

Minutes for April 5, 1961

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

Gov. Szymczak

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

The image shows handwritten initials and signatures on horizontal lines next to the names of the Board members. From top to bottom: a circled 'M' above a line; a signature above a line; a signature above a line; a signature above a line; the initials 'CCB' above a line; a signature above a line; and a signature above a line.

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, April 5, 1961. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Shepardson
Mr. King

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Shay, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Noyes, Director, Division of Research
and Statistics
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Chase, Assistant General Counsel
Mr. Conkling, Assistant Director, Division of
Bank Operations
Mr. Goodman, Assistant Director, Division of
Examinations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mrs. Semia, Technical Assistant, Office of the
Secretary
Mr. Gemmill, Economist, Division of International
Finance

Items circulated or distributed to the Board. The following
items, which had been circulated or distributed to the Board and copies
of which are attached to these minutes under the respective item numbers
indicated, were approved unanimously:

Item No.

Letter to Bankers Trust Company, New York City,
approving an extension of time to establish a
branch at 101 West 66th Street, Borough of
Manhattan.

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	<u>Item No.</u>
Letter to Virgin Islands National Bank, Charlotte Amalie, St. Thomas, Virgin Islands, approving a change in the location of its branch in Christiansted.	2
Letter to Bank of America, New York City, amending the Board's letter of March 23, 1961, relating to the organization of United Overseas Corporation and United Overseas Bank.	3
Letter to State Bank of Croswell, Croswell, Michigan, approving the establishment of a branch at 5482 Main Street, Lexington.	4

Publication in Federal Register of calls for condition reports

(Item No. 5). A memorandum dated April 4, 1961, from the Legal Division had been distributed in connection with a suggestion by the General Counsel of the Federal Deposit Insurance Corporation that the three Federal bank supervisory agencies jointly publish calls for reports of condition in the Federal Register. The Corporation had long made a practice of publishing its calls in the Register, since it considered that the terms of the Federal Register Act required it to do so. Further, under legislation enacted last year, the Corporation's assessments upon insured banks were now based on condition reports. Therefore, the Corporation proposed to continue the practice of publication and suggested that the other two agencies do likewise. The Board had not published its calls in the Register; its Legal Division, after a study of the question in 1937, concluded that such publication was not technically required because the call emanated from the Federal Reserve

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Banks rather than from the Board and because State member banks had actual notice from the Reserve Banks in all cases. Although those conclusions were still believed to be valid, it was suggested in the Division memorandum that in the interest of uniformity it might be desirable for the Board to join in the publication. Although the Division of Bank Operations felt that publishing of the calls would serve no useful purpose, it had no particular objection. It was understood that the Chief Counsel to the Comptroller of the Currency took the same attitude and would so advise the Comptroller, who had not previously followed the practice of publishing his calls in the Register.

There was a discussion during which the general view was expressed that no significant purpose would be served by the proposed joint publication. However, since the matter was considered to be of relatively little importance, it was agreed that the Board would go along with the suggestion. Accordingly, it was understood that a letter would be sent to the Federal Deposit Insurance Corporation in the form attached as Item No. 5.

Mr. Chase withdrew from the meeting at this point and Mr. Robinson, Adviser, Division of Research and Statistics, entered the room.

Proposed amendment to section 19 of the Federal Reserve Act (Item No. 6). A memorandum dated March 29, 1961, from the Legal Division had been distributed, accompanied by a draft of letter responding to a request from the Senate Banking and Currency Committee for a report on

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S. 1413, a bill to remove any interest rate ceiling on time deposits of foreign governments and certain foreign or international authorities. The bill was the same as the proposed draft bill with respect to which the Board informed the Bureau of the Budget, on March 3, 1961, that it did not object, except that the bill as introduced (1) referred only to time deposits instead of time or savings deposits and (2) included an additional provision amending section 18(g) of the Federal Deposit Insurance Act so as similarly to remove the interest rate ceiling on foreign time deposits carried with insured nonmember banks. The proposed letter to the Committee stated that the Board did not object to enactment of the bill. However, it pointed out that interest rate limitations are contained in the laws or regulations of a number of States, and that the purposes of the bill could not be accomplished unless supporting action was also taken by the authorities of those States.

Governor Shepardson recalled that when the Board was considering what report it should make to the Budget Bureau on the bill in draft form, Chairman Martin expressed to the Treasury Department certain doubts and questions in regard to the proposal. In the end, however, the Budget Bureau was informed that the Board would not object to the proposed legislation. He asked if it would be deviating too much from that position to indicate in the letter now under consideration that, although the Board did not object to enactment of the legislation, it had grave doubts as to its efficacy.

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Governor Mills expressed the view that a change of emphasis such as Governor Shepardson had suggested might be of concern to Chairman Martin, and Governor Balderston concurred.

Governor Shepardson then made the further comment that he was not sure as to the extent to which the Board should go on matters of this kind even in the interest of harmony. There were occasions, he agreed, where the Board might take the position that in the light of all the circumstances it did not care to register objections. However, an indication simply that the Board did not object seemed to him to go further than might be desirable.

Governor Mills stated that he would accept the letter as drafted.

Governor Robertson stated that he would dissent for the reasons he had expressed when the Board had under consideration advising the Budget Bureau, in respect to the draft bill, that it did not object. However, the proposed letter followed the position that the majority of the Board had agreed upon in responding to the Budget Bureau, and from that standpoint he felt that the letter would be appropriate.

There followed a discussion of the last paragraph of the proposed letter, relating to the effect of State statutes or regulations, during which Mr. Shay stated reasons why he felt that this facet of the matter was appreciated by persons in the Congress concerned with the proposed legislation.

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Reference also was made to the effect of removal of the authority of the Board to exercise restraint on the rate of interest paid on certain classes of foreign-owned time deposits on occasions when such restraint might be desirable. It was noted that this aspect of the matter had been mentioned in discussions with the Treasury, and that the Treasury reportedly had considered it.

Mr. Shay referred to the possible alternative of legislation in a form that would permit the Board to fix a higher maximum rate of interest on foreign than on domestic time deposits. He assumed that probably the Board would prefer to have the authority removed entirely than put on such a basis.

In further discussion it was brought out that the effect of removal of the Board's authority in respect to the rates paid on foreign-owned time deposits had been discussed previously in connection with the report to the Budget Bureau, and that the question had been resolved in favor of the position taken in the report that was made to the Bureau.

Governors King, Szymczak, and Balderston then indicated that they would favor sending the letter to the Banking and Currency Committee in the form in which it had been submitted to the Board.

Accordingly, it was agreed to send the letter in such form, Governor Robertson dissenting. Governor Shepardson stated that he went along with this decision reluctantly, and only because he had gone along with the report made previously to the Budget Bureau on the draft bill.

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A copy of the letter sent to the Chairman of the Senate Banking and Currency Committee pursuant to this action is attached as Item No. 6.

Messrs. Goodman and Gemmill left the meeting at this point.

Inspection of examination reports by Department of Justice. At its meeting on March 22, 1961, the Board decided, with Governors Mills and King dissenting, to permit representatives of the Department of Justice, upon request by that Department, to have access to examination reports of certain member State banks for the purpose of obtaining leads but not for use in evidence. Subsequently, the Board received a letter from the Assistant Attorney General requesting an opportunity to examine the reports of examination of two member State banks in Lexington, Kentucky, in connection with an antitrust suit brought by the Department with regard to a merger of two banks in that city.

A memorandum dated April 4, 1961, from the Legal Division had been distributed in connection with that request. It was pointed out in the memorandum that at the March 22 meeting the Board also decided that the Comptroller of the Currency and the Federal Deposit Insurance Corporation should be informed of the Board's position in order to give those agencies an opportunity to make representations to the Board on the subject, if they wished to do so, before the Board sent a favorable reply to the Department of Justice. The memorandum went on to say that Mr. Englert, Chief Counsel to the Comptroller of the Currency, had informed the Legal Division that, although the Comptroller would "deplore"

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the Board's action in making the reports of examination available, the Comptroller did not urge the Board to reconsider its decision. Mr. Coburn, General Counsel of the Federal Deposit Insurance Corporation, informed the Legal Division that the Corporation "urges strongly that the Board reconsider its decision." This apparently reflected Mr. Coburn's belief that if the reports were made available to the Department of Justice they also should be made available to the defendants in antitrust suits, and that the language of the letter from the Department of Justice indicated the possibility that the Department might make "a strong effort" to use the reports in evidence. Mr. Coburn had also said that one or more directors of the Corporation might wish to discuss the matter with members of the Board. A draft of letter to the Department of Justice acceding to its request accompanied the Division memorandum.

In discussion, Mr. Hackley pointed out that the last sentence of the draft letter, to the effect that the reports were being made available for use in developing information and not for disclosure in connection with the trial of the case or otherwise, was in conformity with the language of the Board's Rules of Organization and Procedure. It was then suggested that the last sentence of the letter be expanded to include specific reference to provisions of the Board's Rules under which the request was granted.

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Governor Mills recalled that when the matter of providing reports of examination to the Department of Justice in connection with antitrust suits was before the Board on March 22, 1961, he had recorded his dissent. That dissent still stood. In the circumstances, he saw no point in taking a position on the letter now under consideration and therefore he would abstain from voting.

Governor King referred to the understanding at the Board meeting on March 22 that Mr. Hackley would inform the Comptroller of the Currency and the Federal Deposit Insurance Corporation of the response the Board anticipated making to the Department of Justice if access to examination reports should be requested in connection with antitrust proceedings. The minutes for that meeting indicated that if the other banking agencies wished to make any representations to the Board, they should be permitted to do so. Governor King raised the question whether, since representatives of the other agencies had replied in the terms stated in the memorandum from the Legal Division, the Board should reconsider its previous position.

At Governor Balderston's request, Mr. Hackley then reviewed his conversation with Mr. Coburn, during which the latter had said that one or more of the directors of the Corporation might wish to discuss the matter with the Board. A discussion followed as to whether it should be expected that the Corporation's directors would take the initiative in expressing their views or whether the Board should contact them.

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It was the general view that the initiative might be expected to rest with the Corporation's directors; since they had not come forward, the Board should feel free to go ahead with its response to the Department of Justice. It was suggested, however, that it might be appropriate as a courtesy to call Chairman Cocke and inform him that the Board was prepared to accede to the request from the Department of Justice.

After further discussion the letter to the Department of Justice, in a form reflecting the change suggested at this meeting, was approved, Governors Mills and King abstaining, with the understanding that Governor Balderston would get in touch with Chairman Cocke and inform him of the Board's decision.

Secretary's Note: In the absence of Mr. Cocke, Governor Balderston talked with Mr. Wolcott. In the light of that conversation, it was decided not to send the letter to the Justice Department until Mr. Wolcott's comments had been reported to the Board. Such a report was made at the meeting on April 6, 1951.

Messrs. Shay, Hexter, and Leavitt then withdrew from the meeting.

Review of eligibility requirements under Regulation A (Item No. 7). A draft of letter to Mr. Bryan, Chairman of the Conference of Presidents, had been distributed under date of April 3, 1961, in connection with the understanding reached at the joint meeting of the Presidents with the Board on March 7, 1961, that the Board would consider a proposal, approved by the Conference, that a System staff

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committee undertake a basic review of discount eligibility requirements with a view to possible recommendations for changes in law, regulation, and administration. The draft letter reviewed the objectives of the proposed study, expressed the Board's concurrence as to its desirability, and commented on further steps that were envisaged with a view to putting the study in process.

At this meeting Mr. Sherman distributed a proposed additional paragraph regarding a letter dated March 3, 1961, in which Mr. John A. Moorhead, Chairman of the Committee on Correspondent Bank Relations of the Association of Reserve City Bankers, requested that "steps be taken to clarify those areas where doubts and misunderstandings have arisen" with respect to Regulation A. Copies of Mr. Moorhead's letter had previously been distributed to the Board.

In discussion, no disagreement was expressed with the view that the contemplated study would be desirable. Comments therefore were directed principally toward the form of the proposed letter to Chairman Bryan, and agreement was expressed with certain changes therein. One of these changes had the effect of eliminating from the letter an indication that a meeting of the discount officers of the Federal Reserve Banks at an early date might be useful to the staff committee appointed to carry out the study; according to the revised language, the comments of Mr. Bryan on the desirability and timing of such a meeting would be requested. It was also agreed that the additional paragraph suggested by Mr. Sherman should be included in the letter.

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Accordingly, unanimous approval was given to a letter to Chairman Bryan in the form attached as Item No. 7.

All of the members of the staff then withdrew and the Board went into executive session.

Travel arrangements. In a memorandum dated April 3, 1961, Chairman Martin advised that he had requested the American Express Company to make all hotel and travel arrangements, except arrangements for transportation from Washington to Paris and hotel accommodations in Paris and London, in connection with the forthcoming trip to be made by him and members of the Board's staff, which would include attendance at the meeting of the Economic Policy Committee of the Organization for Economic Cooperation and Development to be held in Paris in mid-April, visits to several European central banks, and attendance at the May meeting of the Bank for International Settlements to be held in Basle, Switzerland.

Following the executive session, the Secretary was advised that the Board had authorized payment of the invoice that would be submitted by the American Express Company for the cost of all transportation and hotel accommodations arranged by that Company, including the service charge involved, which it was understood might be about 25 per cent of the total bill.

The meeting then adjourned.

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Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:

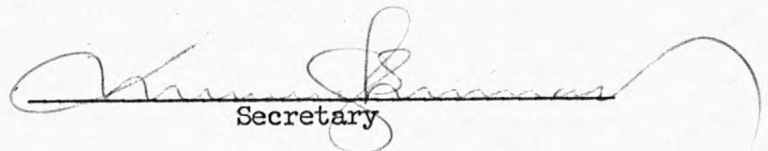
Memorandum from the Division of Research and Statistics dated March 30, 1961, recommending an increase in the basic annual salary of Ruth H. Clarke, Editorial Clerk in that Division, from \$4,460 to \$4,675, effective April 16, 1961.

Memorandum from the Division of Research and Statistics dated April 3, 1961, recommending the appointment of Robert Ferber, Research Professor of Economics at the University of Illinois, as a Consultant until December 31, 1961, for work in connection with consumer financial surveys, on a temporary contractual basis with compensation at the rate of \$50 per day for each day worked for the Board, and, in accordance with the Board's travel regulations, a per diem in lieu of subsistence for the amount of time spent in a travel status in connection with his assignments, and transportation. The memorandum stated that Mr. Ferber would probably work about six consultant days, which would involve about three trips to Washington from Urbana, Illinois.

Letter to Mr. Fulton, President of the Federal Reserve Bank of Cleveland, in his capacity as Chairman of the Presidents' Conference Committee on Systems and Procedures, advising that the following members of the Board's staff would serve as associates of the subcommittees indicated:

John R. Farrell
John N. Kiley, Jr.

Subcommittee on Electronics
Subcommittee on Methods and
Automation


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
4/5/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1961



Board of Directors,
Bankers Trust Company,
New York, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System extends to May 21, 1962, the time within which Bankers Trust Company, New York, New York, may establish a branch at 101 West 66th Street, Borough of Manhattan, New York, New York.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 2
4/5/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1961



Virgin Islands National Bank,
Charlotte Amalie, St. Thomas,
Virgin Islands.

Gentlemen:

In accordance with the request contained in your letter of March 9, 1961, addressed to the Federal Reserve Bank of New York, and pursuant to the Agreement entered into with the Board of Governors of the Federal Reserve System under the provisions of Section 25 of the Federal Reserve Act, the Board of Governors approves a change in location of your branch in Christiansted, St. Croix, Virgin Islands, from 52 King's Street to 12/13 King's Street, Christiansted. The location of the branch may not be changed, after removal, without the prior approval of the Board of Governors.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is removed to the new location and opened for business.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 3
4/5/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1961.



Bank of America,
41 Broad Street,
New York 15, New York.

Gentlemen:

Reference is made to the Board's letter of March 23, 1961, granting consent to Bank of America and Banca d'America e d'Italia ("BAI") to take certain actions in connection with the organization of United Overseas Corporation ("UOC") and United Overseas Bank ("UOB") and the purchase and/or exchange of stock of Banque Africaine Internationale, Societe Congolaise de Banque, Banque du Ruanda-Urundi and UOB. Sub-paragraph numbered (1) of the first paragraph on page 2 of the Board's letter provided:

"(1) Bank of America to contribute one-third of organizational capital expense of UOB and to receive capital shares of corresponding value, amounting to Swiss Francs 166,666 (approximately US\$38,750 equivalent);"

In line with the request contained in your letter of March 30, 1961, transmitted through the Federal Reserve Bank of New York, and information received informally from Vice President Healey of your Bank, sub-paragraph (1) is amended to read as follows:

"(1) Bank of America to contribute 20 per cent and BAI to contribute 10 per cent of organizational capital expense of UOB. It is understood Bank of America will receive capital shares of corresponding value amounting to Swiss Francs 100,000 and BAI capital shares amounting to Swiss Francs 50,000 (aggregating approximately US\$35,000 equivalent);"

It is understood from your letter and the comments of Vice President Healey that, while UOB will have capital of Swiss Francs 500,000, the exact capitalization of UOC is not known at this time. It is understood further that the valuation of the shares of the four banks will be subject to review by the Swiss banking authorities and the actual capitalization of UOC determined thereafter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25. D. C.

Item No. 4
4/5/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1961

Board of Directors,
State Bank of Croswell,
Croswell, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 5482 Main Street, Lexington, Michigan, by State Bank of Croswell, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 5
4/5/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



April 5, 1961

Mr. Royal L. Coburn, General Counsel,
Federal Deposit Insurance Corporation,
Washington 25, D. C.

Dear Mr. Coburn:

Reference is made to your letter of March 30, 1961, suggesting that the Board of Governors, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation jointly publish in the Federal Register notice of their Calls for Reports of Condition.

This will confirm the advice given you by telephone that the Board of Governors will have no objection to your publishing notices in the form enclosed with your letter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Merritt Sherman", written in dark ink. The signature is fluid and extends across the width of the page.

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 6
4/5/61

OFFICE OF THE CHAIRMAN

April 7, 1961.

The Honorable A. Willis Robertson, Chairman,
Committee on Banking and Currency,
United States Senate,
Washington 25, D. C.

Dear Mr. Chairman:

This is in response to your letter of March 23, 1961, requesting a report on the bill S. 1413 "To amend section 19 of the Federal Reserve Act and section 18 of the Federal Deposit Insurance Act to remove the authority to limit the rate of interest on time deposits of foreign governments and international financial institutions."

The bill would amend the 14th paragraph of section 19 of the Federal Reserve Act so as to make the provisions of that paragraph inapplicable to the rate of interest that may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member. A similar amendment would be made to section 18(g) of the Federal Deposit Insurance Act with respect to the rate of interest that may be paid on such deposits by insured non-member banks.

The Board does not object to enactment of this legislation.

It should be pointed out that in a number of States, including New York, State banks are limited as to the rate of interest payable by them on time deposits, either pursuant to State statute or regulations of the State banking authorities issued pursuant to statute. Section 24 of the Federal Reserve Act prohibits any national bank from paying interest on time or savings deposits at a rate in excess of that authorized by State law to be paid upon such deposits by State banks in the State in which the national bank is located. Consequently, enactment of S. 1413 would not relieve member banks (both State and national) or insured nonmember banks from interest rate limitations applicable under State law or regulations unless appropriate action is taken by the State authorities.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 7
4/5/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1961.

Mr. Malcolm Bryan,
Chairman of the Conference of Presidents,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Bryan:

At the joint meeting of the Presidents of the Federal Reserve Banks and the Board of Governors on March 7, 1961, it was understood that the Board would consider the proposal approved by the Conference of Presidents that a System staff committee undertake a basic review of discount eligibility requirements with a view to possible recommendations for changes in law, regulation, and administration.

It is the Board's understanding that the objectives of such a study would be (1) to seek to identify present problems in this field, including problems resulting from, or that may at some time in the future result from, (a) an insufficiency of paper held by member banks that is technically eligible for discount or (b) differences in interpretations among the Reserve Banks as to eligibility of paper for discount; (2) to consider whether the technical requirements as to eligibility might be relaxed by means of changes in administrative practices, Board interpretations, or amendments to Board regulations; and (3) to consider whether any changes in law with respect to this matter may be desirable.

With these objectives in mind, the Board concurs in the conclusion of the Presidents that a basic review of eligibility requirements by a System staff committee would be desirable.

Since the study may result in proposals for changes in Board interpretations and regulations or in statutory provisions, it would seem appropriate for the committee to include representatives of the staffs of both the Federal Reserve Banks and the Board; and it is contemplated, therefore, that the Board will consult with the Chairman of the Conference of Presidents as to the designation of Board membership of the committee.

In connection with the discount operations of the Federal Reserve Banks, the Board believes that a useful purpose would be



Mr. Malcolm Bryan

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served by a meeting of the discount officers of the Federal Reserve Banks. At such a meeting, the agenda might include, in addition to other matters, a discussion of eligibility requirements that might prove to be useful to the committee appointed to study this matter. Your comments as to the desirability and timing of such a meeting will be appreciated.

For your information, there is enclosed a copy of a letter addressed to the Board under date of March 3, 1961, by the Chairman of the Committee on Correspondent Bank Relations of the Association of Reserve City Bankers. This letter states that there seems to be a lack of uniformity among the several Federal Reserve Banks in applying the discount provisions of the Board's Regulation A. Except for acknowledgment, the Board has not replied to this letter. The Board believes that little purpose would be served by having a committee established by the Association of Reserve City Bankers to confer with a System committee on this general subject until after at least preliminary results of the study of eligibility requirements were available from the joint committee referred to earlier in this letter. Your comments on this point would be appreciated.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure.