

FEDERAL RESERVE BOARD

WASHINGTON

X-6151

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

October 5, 1928.

Dear Sir:

Prior to the last several months the Federal Reserve Board in the exercise of its function of "review and determination" over rates of discount established by the directors of the Federal reserve banks has been obliged to rely upon data as to conditions in the respective districts furnished by its own research department and scattered information received from the Federal reserve banks. More recently, it adopted the informal procedure, upon receiving advice that the directors of any Federal reserve bank had voted to change the rate in effect, of wiring the officers of the bank to furnish it with a statement of the reasons for the change in rate. Responses received to these inquiries have proven to be of value to the Board in acting upon suggested rate changes.

The Board feels that it would be of very great assistance to it, if at the time the directors of the Federal reserve bank vote to make a change in the rediscount rate they would authorize the Chairman in advising the Board of their action to inform it also of the reasons which actuated them in making the change.

The Board, therefore, has formally requested me to have you state to your Board of Directors that if the suggested procedure is followed by them, it will be of great benefit to the Board.

Yours very truly,

R. A. Young,
Governor.

TO CHAIRMEN OF ALL F. R. BANKS.