

FR 609
Rev. 9/61

Minutes for February 6, 1963

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	<u>W</u>
Gov. Mills	<u>[Signature]</u>
Gov. Robertson	<u>[Signature]</u>
Gov. Balderston	<u>CCB</u>
Gov. Shepardson	<u>[Signature]</u>
Gov. King	<u>[Signature]</u>
Gov. Mitchell	<u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, February 6, 1963. The Board met in the Board Room at
10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Noyes, Director, Division of Research
and Statistics
Mr. Solomon, Director, Division of
Examinations
Mr. Hexter, Assistant General Counsel
Mr. Shay, Assistant General Counsel
Mr. Leavitt, Assistant Director, Division
of Examinations
Mr. Mattras, General Assistant, Office
of the Secretary
Mr. Hill, Attorney, Legal Division
Mr. Eckert, Chief, Banking Section,
Division of Research and Statistics
Mr. Sundberg, Review Examiner, Division
of Examinations

Survey of rates on time and savings deposits (Items 1 and 2).

There had been distributed a memorandum from the Division of Research and Statistics dated February 5, 1963, submitting a draft of letter to the Federal Reserve Banks that would request a survey of a sample of member banks with respect to prevailing interest rates on savings and other time deposits. The proposed survey was intended as a follow-up of a similar survey conducted in January 1962, and as part of a continuing assessment of the effects of the increase, effective January 1, 1962,

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in the maximum interest rates permitted under Regulation Q. It was felt that the proposed survey would not be a difficult one from the standpoint of the Reserve Banks, and the Treasury Department was also interested in the information that would be developed from the standpoint of its continuing evaluation of the savings bond program.

Discussion brought out that the sample would include the same banks from which information was collected in the January 1962 survey, thus facilitating the study of rate changes. Reference also was made to negotiable certificates of deposit, rates on which were not to be requested in the survey, and the difficulty of obtaining meaningful rate information on such certificates was explained.

In reply to a question, Mr. Noyes noted that a survey had been made about a month earlier with respect to negotiable certificates of deposit, but not including rate information. He indicated that the results of that survey would be available shortly.

During further discussion, it was noted that the proposed survey would not include interest rates on time deposits of foreign central banks and certain other foreign institutions not subject to the rate limitations of Regulation Q. It was suggested that the survey could easily be broadened to include rates on such foreign deposits since they were concentrated in the banks of a few major cities.

The Board then authorized the making of the survey and approved the proposed letter to the Reserve Banks, with the understanding that

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the letters to the Federal Reserve Banks of New York, Chicago, and San Francisco would include an additional paragraph that would request supplementary information relating to the interest rates paid on time deposits of foreign central banks and other foreign institutions not subject to the rate limitations of Regulation Q.

A copy of the letter sent to all Federal Reserve Banks except New York, Chicago, and San Francisco is attached to these minutes as Item No. 1. A copy of the letter sent to the Federal Reserve Bank of New York is attached as Item No. 2.

Messrs. Molony, Noyes, and Eckert then withdrew.

Application of Peoples Bank of Glen Rock. There had been distributed a memorandum from the Division of Examinations dated January 31, 1963, and other pertinent papers regarding the application of Peoples Bank of Glen Rock, Glen Rock, Pennsylvania, for permission to merge with Codorus National Bank in Jefferson, Codorus (Jefferson Borough), Pennsylvania. The recommendation of the Division was favorable.

Mr. Leavitt reviewed the facts of the case, as presented in the memorandum and other papers, following which the application was approved unanimously, with the understanding that an order and statement reflecting this decision would be prepared for the Board's consideration.

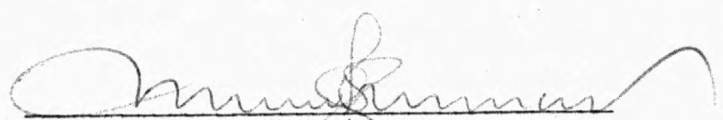
The meeting then adjourned.

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

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Memorandum from the Division of Examinations recommending an increase in the basic annual salary of Donald O. Starr, Assistant Federal Reserve Examiner in that Division, from \$5,205 to \$5,725, effective February 17, 1963.

Letter to the Federal Reserve Bank of Boston (attached Item No. 3) approving the designation of 33 employees as special assistant examiners.


Secretary

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

Item No. 1
2/6/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 7, 1963.

Dear Sir:

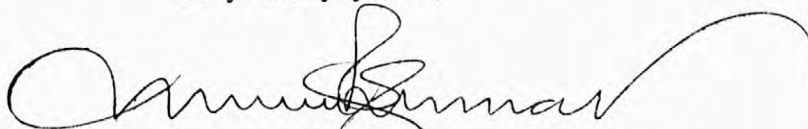
Information on rates of interest currently being paid by member banks on savings and other time deposits would be of value, particularly in connection with the Board's continuing assessment of the effects of the change in maximum permissible rates under Regulation Q that became effective on January 1, 1962. The Treasury Department is also interested in such information as part of its continuing evaluation of the savings bond program.

Accordingly, the Board would appreciate your arranging for a survey by telephone or otherwise of rates in effect on savings and other time deposits at the same sample of member banks from which such information was obtained in January 1962. That survey, you will recall, covered all member banks with total deposits of \$50 million and over and a random 10 per cent sample of smaller member banks separately selected from each of three size groups--total deposits under \$5 million, \$5-\$10 million, and \$10-\$50 million. Please supply for each bank the information shown on the enclosed form. A list of the banks in your district covered in last year's survey is attached, and a supply of reporting forms is enclosed.

Bank structure changes and other considerations may make necessary some changes in the sample. Where substitute banks are included, comparable rates in effect in mid-January 1962 should be shown on the forms for such banks.

The completed forms should be mailed so as to reach the Board not later than February 18. Tabulations of the results will be distributed to all Federal Reserve Banks as soon as they are available.

Very truly yours,



Merritt Sherman,
Secretary.

Enclosures.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS EXCEPT NEW YORK, CHICAGO, AND SAN FRANCISCO:

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

Item No. 2
2/6/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 7, 1963.

Mr. Alfred Hayes, President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Hayes:

Information on rates of interest currently being paid by member banks on savings and other time deposits would be of value, particularly in connection with the Board's continuing assessment of the effects of the change in maximum permissible rates under Regulation Q that became effective on January 1, 1962. The Treasury Department is also interested in such information as part of its continuing evaluation of its savings bond program.

Accordingly, the Board would appreciate your arranging for a survey by telephone or otherwise of rates in effect on savings and other time deposits at the same sample of member banks from which such information was obtained in January 1962. That survey, you will recall, covered all member banks with total deposits of \$50 million and over and a random 10 per cent sample of smaller member banks separately selected from each of three size groups--total deposits under \$5 million, \$5-\$10 million, and \$10-\$50 million. Please supply for each bank the information shown on the enclosed form. A list of the banks in your district covered in last year's survey is attached, and a supply of reporting forms is enclosed.

Bank structure changes and other considerations may make necessary some changes in the sample. Where substitute banks are included, comparable rates in effect in mid-January 1962 should be shown on the forms for such banks.

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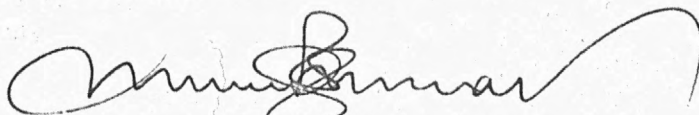
In addition, the Board would appreciate receiving information from the Federal Reserve Banks of New York, Chicago, and San Francisco

Mr. Alfred Hayes

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concerning interest rates paid on time deposits of foreign governments and other foreign institutions not subject to the rate limitations of Regulation Q. Please indicate for the banks holding such deposits in your district the rates currently offered in the various maturity ranges.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Merritt Sherman".

Merritt Sherman,
Secretary.

Enclosures.

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

Item No. 3
2/6/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 6, 1963

AIR MAIL

Mr. Luther M. Hoyle, Jr., Vice President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Hoyle:

In accordance with the request contained in your letter of January 29, 1963, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Boston for the purpose of participating in examinations of State Street Bank and Trust Company, Boston, Massachusetts; The Connecticut Bank and Trust Company, Hartford, Connecticut; Depositors Trust Company, Augusta, Maine; The Merrill Trust Company, Bangor, Maine; and Rhode Island Hospital Trust Company, Providence, Rhode Island:

- Bergin, Helen M.
- Cullen, Kathleen A.
- Davenport, Harriet C.
- DeLorie, William J.
- DeLuca, Carmella
- Downing, Virginia
- Ficociello, Evelyn L.
- Finnell, Lorraine M.
- Fish, Ernestine L.
- Flaherty, Jane A.
- Gorfinkle, Betty R.
- Griffin, Patricia F.
- Kenney, John P., Jr.
- Joseph, Dorothy B.
- LaPlante, Kenneth P.
- Laskey, Marion L.

- Lofgren, Stephen A.
- Mach, Anthony
- McGinn, Mary F.
- Mitiguy, Harry R.
- Norton, Frances M.
- O'Leary, John T.
- Orlando, Phyllis L.
- Petrino, Susan E.
- Smith, Laurence A.
- Spencer, Rosemary
- Swanson, Carole Ann
- Towle, Bernard H., Jr.
- Trainito, Rose M.
- Valliancourt, Richard
- Vella, Joseph S.
- Vosgerchian, Lucile
- Williamson, Florence

As requested, the authorization previously given your Bank to designate Mr. Mitiguy as a special assistant examiner is hereby canceled. Appropriate notations have been made on our records of the names to be deleted from the list of special assistant examiners.

Very truly yours,
(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.