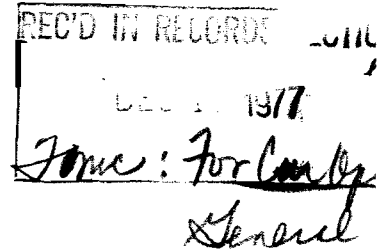




BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551



December 12, 1977

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

TO: Federal Open Market Committee

FROM: Arthur L. Broida *ALB*

As FOMC members have been advised, last Friday morning the Foreign Currency Subcommittee authorized the System Account Manager to engage in foreign currency transactions during the current inter-meeting period that would result in exceeding, by up to \$50 million, the \$300 million limits specified in paragraphs 1A and 1B of the procedural instructions on changes during inter-meeting periods in the System's over-all open position in foreign currencies and on gross transactions in a single currency.

Intervention by the System Open Market Account in German marks to counter disorderly market conditions was \$29.7 million on Friday and \$18.4 million today. In view of the likelihood that further intervention will be needed prior to the next FOMC meeting, the available members of the Foreign Currency Subcommittee (Chairman Burns, Vice Chairman Volcker, Governor Gardner) today authorized the Manager to exceed the limits in question by up to another \$50 million; in effect, the limits for the current inter-meeting period are now \$400 million.

Date File

REC'D IN RECORDS SECTION
DEC 13 1977
James J. Con Ope

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

General

December 12, 1977

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

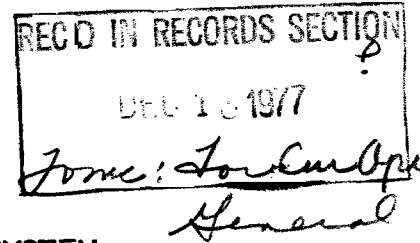
GREEN - NEW YORK

Available members of Foreign Currency Subcommittee (Chairman Burns, Vice Chairman Volcker, Governor Gardner) have authorized foreign currency transactions in current inter-meeting period that would result in exceeding the \$300 million limits specified in paragraphs 1A and 1B of procedural instructions by another \$50 million in addition to the \$50 million authorized on December 9. In effect, limits for current inter-meeting period are now \$400 million.

BROIDA

QMS

Date File



T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 12, 1977

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

To all Federal Reserve Bank Presidents

been

As FOMC members have advised, last Friday morning the Foreign Currency Subcommittee authorized the System Account Manager to engage in foreign currency transactions during the current inter-meeting period that would result in exceeding, by up to \$50 million, the \$300 million limits specified in paragraph 1A and 1B of the procedural instructions on changes during inter-meeting periods in the System's over-all open position in foreign currencies and on gross transactions in a single currency.

Intervention by the System Open Market Account in German marks to counter disorderly market conditions was \$29.7 million on Friday and \$18.4 million today. In view of the likelihood that further intervention will be needed prior to the next FOMC meeting, the available members of the Foreign Currency Subcommittee (Chairman Burns, Vice Chairman Volcker, Governor Gardner) today authorized the Manager to exceed the limits in question by up to another \$50 million; in effect, the limits for the current inter-meeting period are now \$400 million.

BROIDA

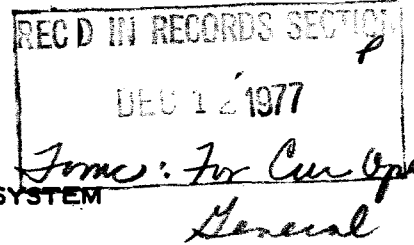
CVB

Date File

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON



December 9, 1977

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

HOLMES - NEW YORK

Foreign Currency Subcommittee of FOMC has unanimously authorized foreign currency transactions in the current inter-meeting period that would result in exceeding the \$300 million limits specified in paragraphs 1A and 1B of procedural instructions for foreign currency operations by up to \$50 million.

BROIDA

A handwritten signature in cursive, appearing to be the initials "A.B.".

Date Filed