

## FEDERAL RESERVE BOARD

WASHINGTON

February 18, 1922.

X-3335

SUBJECT: Annual Election of Officers and Approval of Salaries  
by Federal Reserve Board.

Dear Sir:

Some of the Federal Reserve Banks have apparently overlooked the Board's instructions of December 23, 1915 and January 6, 1916, regarding the annual election by the directors of all officers and the approval of their salaries annually by the Federal Reserve Board. The Board understands that all officers are annually elected by the Board of Directors, but in some cases salaries have not been submitted for the Board's approval, upon the theory, the Board assumes, that it is not necessary to do so in cases where no changes have been made in the salaries.

I enclose copies of the Board's letters above referred to and would state that the Board desires to have submitted to it for approval all salaries voted by the Board of Directors to officers for the year 1922.

Very truly yours,

G o v e r n o r .

Enclosures:

X-3335a & 487.

TO CHAIRMEN OF ALL F.R. BANKS

C O P Y

December 23, 1915.  
X-3335a

S I R:

The question has been brought before the Federal Reserve Board from various sources whether the officers and employees of Federal Reserve Banks are to have a definite tenure of office, or are to hold office subject to the pleasure of their boards of directors. Investigation shows that there is a lack of uniformity in the by-laws of the several banks on this subject, and that no definite action has thus far been taken as regards the Board's own relation to the matter.

I am, therefore, instructed to advise you that the Federal Reserve Board has determined to ask the several banks to submit to it each and every year, as of January 1, their lists of officers and employees, with salaries for approval, such action to be a matter of regular routine, involving a preceding annual action on the part of each board of directors in electing or re-electing officers and employees for another year. It is also suggested that (in the course of each such year) the officers and employees of each bank shall be considered to hold their appointments for the calendar year and subject to the pleasure of the boards of directors of such bank.

Respectfully,

(Signed) H. Parker Willis,

Secretary.

January 6, 1916.

S i r :

Your letter of January third was submitted to the Board, and I am directed to say to you that the Board is in accord with the views expressed therein.

As you stated, the real point is that the list of all salaries should be submitted to the Board once a year for its approval, and the month of January would seem to be the natural time for such approval as that is the usual month when changes in salaries are made.

The Board does not wish to convey the idea that it desires that all clerks should have definite terms of office. These appointments may be for an indefinite term provided they are terminable at the pleasure of the Board of Directors of the Bank. While the general custom is that clerks are appointed by the officers of the bank, the officers, senior and junior, as a rule, are appointed or elected by the Board of Directors of the Bank, generally to serve for the ensuing year. It would appear, therefore, that this general practice ought to be observed also by the Federal Reserve banks and senior and junior officers ought to be appointed from year to year and their salaries, as all others, should be subject to annual approval by the Federal Reserve Board.

Very truly yours,

H. PARKER WILLIS,

Secretary.