

Minutes for December 6, 1966

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 proposed to place in the record of policy actions required to be kept under the provisions of section 10 of the Federal Reserve Act an entry covering the item in this set of minutes commencing on the page and dealing with the subject referred to below:

Page 4 Amendments to Regulation D, Reserves of Member Banks, and Regulation Q, Payment of Interest on Deposits, to sharpen technical distinctions between time and savings deposits; amendment to Regulation D regarding reserves required to be maintained against Christmas and vacation club accounts.

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.

Chairman Martin



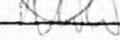
Governor Robertson



Governor Shepardson



Governor Mitchell



Governor Daane



Governor Maisel



Governor Brimmer



Minutes of the Board of Governors of the Federal Reserve System on Tuesday, December 6, 1966. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Shepardson
Mr. Mitchell
Mr. Daane
Mr. Maisel
Mr. Brimmer

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Young, Senior Adviser to the Board
Mr. Solomon, 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
Mr. Hackley, General Counsel
Mr. Brill, Director, Division of Research and
Statistics
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Kelleher, Director, Division of Administra-
tive Services
Mr. Kakalec, Controller
Mr. Byrne, Director, Division of Data Processing
Mr. Hexter, Associate General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Koch, Deputy Director, Division of Research
and Statistics
Mr. Axilrod, Associate Adviser, Division of
Research and Statistics
Mr. Sammons, Associate Director, Division of
International Finance
Mr. Daniels, Assistant Director, Division of
Bank Operations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mr. Hart, Assistant Director, Division of
Personnel Administration
Mr. Langham, Assistant Director, Division of
Data Processing
Miss Wolcott, Technical Assistant, Office of
the Secretary

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Messrs. Sanders and Smith of the Legal Division
 Messrs. Egertson and McClintock of the Division
 of Examinations
 Messrs. Millea and Waller of the Office of the
 Controller
 Messrs. Pflueger and Veenstra of the Division
 of Data Processing

Approved items. The following items were approved unanimously after consideration of background information that had been made available to the Board. Copies are attached under the respective numbers indicated.

	<u>Item No.</u>
Letter to Chemical Bank New York Trust Company, New York, New York, approving the establishment of a branch at 1600 Cortelyou Road, Borough of Brooklyn.	1
Letters to Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, (1) approving the establishment of a branch in Lansdale and an investment in bank premises incident thereto, and commenting on the bank's capital position; and (2) approving an investment in bank premises incident to the relocation of an in-town branch.	2-3
Letter to Union Trust Company of Maryland, Baltimore, Maryland, approving the establishment of a branch in Crofton.	4
Letter to Citizens-Farmers & Merchants Bank, Brewton, Alabama, approving the establishment of an in-town branch.	5
Letter to The Farmers Bank and Trust Company, Blytheville, Arkansas, approving the establishment of an in-town branch.	6
Letter to Heights State Bank, Houston, Texas, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	7

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Item No.

Letter to the Federal Reserve Bank of Dallas expressing the opinion that Houston Endowment, Inc., Houston, Texas, ceased being a bank holding company on October 18, 1966, and indicating that it need not file a registration statement with the Board.

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Letter to the Federal Reserve Bank of Boston approving a program of increased Blue Cross coverage.

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Change in Federal Reserve condition statement. Pursuant to recently enacted legislation (Public Law 89-597, approved September 21, 1966) empowering the Federal Reserve Banks, under the direction and regulation of the Federal Open Market Committee, to engage in open market operations in direct obligations of U.S. Government agencies and obligations guaranteed by such agencies, the Federal Open Market Committee on November 1, 1966, amended its directive to the Federal Reserve Bank of New York to include authority to operate in repurchase agreements against such agency issues.

In anticipation of dealings in agency obligations, there had now been distributed a memorandum dated December 5, 1966, from the Divisions of Research and Statistics and Data Processing suggesting how such transactions might be shown in the weekly statement of condition of Federal Reserve Banks (H.4.1). It was proposed that, beginning with the statement as of December 7, 1966, pertinent stubs in the tabular portion would read:

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U.S. Government securities--
Bought outright
Held under repurchase agreements
Special certificates (when relevant)
Federal agency obligations--
Held under repurchase agreements

The text would note the amounts of agency issues bought when the operation was first initiated, and thereafter note operations of significant size. It was also proposed that corresponding changes be made in tabular presentations in the Federal Reserve Bulletin and in the confidential daily summary.

In commenting on the distributed material Mr. Koch suggested that the Federal Reserve Banks be apprised by telegram of the proposed changes. There was general agreement with Mr. Koch's suggestion, and unanimous approval was given to the proposed listing in the weekly statement. However, during discussion it was pointed out that the initial operations in repurchase agreements had taken place, and question was raised whether an explanatory statement should not be released coincident with the release of the weekly statement this Thursday. A consensus emerged in favor of such a procedure, and it was understood that a draft would be prepared for the Board's consideration.

Amendments to Regulations D and Q (Items 10-14). In late September 1966 proposals to amend the definition of savings deposits for purposes of Regulation D (Reserves of Member Banks) and Regulation Q (Payment of Interest on Deposits) were published in the Federal Register

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for comment. The proposed amendments, designed to sharpen the technical distinctions between time and savings deposits, would provide that (1) deposits payable on a specified date or at the expiration of a specified period of time after the date of deposit would be expressly excluded from savings deposits; and (2) deposits as to which 30 days' notice of withdrawal is required by the contract would be excluded from savings deposits. (However, a bank's reserved right to require such notice would not cause a savings deposit to cease to be such.)

A recommendation for classification of Christmas and vacation club accounts as savings deposits instead of time deposits had been the original impetus that led to publication of the proposed amendments. However, the amendment to effect such classification was omitted from the proposals as announced because the Federal Deposit Insurance Corporation was unwilling to propose a similar amendment to its regulation corresponding to Regulation Q. Among the substantive comments received as a result of publication of the Board's proposed amendments was the suggestion that Christmas and vacation club accounts be classified as savings deposits rather than time deposits. It was understood that the Corporation was reluctant to accept such a proposal because of the possibility of an adverse public reaction since the reclassification would have the effect of reducing the maximum permissible interest rate payable on such accounts. The Legal Division, on the other hand, was of the opinion that the change of status of Christmas and vacation club

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accounts was important. Such funds, representing gradual accumulations for anticipated expenditures, constituted the clearest sort of savings deposit; they were exceptionally stable; and there was no reason why reserves against such deposits should be higher than on passbook savings which, in practice, were payable on demand.

Pursuant to the understanding reached at the meeting on November 23, 1966, the matter was taken up with the Coordinating Committee on Bank Regulation.

There had now been distributed a memorandum dated December 1, 1966, from the Legal Division summarizing various alternatives considered by the Coordinating Committee at its meeting on November 28, 1966. One suggestion advanced was that the Board change the classification of Christmas and vacation club accounts without the Federal Deposit Insurance Corporation making such a change. Another suggestion was for the Board to amend its definition of such accounts solely for purposes of Regulation D. A third suggestion contemplated amending the Supplement to Regulation D relating to the required reserve percentages that must be maintained by member banks so as to require reserves of 4 per cent against Christmas and vacation club accounts, rather than the 6 per cent required with respect to most time deposits. The first two suggestions were considered undesirable; however, there was no objection on the part of members of the Coordinating Committee to the third proposal. After additional study of that proposal, the Legal Division

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concluded that it would provide a logical solution to the problem. Changing the Supplement to Regulation D with respect to Christmas and vacation club accounts would, in fact, be more consistent with the purpose of the total proposal.

The Legal Division recommended final adoption of the Board's proposed amendments to the definition of "savings deposits" for the purposes of Regulations D and Q, with minor editorial changes from the proposal as offered for public comment, and adoption of the change in the Supplement to Regulation D with respect to the reserves that must be maintained against Christmas and vacation club accounts.

Attached to the memorandum were amendments proposed for publication in the Federal Register that would carry out the Legal Division's recommendation.

After summary comments, Mr. Hackley raised the question whether the matter should now be returned to the Coordinating Committee.

Following discussion, unanimous approval was given to the recommendation of the Legal Division with the understanding, however, that the Legal Division would check the proposed amendment with respect to Christmas and vacation club accounts by telephone with counsel for participating agencies of the Coordinating Committee; if any questions were raised, the matter would be taken up at the next meeting of the Committee.

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Secretary's Note: Subsequent consultations indicated that there was no need for resubmission to the Coordinating Committee. The amendments to Regulations D and Q, effective January 1, 1967, and to the Supplement to Regulation D, effective January 5, 1967, were therefore published in the Federal Register in the form attached as Items 10 and 11. The action was announced in a press release, a copy of which is attached as Item No. 12. Attached as Items 13 and 14 are copies of certain amendments to Regulations D and Q of an editorial nature, effective January 1, 1967, in the form published in the Federal Register.

Messrs. Hexter, Hooff, Koch, Axilrod, Daniels, Sanders, Smith, Egertson, Pflueger, and Veenstra then withdrew from the meeting.

Board budget for 1967 (Items 15 and 16). There had been distributed to the Board with a covering memorandum from the Controller dated November 25, 1966, a proposed Board budget for the calendar year 1967 in the total amount of \$11,072,462. The proposed budget was about \$1,262,000 (13 per cent) higher than the 1966 budget, and it was about \$1,614,000 (15 per cent) more than estimated expenses for 1966.

The proposed budget reflected an increase of \$838,000 in personal services and \$656,120 in nonpersonal services. The increase in personal services reflected factors such as the full-year effect of the general pay increase for Board employees, staff expansion authorized in 1966 plus additional cost of new positions and positions vacant part or all of 1966, and the estimated cost of normal prospective salary adjustments. The increase in nonpersonal services reflected, among

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other things, the cost relating to the full year's rental of a new computer and analytical, programming, and other outside data processing services; increased rental of outside office space; architectural work in connection with the planning of the annex building across "C" Street; and re-publication of the book on purposes and functions of the Federal Reserve System plus anticipated increases in publication costs of the Bulletin. The increases in the personal and nonpersonal accounts were partially offset by an estimated decrease in expenditures for surveys and completion in 1966 of special projects such as renovation of the cafeteria, replacement of Venetian blinds, and acquisition of a new charting machine, which projects had no counterparts in 1967.

Following summary remarks by Mr. Kakalec, Governor Shepardson brought out that the significant increase in the budget of the Division of Data Processing was largely the result of provision for increased staff (as authorized by the Board last August in connection with reorganization of the Division) and rental of the new computer system. He added, however, that the provision of \$400,000 for contractual analytical and programming services deserved special comment. Over the years there had been a significant accumulation of programs developed on other equipment that should now be analyzed to determine their continuing usefulness. In some cases the programs would be dropped; others would need to be remodeled or rewritten for the new computer. At the same time new programs would be developed. The budget figure, strictly

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an estimate based upon samplings, was presented as a lump-sum authorization with the understanding that the various programs would be reviewed and contracts developed as projects proceeded within the overall authorization. In this connection Governor Shepardson pointed up the need for appropriate continuing review. He suggested that such review be delegated to the Committee on Computer Uses and Procedures, headed by Governor Mitchell, with authorization to establish within the Committee a review subcommittee that might fluctuate in membership according to the project involved.

In addition, Governor Shepardson noted that there was the question of costing individual projects, whether revised or new, to enable the using division to make a judgment as to the relative worth of a proposed project. The Division of Data Processing and the Controller's Office were working on the implementation of such a program, and here again it appeared appropriate to refer to the Committee on Computer Uses and Procedures for review technical problems as well as projects of significant size.

Governor Shepardson observed that the proposed increase in the budget of the Division of Data Processing seemed to be in line with what the Board visualized in the enlargement of that Division, and it would seem appropriate to approve the broad budget authorization subject to the safeguards he had outlined.

Mr. Byrne indicated that the reorganization of the Division of Data Processing and its work could proceed satisfactorily within a

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discipline such as recommended by Governor Shepardson. He explained that in addition to an expansion of permanent staff there would be a need for considerable contractual program assistance in order to expedite the conversion to the new computer system. A number of projects were involved ranging from the large and sophisticated to the more menial type to be accomplished on a day-to-day basis; with respect to the latter the Committee on Computer Uses and Procedures might provide some type of continuing authorization. Working through the Legal and Administrative Services Divisions, the Division of Data Processing would propose to establish contractual agreements with three local companies whereby personnel with specified capabilities could be obtained on a quick turn-around basis or projects could be undertaken through a fixed-cost approach. It was difficult to state that any particular contractual task would be accomplished best through a specific approach; rather, it was advisable to keep the manner of approach flexible. The \$400,000 provided in the budget for contractual analytical and programming services represented a broad estimate.

In answer to questions by Governor Brimmer directed at determining the sufficiency of the procedure used in the selection of the three specified firms, Mr. Byrne replied that the selection had been approached in a manner accepted by the majority of computer-using agencies in the area. From a tentative list of some 40 organizations, the three firms believed to be best qualified to meet the Board's needs were selected on the basis of written and oral presentations.

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Following questions as to the extent to which the Division proposed to rely on contracts in the future, Governor Brimmer noted that the Committee on Computer Uses and Procedures might wish to consider at some point the relative advantages of basic staff expansion as opposed to contractual assistance should substantial use of the latter, on a continuing basis, seem to be in prospect.

At the conclusion of further discussion of various projected expenditures, the proposed budget for 1967 was approved unanimously, with the understanding that the \$400,000 provided therein for contractual analytical and programming data processing services would be subject to review, in terms of actual proposed expenditures, by the Board's Committee on Computer Uses and Procedures. Tables summarizing the approved budget are attached as Items 15 and 16.

Most of the members of the staff withdrew at this point.

Report by Governor Daane. Governor Daane reviewed for the information of the Board the highlights of the late November meeting of the Executive Directors of the International Monetary Fund and the Deputies of the Group of Ten, that having been the first of a projected series of such joint meetings concerned with the process of international monetary reform.

The meeting then adjourned.

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

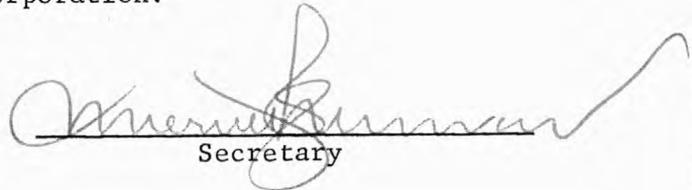
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Letter to the Federal Reserve Bank of Cleveland (copy attached as Item No. 17) approving the designation of 19 employees of the Pittsburgh Branch as special assistant examiners, as requested in the Bank's letter of November 30, 1966.

Letter to the Federal Reserve Bank of St. Louis (copy attached as Item No. 18) approving the designation of Herman H. Buerger, Jr., as special assistant examiner.

Governor Shepardson also approved today on behalf of the Board a request from Howard B. Cloth, Attorney in the Legal Division, for permission to serve as an officer of a family corporation.


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
12/6/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 6, 1966

Board of Directors,
Chemical Bank New York Trust Company,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Chemical Bank New York Trust Company, New York, New York, of a branch at 1600 Cortelyou Road, Brooklyn, New York, 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.

(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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 6, 1966

Board of Directors,
Fidelity-Philadelphia Trust Company,
Philadelphia, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, at the southwest corner of Main Street and Oakland Avenue, Lansdale, Pennsylvania, provided the branch is established within one year from the date of this letter. Pursuant to the provisions of Section 24A of the Federal Reserve Act, the Board also approves an investment in bank premises of not to exceed \$285,000 incident to the establishment of this branch.

It is the Board's understanding that your stockholders have approved the sale of up to \$25 million in capital debentures but that action in this regard has been postponed due to the recent market conditions. The Board urges that a capital increase program be undertaken as soon as practicable and further urges careful consideration be given in the interim to other means of improving your bank's capital position such as improvement of liquidity by realignment of your bank's asset structure.

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

Item No. 3
12/6/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 6, 1966.

Board of Directors,
Fidelity-Philadelphia Trust Company,
Philadelphia, Pennsylvania.

Gentlemen:

Pursuant to the provisions of Section 24A of the Federal Reserve Act, the Board of Governors of the Federal Reserve System approves an investment in bank premises of \$40,000 by Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, incident to the relocation of a branch from 2831 West Girard Avenue to 2836 West Girard Avenue, Philadelphia, Pennsylvania.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 4
12/6/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 6, 1966

Board of Directors,
Union Trust Company of Maryland,
Baltimore, Maryland.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Union Trust Company of Maryland, Baltimore, Maryland, of a branch on the east side of State Route 3 approximately 1 mile south of State Route 424, Crofton, Anne Arundel County, Maryland, 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.

(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.)

Item No. 5
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**BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM**
WASHINGTON, D. C. 20551



**ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD**

December 6, 1966

Board of Directors,
Citizens-Farmers & Merchants Bank,
Brewton, Alabama.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Citizens-Farmers & Merchants Bank, of a branch at 105-107 Halsey Street, Brewton, Alabama, 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.**

(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

Item No. 6
12/6/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 6, 1966

Board of Directors,
The Farmers Bank and Trust Company,
Blytheville, Arkansas.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Farmers Bank and Trust Company, Blytheville, Arkansas, of a branch (teller's window) at the northwest corner of the intersection of Moultrie Drive and North U.S. Highway 61, Blytheville, Arkansas, 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.

(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

Item No. 7
12/6/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 6, 1966

Board of Directors,
Heights State Bank,
Houston, Texas.

Gentlemen:

The Federal Reserve Bank of Dallas has forwarded to the Board of Governors President Prager's letter dated November 8, 1966, together with the accompanying resolution dated November 8, 1966, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

The Board of Governors waives the requirement of six months' notice of withdrawal. Under the provisions of Section 208.10(c) of the Board's Regulation H, your institution may accomplish termination of its membership at any time within eight months from the date that notice of intention to withdraw from membership was given. Upon surrender to the Federal Reserve Bank of Dallas of the Federal Reserve stock issued to your institution, such stock will be cancelled and appropriate refund will be made thereon.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of Dallas.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 8
12/6/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 6, 1966

Mr. Thomas R. Sullivan, Vice President,
Federal Reserve Bank of Dallas,
Dallas, Texas. 75222

Dear Mr. Sullivan:

According to information furnished by you in letters dated November 2 and November 25, 1966, Houston Endowment, Inc. ("Endowment"), a charitable foundation located in Houston, Texas, became a bank holding company on July 1, 1966, by reason of Public Law 89-485 which, in part, repealed the exemption previously available to certain religious, charitable, and educational institutions under the Bank Holding Company Act of 1956. At that date, Endowment is reported to have owned more than 25 per cent of the stock of each of three Houston banks, namely, Texas National Bank of Commerce, Airline National Bank, and Reagan State Bank. On October 3 and October 18, 1966, respectively, Endowment sold its entire interest and ownership in Airline National Bank and Reagan State Bank, it having been ascertained by you that the terms and circumstances of such sales reasonably preclude imputing to Endowment a retention of indirect ownership or control over any voting shares of either of those two banks. At all times subsequent to October 18, 1966, Endowment has owned stock of only one bank, Texas National Bank of Commerce.

Please advise Endowment that, on the basis of the information furnished by it and summarized above, the Board is of the opinion that Endowment ceased being a bank holding company on October 18, 1966, and that, in the circumstances, no useful purpose would be served in requiring Endowment to now comply with the Act's registration requirements.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Item No. 9
12/6/66

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 6, 1966

AIR MAIL

Mr. Earle O. Latham,
First Vice President,
Federal Reserve Bank of Boston,
Boston, Massachusetts. 02106

Dear Mr. Latham:

This refers to your letter received on November 21, 1966, advising that the Board of Directors has authorized a change in Blue Cross coverage for active employees from \$21 per day to full coverage of semiprivate accommodations, effective in January 1967, at an additional cost to the Bank of about \$30,000 per year.

The Board of Governors approves the program of increased benefits under the new contract, and the absorption by the Bank of two-thirds of the premium costs in connection therewith.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TITLE 12 - BANKS AND BANKING

Item No. 10
12/6/66

CHAPTER II - FEDERAL RESERVE SYSTEM

SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Regs. D, Q]

PART 204 - RESERVES OF MEMBER BANKS

PART 217 - PAYMENT OF INTEREST ON DEPOSITS

Savings Deposits

1. Effective January 1, 1967, Parts 204 and 217 are amended as follows:

a. Section 204.1(d) and (e) and § 217.1(d) and (e) are amended to read as follows:

(d) Time deposits, open account.--The term "time deposit, open account" means a deposit, other than a "time certificate of deposit", with respect to which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn, by check or otherwise, prior to the date of maturity, which shall be not less than 30 days after the date of the deposit,^{2/} or prior to the expiration of the period of notice which must be given by the depositor in writing not less than 30 days in advance of withdrawal.^{3/}

^{2/} Deposits, such as Christmas club accounts and vacation club accounts, which are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months constitute "time deposits, open account" even though some of the deposits are made within 30 days from the end of the period.

^{3/} A deposit with respect to which the bank merely reserves the right to require notice of not less than 30 days before any withdrawal is made is not a "time deposit, open account", within the meaning of the above definition.

(e) Savings deposits.--The term "savings deposit" means a deposit--

(1) which consists of funds deposited to the credit of one or more individuals, or of a corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, fraternal, or other similar purposes and not operated for profit;^{4/} or in which the entire beneficial interest is held by one or more individuals or by such a corporation, association, or other organization; and

(2) with respect to which the depositor is not required by the deposit contract but may at any time be required by the bank to give notice in writing of an intended withdrawal not less than 30 days before such withdrawal is made^{5/} and which is not payable on a specified date or at the expiration of a specified time after the date of deposit.

b. Footnotes 5, 6, and 7 in Part 204 are redesignated footnotes 6, 7, and 8, respectively; footnotes 7 and 8 in Part 217 are redesignated footnotes 6 and 7, respectively.

c. Section 217.5 is amended to read as follows:

^{4/} Deposits in joint accounts of two or more individuals may be classified as savings deposits if they meet the other requirements of the above definition, but deposits of a partnership operated for profit may not be so classified. Deposits to the credit of an individual of funds in which any beneficial interest is held by a corporation, partnership, association, or other organization operated for profit or not operated primarily for religious, philanthropic, charitable, educational, fraternal, or other similar purposes may not be classified as savings deposits.

^{5/} The exercise by the bank of its right to require such notice shall not cause the deposit to cease to be a savings deposit.

§ 217.5 Withdrawal of savings deposits.

(a) Requirements regarding notice of withdrawal.--Whether or not interest is paid, no member bank shall require or waive notice of withdrawal as to any amount or percentage of the savings deposit of any depositor unless it shall similarly require or waive such notice as to the same amount or percentage of the savings deposits of every other depositor which are subject to the same contractual provisions with respect to notice of withdrawal. If a member bank, without requiring notice of withdrawal, pays interest that has accrued on a savings deposit during the preceding interest period, it shall, upon request and without requiring such notice, pay interest that has accrued during said period on the savings deposits of every other depositor. No member bank shall change its practice with respect to the requiring or waiving of notice of withdrawal of savings deposits for the purpose of discriminating in favor of or against any depositor or depositors, and no such change of practice shall be made except pursuant to duly recorded action of the bank's board of directors or a properly authorized committee thereof.

(b) Loans on security of savings deposits.--If it is not the practice of a member bank to require notice of withdrawal of savings deposits, no restrictions are imposed by this part upon loans by such bank to its depositors upon the security of such deposits. If it is the practice of a member bank to require notice of withdrawal of a savings deposit, such bank may make loans to a depositor upon the security of such deposit, but the rate of interest on such loans shall

be not less than 2 per cent per annum in excess of the rate of interest paid on such deposit.

(c) Manner of payment of savings deposits.--(1) Subject to the provisions of subparagraph (2) of this paragraph, a member bank may permit withdrawals to be made from a savings deposit only through payment^{8/} to the depositor himself (but not to any other person whether or not acting for the depositor), except

(i) where the deposit is represented by a passbook, to any person presenting the passbook;^{8/}

(ii) to an executor, administrator, trustee, or other fiduciary holding the savings deposit as part of a fiduciary estate, or to a person, other than the bank, holding a general power of attorney granted by the depositor;

(iii) to any person, including the bank, that has extended credit to the depositor on the security of the savings deposit, where such payment is made in order to enable the creditor to realize upon such security;

(iv) pursuant to the order of a court of competent jurisdiction;

(v) upon the death of the depositor, to any person authorized by law to receive the deposit; or

(vi) interest paid to a third person pursuant to written instruction or assignment by the depositor accepted by the bank, and placed on file therein.

^{8/} Payment from a savings deposit or presentation of a passbook may be made over the counter, through the mails, or otherwise.

(2) Notwithstanding the provisions of subparagraph (1) of this paragraph, no withdrawal shall be permitted by a member bank to be made from a savings deposit, through payment to the bank itself or through transfer of credit to a demand or other deposit account of the same depositor (other than of interest on the savings deposit) if such payment or transfer is made pursuant to any advertised plan or any agreement, written or oral,

(i) which authorizes such payments or transfers of credit to be made as a normal practice in order to cover checks or drafts drawn by the depositor upon the bank; or

(ii) which provides that such payments or transfer of credit shall be made at daily, monthly, or other such periodic intervals, except where made to enable the bank, on the depositor's behalf and pursuant to his written instructions, to effect the payment of instalments of principal, interest, or other charges (including taxes or insurance premiums) due on a real estate loan or mortgage.

(3) Where a savings deposit is evidenced by a passbook, every withdrawal made upon presentation of the passbook shall be entered in the passbook at the time of withdrawal, and every other withdrawal from such a deposit shall be entered in the passbook as soon as practicable after the withdrawal is made.

* * * * *

2a. The purpose of these amendments is to sharpen the distinction between savings deposits and time deposits and thereby facilitate interpretation and administration of the Regulations.

Specifically, under the amendments

(1) deposits payable at a specified date or at the expiration of a specified period of time after the date of deposit are excluded from savings deposits;

(2) deposits as to which 30 days' notice of withdrawal is required by the contract are excluded from savings deposits, but the exercise of a bank's reserved right to require such notice does not cause a savings deposit to cease to be such;

(3) the provisions of § 217.5 relating to notice of withdrawal of savings deposits are editorially revised and the provisions of former subparagraphs (2), (3), and (4) of § 217.1(e) are transferred to § 217.5 as paragraph (c).

b. Although the amendments were not designed for the purpose of increasing reserve requirements, it is understood that they have that incidental effect for a small number of banks. For example, a bank may currently have a classification of savings deposits with respect to which the deposit contract requires 30 days' written notice for withdrawals in excess of a certain amount in any one month and reserves to the bank the right to require such notice for all other withdrawals. After December 31, 1966, such a hybrid deposit would be a demand deposit, since it would not qualify as either a savings or a time deposit. However, the bank may avoid this result

by modifying the deposit contract either (1) to substitute a reservation of the right to require 30 days' notice for the requirement of such notice, or (2) to change the requirement to less than 30 days' notice, while also retaining the right to require 30 days' notice.

c. Notice of proposed rule making with respect to these amendments was published in the Federal Register of September 29, 1966 (31 F.R. 12730). The amendments were adopted by the Board after consideration of all relevant material, including communications received from interested persons. The effective date was deferred for less than the 30-day period referred to in section 553(d), title 5, United States Code, because the Board found that the administration of the amendments, which are technical in nature, would be facilitated by making them effective at the beginning of a calendar year.

Dated at Washington, D. C., this 8th day of December, 1966.

By order of the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

TITLE 12 - BANKS AND BANKING

Item No. 11
12/6/66

CHAPTER II - FEDERAL RESERVE SYSTEM

SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. D]

PART 204 - RESERVES OF MEMBER BANKS

Reserve Percentages

1. Effective as to all member banks at the opening of business on January 5, 1967, § 204.5 (Supplement to Regulation D) is amended to read as follows:

§ 204.5 Supplement.

(a) Reserve percentages. Pursuant to the provisions of section 19 of the Federal Reserve Act and § 204.2(a) and subject to paragraph (b) of this section, the Board of Governors of the Federal Reserve System hereby prescribes the following reserve balances which each member bank of the Federal Reserve System is required to maintain on deposit with the Federal Reserve bank of its district:

(1) If not in a reserve city--

(i) 4 per cent of (A) its savings deposits and (B) its time deposits, open account, that constitute deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months, plus

(ii) 4 per cent of its other time deposits up to \$5 million and 6 per cent of such deposits in excess of \$5 million, plus

(iii) 12 per cent of its net demand deposits.

(2) If in a reserve city (except as to any bank located in such a city which is permitted by the Board of Governors of the Federal Reserve System, pursuant to § 204.2(a)(2), to maintain the reserves specified in subparagraph (1) of this paragraph) --

(i) 4 per cent of (A) its savings deposits and (B) its time deposits, open account, that constitute deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months, plus

(ii) 4 per cent of its other time deposits up to \$5 million and 6 per cent of such deposits in excess of \$5 million, plus

(iii) 16-1/2 per cent of its net demand deposits.

(b) Currency and coin. The amount of a member bank's currency and coin shall be counted as reserves in determining compliance with the reserve requirements of paragraph (a) of this section.

2a. This amendment is issued pursuant to the authority granted to the Board of Governors by section 19 of the Federal Reserve Act to change reserve requirements (12 U.S.C. 462). The only change

is to eliminate from the category of time deposits against which the 6 per cent requirement might be applicable those time deposits, open account, that constitute deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months.

b. There was no notice and public participation with respect to this amendment as such procedure would result in delay that would be contrary to the public interest and serve no useful purpose. The effective date was deferred for less than the 30-day period referred to in section 553(d) of title 5, United States Code, because the action falls within the exception thereto with respect to granting relief from a restriction.

Dated at Washington, D. C., this 8th day of December, 1966.

By order of the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

Item No. 12
12/6/66

For immediate release.

December 8, 1966.

The Board of Governors of the Federal Reserve System today announced the adoption of amendments to its Regulations D and C ("Reserves of Member Banks"; "Payment of Interest on Deposits") designed to sharpen the technical distinctions between "time deposits" and "savings deposits." The amendments, which will become effective January 1, 1967, are substantially the same as those proposed on September 23, 1966.

At present, deposits of individuals or certain nonprofit organizations as to which the depositor is required by the deposit contract to give notice in writing not less than 30 days before making a withdrawal may be either "savings deposits" or "time deposits" (time certificate of deposit or time deposit, open account). Under the regulations as now amended, such a deposit can only be a "time deposit." The distinguishing feature of "savings deposits," in this respect, will be the reservation by the bank of the right to require 30 days' notice of withdrawal. In practice, banks routinely reserve such a right, although it is rarely exercised.

The amendments are also designed to make clear that a deposit payable on a specified date or at the expiration of a specified

period of time after the date of the deposit (sometimes referred to as a "fixed maturity" deposit) does not constitute a "savings deposit."

In a companion action, the Board announced a reduction, effective January 5, 1967, in the required reserve percentages that must be maintained by member banks against Christmas and vacation club accounts. At present, a member bank is required to maintain reserves at the rate of 6 per cent against such accounts if its other time deposits (other than savings deposits) exceed \$5 million.

Effective January 5, the applicable rate for Christmas and vacation club accounts will be 4 per cent, which is the rate prescribed for savings deposits. The Board considers that Christmas and vacation club accounts serve the same function as savings deposits and that there is therefore no reason why reserves against them should be any higher than for savings deposits. This technical adjustment in reserve requirements will not substantially affect the total of member bank reserves.

The texts of the amendments, as submitted for publication in the Federal Register, are attached.

Attachments

TITLE 12 - BANKS AND BANKING

Item No. 13

12/6/66

CHAPTER II - FEDERAL RESERVE SYSTEM

SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. D]

PART 204 - RESERVES OF MEMBER BANKS

Editorial Changes

1. Effective January 1, 1967, Part 204 is amended as follows:

a. In § 204.1(i), the reference to "paragraph (f)" is amended to read "paragraph (g)".

b. In § 204.2(b), the reference to "§ 204.1(g)" is amended to read "§ 204.1(h)".

c. In § 204.2(d), the clause "as permitted to national banks under authority of section 11(k) of the Federal Reserve Act (40 Stat. 969; 12 U.S.C. 248(k))," is eliminated, so that the second sentence of that paragraph reads "If, however, such funds are mingled with the general assets of the bank, a deposit liability thereby arises against which reserves must be maintained."

d. Footnote 6 is eliminated; footnotes 7 and 8 are redesignated footnotes 6 and 7, respectively.

2a. The purposes of these amendments are to correct cross references, to eliminate an obsolete statutory reference with respect to trust powers of national banks, and to eliminate a footnote that set forth obsolete statutory limitations with respect to the Board's authority to change reserve requirements.

b. The requirements of section 553 of Title 5, United States Code, with respect to notice, public participation, and deferred effective date were not followed in connection with these amendments because they are editorial in nature and do not change any substantive rule.

(12 U.S.C. 248(i) and 461.)

Dated at Washington, D. C., this 12th day of December, 1966.

By order of the Board of Governors.

(SEAL)

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TITLE 12 - BANKS AND BANKING

Item No. 14
12/6/66

CHAPTER II - FEDERAL RESERVE SYSTEM

SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. Q]

PART 217 - PAYMENT OF INTEREST ON DEPOSITS

Editorial Changes

1. Effective January 1, 1967, Part 217 is amended as follows:

a. Section 217.2 is amended to read as follows:

§ 217.2 Demand deposits.

(a) Interest prohibited. - Except as provided by section 19 of the Federal Reserve Act, no member bank of the Federal Reserve System shall, directly or indirectly, by any device whatsoever, pay any interest on any demand deposit.

(b) Meaning of interest. - Within this part, any payment to or for the account of any depositor as compensation for the use of funds constituting a deposit shall be considered interest.

b. Footnotes 7 and 8 are redesignated footnotes 6 and 7, respectively.

* * * * *

2a. The purpose of these amendments is to eliminate the repetition of statutory language that is either obsolete or relatively unimportant, without making any change in the substance of the regulatory provisions.

b. The requirements of section 553 of Title 5, United States Code, with respect to notice, public participation, and deferred

effective date were not followed in connection with these amendments because they are editorial in nature and do not change any substantive rule. Any deposit that might possibly come within the terms of the provisions eliminated remains exempt from the prohibition against payment of interest on demand deposits, by reason of section 19(i) of the Federal Reserve Act (12 U.S.C. 371a).

(12 U.S.C. 248(i), 371a, and 461.)

Dated at Washington, D. C., this 12th day of December, 1966.

By order of the Board of Governors.

(SEAL) (Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Summary by Divisions

Schedule A

4481

Division	1966		1967 Budget	Over (Under) 1966 Expenses
	Budget	Expenses (Estimated)		
Offices of Members of the Board	\$ 562,731	\$ 568,667	\$ 573,643	\$ 4,976
Office of the Secretary	413,497	413,539	436,783	23,244
Legal Division				
Regular	356,035	323,304	374,029	50,725
Special:				
Printing Federal Reserve Act	15,500	15,500	--	(15,500)
Revised Edition of Federal				
Reserve Loose-Leaf Service	--	--	15,200	15,200
Division of Research and Statistics				
Regular	2,164,029	2,026,040	2,163,528	137,488
Special:				
Academic Consultants	12,325	13,500	13,725	225
Division of International Finance	649,290	634,436	674,803	40,367
Division of Examinations	1,053,008	931,906	1,083,854	151,948
Division of Bank Operations	299,896	291,782	299,610	7,828
Division of Personnel Administration	239,406	218,974	236,325	17,351
Division of Administrative Services				
Regular	1,672,880	1,736,652	1,938,849	202,197
Special:				
Furniture Replacement Program	20,350	27,900	12,500	(15,400)
Youth Opportunity Program	5,250	5,133	9,800	4,667
Supplements-Banking & Monetary				
Statistics	3,409	11,849	--	(11,849)
Replacement of Venetian Blinds	11,000	10,925	--	(10,925)
Special Mailing Equipment	13,300	3,339	--	(3,339)
Repair of Retaining Walls	13,036	13,036	--	(13,036)
Office of the Controller	113,773	105,883	113,269	7,386
Office of Defense Planning	45,024	40,660	40,685	25
Division of Data Processing				
Regular	798,075	874,066	1,811,403	937,337
Special:				
ADP Language Development	--	--	25,000	25,000
Portable Projection System	--	--	10,400	10,400
Charting Machine and				
Projection Equipment	65,305	62,275	--	(62,275)
Remote Computer Facility	25,000	19,700	--	(19,700)
Advanced Calculator	8,000	3,175	--	(3,175)
Employee Retirement and Insurance Benefits	955,817	943,599	956,616	13,017
Total Operating Budget	9,515,936	9,295,840	10,790,022	1,494,182
Construction and Alterations				
Annex Building	189,793	47,073	282,440	235,367
Main Building	105,000	115,500	--	(115,500)
GRAND TOTAL	<u>\$9,810,729</u>	<u>\$9,458,413</u>	<u>\$11,072,462</u>	<u>\$1,614,049</u>

Summary of Account Classifications

1482

Classification of Expenses	Positions Provided		Amount			Over (Under) 1966 Expenses
	1966 Budget	1967 Budget	1966		1967 Budget	
			Budget	Expenses (Estimated)		
PERSONAL SERVICES						
Salaries:						
Offices of Members of the Board	34	34	\$ 522,211	\$ 518,102	\$ 522,723	\$ 4,621
Office of the Secretary	51	52	406,252	404,619	423,328	18,709
Legal Division	33	32	335,965	303,359	346,039	42,680
Division of Research and Statistics	183	191	1,730,429	1,704,602	1,840,658	136,056
Division of International Finance	57	59	586,840	565,631	619,078	53,447
Division of Examinations	79	77	805,076	719,995	855,969	135,974
Division of Bank Operations	28	30	285,871	279,241	285,485	6,244
1/ Division of Personnel Administration	30	31	200,823	189,701	201,325	11,624
2/ Division of Administrative Services	153	169	741,028	738,641	796,816	58,175
Office of the Controller	12	12	109,485	101,866	109,798	7,932
Office of Defense Planning	2	2	33,574	34,060	34,505	445
Division of Data Processing	73	121	543,596	557,357	905,867	348,510
Total - Positions and Salaries	735	810	\$6,301,150	\$6,117,174	\$6,941,591	\$824,417
Fees			\$ 87,080	\$ 68,014	\$ 68,712	\$ 698
Retirement Contributions			901,815	890,759	895,261	4,502
Employee Insurance			52,894	51,410	59,855	8,445
Total Personal Services			\$7,342,939	\$7,127,357	\$7,965,419	\$838,062

1/ Includes 10 Stenographic recruit positions.

2/ Includes 10 Youth Opportunity Program positions; excludes Cafeteria salaries.

4483

Classification of Expenses	1966		1967 Budget	Over (Under) 1966 Expenses
	Budget	Expenses (Estimated)		
NONPERSONAL SERVICES				
Traveling Expenses	\$ 352,783	\$ 332,332	\$ 342,292	\$ 9,960
Postage and Expressage	103,940	98,710	108,870	10,160
Telephone and Telegraph	114,321	130,130	138,897	8,767
Printing and Binding	425,234	446,654	506,950	60,296
Stationery and Supplies	86,553	110,667	110,535	(132)
Furniture and Equipment	148,580	148,963	83,929	(65,034)
Rentals	237,985	254,874	552,457	297,583
Books and Subscriptions	26,800	28,844	29,100	256
Heat, Light and Power	53,500	54,460	55,500	1,040
Repairs and Alterations (Building and Grounds)	40,236	49,027	24,730	(24,297)
Repairs and Maintenance (Furniture and Equipment)	31,101	29,165	28,330	(835)
Insurance	1,608	2,757	4,050	1,293
Contractual Professional Services	393,020	292,171	673,989	381,818
Analytical, Programming and Other Outside Data Processing Division Services	40,000	72,450	445,000	372,550
Banking Markets Surveys	175,000	58,300	85,000	26,700
Linkages Project - SSRC	--	36,000	83,500	47,500
Retail Credit Surveys	63,000	49,955	16,500	(33,455)
Review of Examination Procedures	13,000	13,000	12,000	(1,000)
Other Studies	40,000	20,000	10,000	(10,000)
Legal, Medical, Instructional and Other Services	37,995	28,267	8,994	(19,273)
Security Clearance Investigations	18,450	10,375	7,470	(2,905)
Translating and Reporting Services	3,075	1,324	3,025	1,701
Auditing Books of Board	2,500	2,500	2,500	--
All Other	157,336	189,729	164,974	(24,755)
Cafeteria (net)	54,250	63,053	69,074	6,021
CEMLA Membership Fee and Expenses	27,000	25,940	28,000	2,060
Retail Trade Statistics	27,500	55,000	20,000	(35,000)
Special Statistical Services	17,000	14,660	14,600	(60)
Tuition and Registration	9,326	8,726	10,270	1,544
Official Dinners, Receptions, etc.	7,470	9,066	8,450	(616)
Meals for Official Guests	4,500	4,951	5,000	49
News Ticker Service	3,690	3,690	3,690	--
Miscellaneous	6,600	4,643	5,890	1,247
Total Nonpersonal Services	\$2,172,997	\$2,168,483	\$ 2,824,603	\$ 656,120
Total Personal Services	7,342,939	7,127,357	7,965,419	838,062
Total Operating Budget	\$9,515,936	\$9,295,840	\$10,790,022	\$1,494,182
Construction and Alterations	294,793	162,573	282,440	119,867
Grand Total	\$9,810,729	\$9,458,413	\$11,072,462	\$1,614,049

Item No. 17
12/6/66

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 7, 1966

Mr Harry W. Huning, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Huning:

In accordance with the request contained in your letter of November 30, 1966, the Board approves the designation of each of the employees listed as a special assistant examiner for the Federal Reserve Bank of Cleveland.

Appropriate notations have been made 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.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 18
12/6/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 7, 1966

Mr. O. O. Wyrick, Vice President,
Federal Reserve Bank of St. Louis,
St. Louis, Missouri. 63166

Dear Mr. Wyrick:

In accordance with the request contained in your letter of December 1, 1966, the Board approves the designation of Herman H. Buegler, Jr. as a special assistant examiner for the Federal Reserve Bank of St. Louis.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.