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Minutes for October 22, 1962

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.

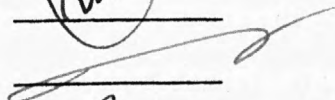
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

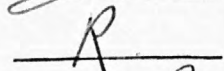
Chm. Martin



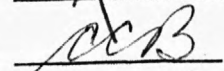
Gov. Mills



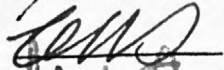
Gov. Robertson



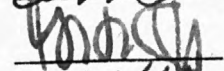
Gov. Balderston



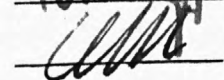
Gov. Shepardson



Gov. King



Gov. Mitchell



Minutes of the Board of Governors of the Federal Reserve System on Monday, October 22, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Mills
Mr. Shepardson

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board

Messrs. Noyes, Koch, Brill, Holland, Williams,
Dembitz, Altmann, Eckert, Freedman, Manookian,
Partee, Peret, Wernick, and Yager, and
Miss Dingle of the Division of Research and
Statistics

Messrs. Furth, Hersey, Sammons, Katz, Wood,
Emery, Feiser, Maroni, Reynolds, and
Swerling of the Division of International
Finance

Governor Coombs and Mr. McSharry of the Reserve Bank of Australia also were present.

Economic review. The Divisions of Research and Statistics and International Finance presented a review of domestic and international economic and financial developments.

Governor Coombs and Mr. McSharry then withdrew from the meeting along with all of the members of the Board's staff except Messrs. Sherman, Kenyon, Young, Fauver, and Sammons, and the following entered the room:

Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank
Operations

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Circulated or distributed items. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to Bankers Trust Company, New York, New York, approving the establishment of a branch at 605 Third Avenue, Borough of Manhattan.	1
Notice for publication in the Federal Register relating to a proposed amendment to Regulation G, Collection of Noncash Items.	2
Letter to the Presidents of all Federal Reserve Banks expressing concurrence in the recommendations of the Conference of Presidents with respect to the handling of envelope drafts.	3
Letter to Dr. Javier Marquez with respect to a "cooperating membership" for the Federal Reserve System in the Center for Latin American Monetary Studies. (With the understanding that appropriate advice would be sent to the Federal Reserve Banks.)	4

All members of the staff except Messrs. Sherman, Kenyon, and Fauver then withdrew from the meeting.

Director appointments. With reference to action taken by the Board on October 19, 1962, Chairman Martin reported that Mr. Nils Y. Wessell, Chairman of the Federal Reserve Bank of Boston, would not be in a position to accept reappointment as a Class C director upon the expiration of his term on December 31, 1962.

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Following a brief discussion of the information reported by Chairman Martin, it was agreed unanimously to designate Mr. Erwin D. Canham, presently Deputy Chairman of the Boston Reserve Bank, as Chairman and Federal Reserve Agent for the calendar year 1963, with compensation fixed at an amount equal to the fees that would be payable to any other director of the Bank for equivalent time and attendance to official business.

It was also agreed unanimously to appoint Mr. William Webster, currently a Class C director of the Boston Reserve Bank, as Deputy Chairman of the Bank for the year 1963.

It was understood that telegrams advising of the foregoing designation and appointment would not be sent to the parties concerned until about the time of the forthcoming meeting of the Conference of Chairmen of the Federal Reserve Banks.

In further discussion, Mr. Fauver recited the names of those Class C directors and branch directors at several Federal Reserve Banks who would not be eligible for reappointment upon expiration of their present terms at the end of the year 1962, and Chairman Martin suggested a procedure for obtaining information, through the respective members of the Board, on persons who might be considered for appointment as replacements. It was understood that biographical data on such persons, as obtained, would be distributed to the members of the Board for consideration.

Directors' day. It was agreed to fix Thursday, March 14, 1963, as the tentative date for the annual program for newly-appointed Reserve

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Bank and branch directors. This meant that if the usual schedule were followed, a dinner would be tendered on Wednesday, March 13.

The meeting then adjourned.


Secretary

Item No. 1
10/22/62

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



October 22, 1962

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 605 Third Avenue, Borough of Manhattan, New York, New York, by Bankers Trust Company, New York, New York, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

NOTICE
FEDERAL RESERVE SYSTEM

Item No. 2
10/22/62

[12 CFR Part 207]

[Reg. G]

COLLECTION OF NONCASH ITEMS
Definition of Noncash Items

The Board of Governors is considering adding a new paragraph (d) to § 207.1, which contains the definition of noncash items under Part 207, relating to the collection of noncash items. This amendment will necessitate the redesignation of the present paragraphs (d) through (f) as paragraphs (e) through (g). The proposed effective date for this amendment would be June 1, 1963.

The purpose of this amendment is to reduce the volume of items presented to the Federal Reserve Banks as "cash items" which, because of their nature, require special handling.

The proposed amendment to § 207.1 is as follows:

§ 207.1 - Definition of noncash items.

* * * * *

(d) Checks, drafts, and other items with special instructions or requiring special handling;

This notice is published pursuant to section 4 of the Administrative Procedure Act and section 2 of the rules of procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.1). The proposed change is authorized under the authority cited at 12 CFR Part 207.

To aid in the consideration of the foregoing matter the Board will be glad to receive from interested persons any relevant data, views, or arguments. Although such material may be sent directly to the Board, it is preferable that it be sent to the Federal Reserve Bank of the district, which will forward it to the Board for consideration. All such material should be submitted in writing to be received not later than November 19, 1962.

Dated at Washington, D. C., this 22nd day of October, 1962.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

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

S-1843

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 22, 1962.



Dear Sir:

The Board of Governors concurs in the action taken by the Conference of Presidents at its meeting on September 10, 1962, adopting the recommendations contained in the Joint Report of the Subcommittee on Collections and the Subcommittee of Counsel on Collections, dated August 29, 1962, with respect to the collection of envelope drafts.

In implementation of this action, the Board is publishing in the Federal Register notice of a proposed amendment to Regulation G, Collection of Noncash Items, which, with conforming changes in the lettering of succeeding paragraphs of the section, would add to section 207.1 of the Regulation a new paragraph as follows:

"(d) Checks, drafts, and other items with special instructions or requiring special handling;"

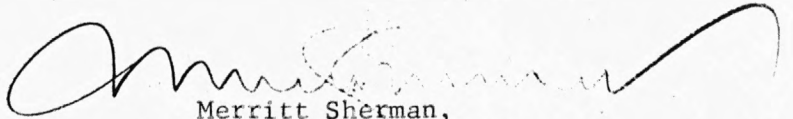
It will be noted that any comments must be submitted to the Federal Reserve Banks in time to be received not later than November 19, 1962. A copy of the notice of the proposed amendment as prepared for publication in the Federal Register is enclosed.

The notice of the proposed amendment indicates that, if adopted, the amendment would become effective June 1, 1963. It is understood that, as of the same date, conforming changes would be made by the Federal Reserve Banks in their operating letters or circulars relating to the collection of noncash items.

The Board has also approved the proposed change of the word "should" to "must" in the uniform paragraph of the cash collection circulars of the Reserve Banks that now provides that items with passbook, certificate or any other document attached, and items with special instructions or requiring special handling "should" be sent to the Reserve Bank as noncash items, such change to take effect as of the effective date of the amendment to Regulation G.

It is understood that, promptly following final adoption of the amendment to Regulation G, and at least six months prior to the effective date of the amendment, a circular letter regarding this matter will be sent by the Federal Reserve Banks to banks in their districts.

Very truly yours,



Merritt Sherman,
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 4
10/22/62

OFFICE OF THE CHAIRMAN

October 22, 1962.



Mr. Javier Marquez, Director,
Center for Latin American
Monetary Studies,
San Juan de Letran No. 2, Piso 32,
Mexico 1, D. F.

Dear Mr. Marquez:

This is in reply to your letter of October 11, 1962,
inviting the Federal Reserve System to become a "cooperating member"
of the Center for Latin American Monetary Studies.

The Board has authorized acceptance of the invitation
extended by you on behalf of your Assembly, effective with the
calendar year beginning January 1, 1963. It is understood that an
annual membership payment of \$18,000 would be appropriate for the
System.

Past cooperation between the Federal Reserve System and
CEMLA has been mutually profitable, and we look forward to increasing
benefits from this closer relationship.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.