

9/63

Minutes for November 15, 1963

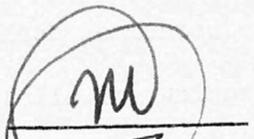
To: Members of the Board
From: Office of the Secretary

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.

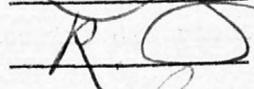
Chm. Martin



Gov. Mills



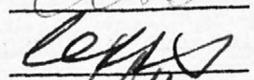
Gov. Robertson



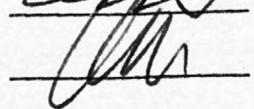
Gov. Balderston



Gov. Shepardson



Gov. Mitchell



Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Friday, November 15, 1963.

The meeting was held in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Noyes, Director, Division of Research and Statistics
Mr. Koch, Associate Director, Division of Research and Statistics
Mr. Brill, Adviser, Division of Research and Statistics
Mr. Furth, Adviser, Division of International Finance
Mr. Hersey, Adviser, Division of International Finance
Mr. Eckert, Chief, Banking Section, Division of Research and Statistics
Mr. Yager, Chief, Government Finance Section, Division of Research and Statistics
Mr. Axilrod, Senior Economist, Division of Research and Statistics
Mr. Goldstein, Economist, Division of International Finance

Money market review. Mr. Koch commented on developments in the Government securities market, following which he discussed tables that had been distributed on the volume of official purchases of longer term Government securities, the maturity distribution of Federal Reserve security holdings, ownership of Government securities maturing in more than five years, capital market financing, and selected interest rates. A table summarizing monetary developments in the four weeks ended November 13, 1963, also had been distributed.

11/15/63

-2-

Mr. Axilrod reviewed developments in reserves, bank lending rates, and bank liquidity, after which Mr. Goldstein reviewed foreign exchange market and related developments.

All members of the staff who had been present except Messrs. Sherman, Kenyon, and Molony then withdrew from the meeting and the following persons entered the room:

Mr. Hackley, General Counsel
 Mr. Solomon, Director, Division of Examinations
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Poundstone, Review Examiner, Division of Examinations

The following actions were taken subject to ratification at the next meeting of the Board at which a quorum was present:

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, St. Louis, Minneapolis, and Dallas on November 14, 1963, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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 The Chase Manhattan Bank, New York, New York, approving the establishment of a branch at 3126 Avenue U, Brooklyn.	1
Letter to Valley Bank and Trust Company, Springfield, Massachusetts, approving the establishment of a branch in Ludlow.	2

11/15/63

-3-

	<u>Item No.</u>
Letter to The Union Commerce Bank, Cleveland, Ohio, approving the establishment of a branch at East Ninth Street and St. Clair Avenue.	3
Letter to The Hermann Bank, Hermann, Missouri, approving the declaration of a dividend in December 1963.	4
Letter to Effingham State Bank, Effingham, Illinois, approving the declaration of a dividend in the fourth quarter of 1963.	5
Letter to Bank of America, New York, New York, granting permission to acquire shares of the proposed Commercial Bank of Libya, Tripoli, Libya.	6

In connection with Item No. 6, it was noted that the Board's letter contained the usual provision, in a case of this kind, that when required by the Board of Governors, Bank of America would cause the Libyan bank to permit examiners appointed by the Board to examine the Libyan bank. While it was the feeling that this provision should be included, the point was raised that conceivably it might be resisted by the host country, particularly since Bank of America would have less than a majority interest in the Libyan bank, in which event the matter would have to be dealt with by the Board in such manner as might seem appropriate in the circumstances.

The meeting then adjourned.

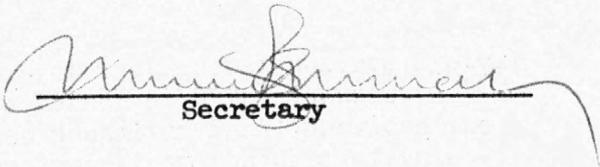
Secretary's Notes: Letters were sent today to First National City Bank, New York, New York, acknowledging receipt of notices of intent to establish three branches in the following locations: (1) Chowringhee area of Calcutta, India; (2) in the vicinity of the Pasaje Olaya, Lima, Peru; (3) Concepcion, Chile.

11/15/63

-4-

Pursuant to discussion by the Board in executive session on November 6, 1963, a letter was sent today over the signature of Chairman Martin to the Chairman of the Board of Trustees, Federal Woman's Award, c/o U. S. Civil Service Commission, transmitting the nomination of Alvern H. Sutherland, Chief Librarian, Division of Research and Statistics, for the fourth annual Federal Woman's Award.

Acting in the absence of Governor Shepardson, Governor Robertson noted on behalf of the Board a memorandum from the Division of Administrative Services advising that Charles A. Noell, Guard in that Division, had filed application for retirement, effective at the close of business November 15, 1963.


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
11/15/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 15, 1963



Board of Directors,
The Chase Manhattan Bank,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 3126 Avenue U, Brooklyn, New York, by The Chase Manhattan Bank; 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.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

4009

Item No. 2
11/15/63

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 15, 1963



Board of Directors,
Valley Bank and Trust Company,
Springfield, Massachusetts.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Valley Bank and Trust Company, Springfield, Massachusetts, of a branch on East Street, opposite Soule Road, Ludlow, Massachusetts, 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.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

4010

Item No. 3
11/15/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 15, 1963

Board of Directors,
The Union Commerce Bank,
Cleveland, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The Union Commerce Bank, Cleveland, Ohio, at the southeast corner of the intersection of East Ninth Street and St. Clair Avenue, Cleveland, Ohio, provided the branch is established within two years from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 4
11/15/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 15, 1963



Board of Directors,
The Hermann Bank,
Hermann, Missouri.

Gentlemen:

The Board of Governors has received from Mr. O. O. Wyrick, Vice President, Federal Reserve Bank of St. Louis, your request for the declaration of a dividend of \$3,000 to be made on December 17, 1963. The Board's permission for the declaration of this dividend is required under the provisions of paragraph 6, Section 9 of the Federal Reserve Act and Section 5199(b), United States Revised Statutes.

The Board has given careful consideration to the facts and approves the declaration of the above-mentioned dividend. This letter does not authorize any other declaration of dividends in 1963 or later.

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
11/15/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 15, 1963

Board of Directors,
Effingham State Bank,
Effingham, Illinois.

Gentlemen:

A copy of a letter dated October 5, 1963, from Mr. George L. Dehn, President, Effingham State Bank, addressed to Mr. O. O. Wyrick, Vice President, Federal Reserve Bank of St. Louis, has been received by the Board of Governors. In this letter Mr. Dehn requests that the Board approve the declaration of a dividend of \$26,250 to be made in the fourth quarter of 1963. The Board's approval is necessary under the provisions of paragraph 6, Section 9 of the Federal Reserve Act and Section 5199(b), United States Revised Statutes.

The Board has given careful consideration to the facts and approves the declaration of a dividend of \$26,250 in the fourth quarter of 1963. This letter does not authorize any other declaration of dividends for 1963 or later.

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. 6
11/15/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 15, 1963.



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

Gentlemen:

In accordance with your request and on the basis of the information furnished in your letter of September 30, 1963, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants consent for Bank of America to purchase and hold up to 29 per cent of the capital stock of the proposed Commercial Bank of Libya, Tripoli, Libya, at a cost of approximately US\$203,000, provided such stock is acquired within one year from the date of this letter.

The Board's consent to the proposed purchase and holding of stock by Bank of America is granted subject to the following conditions:

- (1) That Bank of America shall not hold any stock in the Libyan bank if the Libyan bank at any time fails to restrict its activities to those permissible to a corporation in which Bank of America, with the consent of the Board of Governors, may purchase and hold stock under Section 25(a) of the Federal Reserve Act or Regulation K, or if the Libyan bank, except with the consent of the Board of Governors, establishes any branch or agency (other than the contemplated branch at Benghazi, Libya) or takes any action or undertakes any operation in Libya or elsewhere which at that time is not permissible to Bank of America without such consent;
- (2) That, when required by the Board of Governors, Bank of America will cause the Libyan bank to permit examiners appointed by the Board of Governors to examine the Libyan bank and to furnish the Board of Governors with such reports as it may require from time to time; and

Bank of America

-2-

- (3) That Bank of America will be expected to dispose of its holdings of stock of the Libyan bank, as promptly as practicable, in the event that the Libyan bank should at any time conduct its operations in a manner which, in the judgment of the Board of Governors, causes the continued holding of its stock by Bank of America to be inappropriate under the provisions of Section 25(a) of the Federal Reserve Act or regulations thereunder.

When available, please furnish the Board of Governors, through the Federal Reserve Bank of New York, (1) copies of the Articles of Association and By-laws of the proposed Libyan bank; (2) copy of the management contract between Bank of America and the Libyan bank; (3) lists of directors and principal officers (with address and principal business affiliation of each) and of all shareholders holding 10 per cent or more of any class of the Libyan bank's stock (and the amount held by each); and (4) information concerning the rights and privileges of the various classes of stock. Please advise when the acquisition of stock has been made, together with details regarding the transaction.

Subject to continuing observation and review, the Board suspends until further notice the provisions of subparagraph (1) of the second paragraph of this letter, so far as they relate to restrictions on loans granted by the Libyan bank in Libya in the currency of that country.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.