included in item 7 of the earnings report, Taxes on net income.
- (3) The balance of profits is to be used to write down the carrying value of the bonds which were purchased in replacement of the bonds sold.

Second alternative, profits used as valuation reserves

- (1) and (2) -- same as (1) and (2) under the first alternative.
- (3) The balance of profits is to be reported as a transfer to valuation reserves against item 5(a) of the earnings report and in item 30, third column, of Section D of this report. On the condition report these valuation reserves are to be deducted from the appropriate items of Schedule B (or from asset items 3 or 4 if the securities sold were other than United States Government securities).

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- (4) The accumulation or transfer of these profits back to the undivided profits account should be reported against item 4(a)(1) of the earnings report as recoveries and transfers from valuation reserves on securities, with the corresponding amounts included in item 33, third column, of Section D.

Whichever alternative is used, it will avoid the undesirable result of writing up the securities account indirectly by the amount of net profits realized through the sale of securities above book value and their replacement with similar securities at a higher book value. Needless to say, this letter is not to be regarded as expressing an opinion on the tax aspects of the transactions described.

The Office of the Comptroller of the Currency has written a similar letter in reply to an inquiry from a District Chief National Bank Examiner.

Approved unanimously.

Letter to Mr. Deming, First Vice President, Federal Reserve Bank of St. Louis, reading as follows:

Your reply of October 15 to the Board's letter of September 27, regarding plans for the proposed new Louisville Branch building, has been read with much interest. The Board appreciates the consideration that has been given to the suggestions made in its letter.

It is noted that the depth of the stone pillars in front of the officers' quarters is being restudied, that the architects indicate that the pillars may be approximately three feet deep rather than five feet, and that you are confident the right solution will be found to this phase of design.

Your explanation that the height of the first floor window sills in the north and west walls as planned varies from a minimum of slightly more than eight feet to a maximum of slightly more than nine feet above grade, corrects, as you suggest, a misapprehension. It had appeared that they would be considerably lower. This explanation removes the basis for the suggestion regarding window levels made in the Board's letter. It is noted, however, that the window treatment in the north and west walls is to be studied carefully and that, in fact, the conclusion may be reached to eliminate the large window in the west wall. The elimination of that window appears to offer some distinct advantages.

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It is noted that, after studying the possibility of a setback from Liberty Street, the conclusion has been reached that it would be preferable to proceed along the original plan and build up to the property line on that street. One of the considerations leading to the subject of a setback on Liberty Street was the apparent vulnerability of the windows. The clarification as to the height of the first floor window sills and the attention being given to matters of security, particularly with respect to protective devices in window and door openings, reduces the weight of this consideration and the Board will not urge the matter further.

The Board has no other comments to offer about the plans and is confident that the thought and study given to the problem by the officers and directors of the Bank and the architects will result in a building that will be a credit to the District and to the System.

Approved unanimously.

There was presented a request from Mr. Vest for authority to travel to Richmond, Virginia, November 17-20, 1954, to attend a meeting of the Legal Subcommittee on Fiscal Agency Operations, a subcommittee of the Presidents' Conference.

Approved unanimously.

There were presented telegrams to the Federal Reserve Banks of Boston, New York, Cleveland, Richmond, St. Louis, Minneapolis, and Dallas approving the establishment without change by the Federal Reserve Banks of Boston and St. Louis on October 25, and by the Federal Reserve Banks of New York, Cleveland, Richmond, Minneapolis, and Dallas on October 28, 1954, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

At this point Mr. Young, Director, Division of Research and Statistics, entered the room.

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At the meeting on October 6, 1954, consideration was given to a memorandum from Mr. Young dated September 24, 1954, regarding the implementation of the request of the Talle Subcommittee for an evaluation of available statistics in the fields of savings, inventories, business expectations, and consumer expectations. The memorandum proposed the establishment of five small working committees, each composed of individuals of recognized professional competence and chaired by an outstanding independent expert in the field, which would be asked to prepare reports to the Board on the adequacy of available statistics in their respective areas. The memorandum estimated that expenses under such a program, including consultants' fees, per diem, travel expenses, etc., probably would run in the neighborhood of \$35,000, and it stated that for budgetary purposes an additional \$5,000 probably should be authorized to cover incidental costs and contingencies. Following a discussion of the suggested procedure, Mr. Young was authorized to proceed with the development of such a program and Governor Mills and former Governor Miller were designated as an ad hoc committee to direct the development of the program.

Prior to this meeting there had been circulated to the members of the Board two memoranda from Mr. Young dated October 15 and October 26, 1954, respectively, recommending that the following persons be appointed as consultants, effective until June 30, 1955, for work in connection with the request of the Talle Subcommittee:

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Raymond Goldsmith	Independent consultant, and staff member, National Bureau of Economic Research
Simon Kuznets	Professor of Economics, Johns Hopkins University, and staff member, National Bureau of Economic Research
James O'Leary	Director of Investment Research, Life Insurance Association of America
Roy Reiersen	Vice President, Bankers Trust Company, New York
George Terborgh	Research Director, Machinery and Allied Products Institute
J. Frederic Dewhurst	Executive Director, Twentieth Century Fund
Walter Hoadley	Economist, Armstrong Cork Company
William Butler	Economist, The Chase National Bank of the City of New York
Miles L. Colean	Independent real estate consultant
Irwin Friend	Research Professor of Finance, University of Pennsylvania
Ruth P. Mack	Economist, National Bureau of Economic Research
Moses Abramovitz	Professor of Economics, Stanford University, and staff member, National Bureau of Economic Research

The memoranda recommended that the persons named above be retained on a temporary contractual basis, with compensation at the rate of \$50 per day for each day worked for the Board, either in Washington or outside the city, plus a per diem in lieu of subsistence of \$15 per day for the amount of time spent in a travel status in connection with their assignments, and transportation expenses in accordance with the Board's travel regulations applicable to an assistant division director. The memoranda also stated that for purposes of travel the headquarters of each individual would be

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either the home or place of business, that it was not expected that the services of any individual would be needed for more than 30 days during the period concerned, and that this was a maximum estimate.

Chairman Martin suggested that Governor Mills continue to serve as the ad hoc committee authorized to direct the program for the study, to select additional consultants needed for the study, whose appointments and basis of compensation, per diem, and reimbursement for travel expenses would be entered in the minutes when approved by him, and to approve any other expenses incident to the work being done for the Talle Subcommittee, all within the over-all cost estimate approved at the meeting on October 6, 1954.

The recommendations contained in Mr. Young's memoranda of October 15 and 26 and the procedures suggested by Chairman Martin were approved unanimously.

Prior to this meeting there had been sent to the members of the Board copies of a revised draft of letter to Mr. Prochnow, Secretary of the Federal Advisory Council, reading as follows, prepared pursuant to the understanding at the meeting of the Board on October 28, 1954:

The Board would appreciate having the following items placed on the agenda for the meeting of the Board and the Federal Advisory Council to be held on Tuesday, November 16, 1954:

1. What are the views of the Council with respect to the prospective business situation during the remainder of this year and the first six months of next year and the probable changes that will take place in the volume and purpose of bank loans in each of these periods?

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2. What are the views of the members of the Council with respect to the System's current credit policies and what, if any, changes might be called for by developments during the balance of this calendar year or during the first two months of 1955?

3. In the light of the comments of the Federal Advisory Council at its meeting with the Board in September, and the suggestions received from the Federal Reserve Banks, the Board has given further study to the revising of Regulation A, adopted by the Board in 1937. As a result of this study, certain changes have been made in the draft sent to the members of the Council with Chairman Martin's letter of July 22, 1954. These changes will be forwarded to you as soon as possible and the Board will be glad to have any comments that the Council might wish to make at its November meeting.

4. What are the views of the Council on the question whether a commercial bank should be authorized to issue preferred stock or debentures as a means of augmenting capital funds? If the policy of giving such authority were adopted, in what circumstances should it be granted and what limitations should be applied?

5. The Board would be glad to have any comments that the Council may wish to make with respect to the report of the joint committee on check collections, which was discussed briefly at the meeting of the Board and the Council in September and at which time it was stated that the matter would be taken up with representatives of the American Bankers Association at the time of its convention in October.

Approved unanimously.

Mr. Noyes then withdrew from the meeting and Messrs. Riefler, Assistant to the Chairman, Thomas, Economic Adviser to the Board, and Youngdahl, Assistant Director, Division of Research and Statistics, entered the room.

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Reference was made to a memorandum from Governor Mills dated October 28, 1954, copies of which had been sent to all of the members of the Board, transmitting a further revision of the foreword of general principles to a proposed revision of Regulation A, Discounts for and Advances to Member Banks by Federal Reserve Banks, together with the latest revised text of the regulation. There had also been sent to the members of the Board copies of a statement designed for transmission to the members of the Federal Advisory Council and to the Chairmen and Presidents of the Federal Reserve Banks showing the changes in the latest draft of revised Regulation A as compared with the draft dated July 21, 1954. In addition, this statement included the prefatory note which Governor Robertson had suggested at the meeting on October 26, 1954, be inserted in the Federal Register along with the proposed revision of Regulation A. It also pointed out that the foreword, as now proposed, had put the principles in essay form and had otherwise been modified to temper the restrictive tone conveyed to some by the preceding draft.

In the discussion which ensued, particular attention was given to the first sentence in the fourth paragraph of the latest draft of foreword which stated that "the Federal Reserve Banks administer their discount responsibilities on the basis of uniform standards without discrimination in favor of or against any member bank or banks". There was agreement among the members of the Board that the sentence was susceptible of misinterpretation and should be eliminated.

At the conclusion of the discussion, it was agreed unanimously to transmit the revised draft of

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foreword and Regulation A to the members of the Federal Advisory Council and the Chairmen and Presidents of the Federal Reserve Banks for comment.

Secretary's Note: Pursuant to the above action, the following letter to the members of the Federal Advisory Council was sent over Chairman Martin's signature on November 2, 1954, and a letter also was sent to the Chairmen and Presidents of the Federal Reserve Banks which requested that any comments reach the Board by the date of the next meeting of the Board with the Council:

The Board's letter suggesting topics for discussion at the meeting of the Board and the Federal Advisory Council on Tuesday, November 16, 1954, included the following item:

"In the light of the comments of the Federal Advisory Council at its meeting with the Board in September, and the suggestions received from the Federal Reserve Banks, the Board has given further study to the revising of Regulation A, adopted by the Board in 1937. As a result of this study, certain changes have been made in the draft sent to the members of the Council with Chairman Martin's letter of July 22, 1954. These changes will be forwarded to you as soon as possible and the Board will be glad to have any comments that the Council might wish to make at its November meeting."

A copy of the new revision of the Regulation and the foreword is attached, together with a statement outlining the changes which have been made from the draft previously sent to you.

Mr. Hackley then withdrew from the meeting.

Governor Robertson referred to the discussion at the meeting on September 27, 1954, concerning the application of Occidental Savings & Commercial Bank, Los Angeles (North Hollywood), California, for permission to establish a branch in the Woodland Hills section of Los Angeles. A

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national bank (the Security-First National Bank of Los Angeles) had subsequently filed an application to establish a branch in the same area and it was understood that the Comptroller of the Currency favored granting the national bank's application. The application of Occidental Savings & Commercial Bank was approved unanimously by the Board, with the understanding that formal notification of the Board's action would not go forward until Governor Robertson had discussed the situation thoroughly with the Comptroller of the Currency.

Governor Robertson stated that he had arranged a meeting with the Comptroller today, on the basis of which it might be appropriate to notify the State member bank and the Federal Reserve Bank of San Francisco of the action taken by the Board on September 27. He said that at the meeting today there would also be discussion of certain competing applications for branches in the area of Seattle, Washington. In one of these cases, involving applications of the Seattle First National Bank, the Peoples National Bank of Washington, and the Seattle Trust and Savings Bank to establish branches on the Pacific Highway, King County, Washington, the Board had advised the Federal Reserve Bank of San Francisco in a letter dated July 7, 1954, that it was holding the application of the State member bank in abeyance until November 1, 1954, and suggested that the three banks applying for branches agree on separate locations, suitable distances one from another, which would serve the area to best advantage. In view of subsequent developments, as stated in documents placed in the Board's files,

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Governor Robertson recommended that the application of Seattle Trust and Savings Bank to establish a branch at South 154th Street and Pacific Highway, King County, Washington, be approved by the Board with the understanding that the notification would go forward following the conference today with the Comptroller of the Currency unless he (Governor Robertson) should decide otherwise on the basis of the conference.

Governor Robertson's recommendation was approved unanimously.

Governor Robertson stated that he also intended to discuss at today's meeting competing applications of the Seattle Trust and Savings Bank and the National Bank of Commerce, of Seattle, for permission to establish branches in a proposed shopping center to be located at 25th Avenue, N. E., and East 45th Street (University Place) in Seattle, and that a recommendation to the Board on this matter would be forthcoming.

Secretary's Note: In accordance with the actions taken by the Board on September 27, 1954, and today, and following receipt of appropriate advice from Governor Robertson, the following letters were sent under date of November 2, 1954:

Letter to the Board of Directors of the Occidental Savings & Commercial Bank, Los Angeles (North Hollywood), California, for transmittal through the Federal Reserve Bank of San Francisco

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment and operation of a branch at 22125 Ventura Boulevard, Los Angeles, California, by the Occidental Savings & Commercial Bank, provided (a) the branch is established within one year from the date of this letter, and (b) the capital of your bank is increased by not less than \$150,000 as required by the California State Banking Department.

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Letter to the Board of Directors, Seattle Trust and Savings Bank, Seattle, Washington, for transmittal through the Federal Reserve Bank of San Francisco

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment of a branch at South 154th Street and Pacific Highway, King County, Washington, provided the branch is established within six months from the date of this letter.

At this point Mr. Marget, Director, Division of International Finance, entered the room.

Prior to this meeting there had been sent to the members of the Board copies of a draft of telegram to Mr. Exter, Vice President, Federal Reserve Bank of New York, reading as follows, along with copies of the incoming telegram from Mr. Exter and a memorandum from Mr. Marget dated October 29, 1954, which commented on the matter in question and recommended approval of the telegram to Vice President Exter:

Your wire October 28. Board approves an extension of the arrangement to make loan or loans by your Bank to the Bank for International Settlements not to exceed \$25 million in the aggregate at any one time outstanding on the following terms and conditions:

A. Each such loan or loans to be made up to 98 per cent of the value of gold bars to be set aside at the time of each drawing under pledge to you.

B. Each such loan to run for a period of not more than seven days.

C. Each such loan to bear interest from the date it is made until paid at the discount rate of your Bank in effect on the date such loan is made.

D. The loan arrangement to expire on January 31, 1955.

It is understood that the usual participation will be offered to the other Federal Reserve Banks.

Following discussion by Mr.
Marget of the reasons for the loan

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arrangement with the Bank for International Settlements, which was originally entered into in October 1953, and a statement by Mr. Marget that the arrangement appeared to have worked out satisfactorily and should, in his opinion, be extended, unanimous approval was given to a telegram to Vice President Exter in the form set forth above.

Messrs. Thomas, Marget, Young, and Youngdahl then withdrew from the meeting.

Chairman Martin referred to a letter addressed to him under date of October 26, 1954, by Senator Flanders, as Chairman of the Subcommittee on Economic Stabilization of the Congressional Joint Committee on the Economic Report, advising officially that the Subcommittee would hold hearings on December 6 and 7, 1954, on United States monetary policy: recent thinking and experience. Attached to the letter was a statement of the Joint Committee, scheduled for release in November, indicating the nature and scope of the Subcommittee's study and listing certain questions which would be explored. Senator Flanders' letter stated that the Subcommittee would like to have answers from Chairman Martin, by November 20, on five of the questions listed. It also stated that the Subcommittee would like to have the members of the Board and the Presidents of the Federal Reserve Banks meet with the Subcommittee for a discussion of monetary policy on December 7, 1954, at 2:00 p.m.

Chairman Martin stated that copies of the letter and its attachment would be sent to all of the members of the Board, and that the Director of the Division of Research and Statistics and his staff were already

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engaged in drafting answers to the five questions referred to in the letter. He suggested in this connection that appropriate advice now be sent to the Presidents of the Federal Reserve Banks.

This suggestion was approved unanimously.

Secretary's Note: Pursuant to this action, the following letter was sent over the Chairman's signature to the Presidents of the Federal Reserve Banks on November 2, 1954:

The Board has now received a letter from Senator Flanders as Chairman of the Subcommittee on Economic Stabilization of the Joint Committee on the Economic Report, in which he advises officially that his Subcommittee will hold hearings on December 6 and 7, 1954, on U. S. monetary policy. A copy of the letter and attachment is enclosed.

You will note that the members of the Board and the Presidents of the 12 Federal Reserve Banks are requested to meet with the Subcommittee to discuss monetary policy on the afternoon of Tuesday, December 7 and that the Board is requested to submit by November 20 answers to the first five of the eight questions set forth in the attachment.

The staff is working on the draft of answers to these questions and I will be in touch with President Young as Chairman of the Presidents' Conference as to the changes to be made in the program of the meeting of the Presidents' Conference and the Federal Open Market Committee to accommodate the hearings.

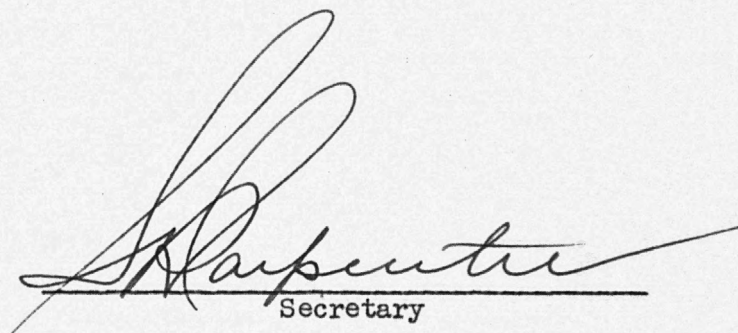
Mr. Vest reported that pursuant to the understanding at the meeting on October 26, 1954, members of the Legal Division met with a representative of The Chase Bank, New York, New York, on Friday, October 29, and discussed the points which were raised by the Board with respect to The Chase Bank's application to invest in the stock of a Canadian corporation. He said that The Chase Bank would now submit to the Board a letter covering the points discussed.

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on October 28, 1954, were approved unanimously.

The meeting then adjourned.



A. R. Carpenter
Secretary