



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

February 18, 1975

CONFIDENTIAL (FR)  
CLASS II - FOMC

TO: Federal Open Market Committee      SUBJECT: Recommended change in  
FROM: Arthur L. Broida                      FOMC Regulation to conform  
with recent amendment in  
domestic authorization

On January 30, 1975, Committee members voted to approve an amendment recommended by the System Account Manager in paragraph 2 of the Authorization for Domestic Open Market Operations. The effect of the amendment was to authorize a Reserve Bank other than the New York Bank to purchase certificates of indebtedness directly from the Treasury "under special circumstances, such as when the New York Bank is closed," rather than only when the New York Bank is closed.

A provision regarding purchases of certificates directly from the Treasury is also contained in Section 270.4 (d) of the Committee's Regulation Relating to Open Market Operations of Federal Reserve Banks. The following conforming amendment in this Section of the Regulation is recommended:

-2-

Section 270.4--Transactions in Obligations

\* \* \*

(d) In accordance with such limitations, terms, and conditions as are prescribed by law and in authorizations and directives issued by the Committee, the Reserve Bank selected by the Committee (or, ~~if~~ UNDER SPECIAL CIRCUMSTANCES, SUCH AS WHEN that Bank is closed, any other Federal Reserve Bank) is authorized and directed, for its own account or the System Open Market Account, to purchase directly from the United States such amounts of Government securities as may be necessary from time to time for the temporary accommodation of the Treasury Department.

The Committee's General Counsel concurs in this recommendation. He also agrees that it would be appropriate to make the action effective as of January 30, 1975, the effective date of the corresponding amendment to the authorization, since the Committee's intent was made clear by that earlier action.