

The meeting of the executive committee of the Federal Open Market Committee was reconvened in the offices of the Board of Governors of the Federal Reserve System in Washington on Tuesday, May 28, 1940, at 11:20 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Harrison, Vice Chairman  
Mr. Szymczak  
Mr. Davis  
Mr. Sinclair

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Wyatt, General Counsel  
Mr. Williams, Associate Economist  
Mr. Dreibelbis, Assistant General Counsel  
Mr. Rouse, Manager of the System Open Market Account  
Mr. Thurston, Special Assistant to the Chairman of the Board of Governors

Messrs. Ransom, McKee, Draper, Schaller and Day, Members of the Federal Open Market Committee

Messrs. Fleming, Leach, Martin and Peyton, Alternate Members of the Federal Open Market Committee

Messrs. Hamilton and Gilbert, Presidents of the Federal Reserve Banks of Kansas City and Dallas, respectively

Upon motion duly made and seconded, and by unanimous vote, the executive committee directed the Federal Reserve Bank of New York until otherwise directed by the executive committee,

(1) To make such shifts of securities in the account (which may be accomplished when desirable through replacement of maturing securities) as may be necessary in the practical administration of the account or for the purpose of exercising an influence toward maintaining orderly

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market conditions, up to an aggregate of \$200,000,000 of purchases and a like amount of sales or redemptions, provided that in making such shifts the total amount of bonds held in the account be not increased or decreased by more than \$100,000,000;

(2) To make such outright purchases or sales for the System account as may be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided that the total amount of securities in the account be not increased or decreased through operations under this paragraph by more than \$100,000,000; and

(3) Upon approval by a majority of the members of the executive committee, which may be obtained by telephone, telegraph, or mail, to make such other shifts or such purchases or sales (which would include authority to allow maturities to run off without replacement) for the account as may be found to be desirable within the limits of the authority granted to the executive committee by the Federal Open Market Committee.

In connection with the consideration of the above resolution, Mr. Harrison stated that it would be extremely helpful to the New York Bank from an accounting standpoint if the Bank were authorized to sell odd-lots of securities held in the account so that resulting holdings in each issue would be in multiples of \$100,000.

It was unanimously agreed that, if and when market conditions warranted, the New York Bank would be authorized under the instructions contained in the above resolution to dispose of odd-lot amounts of the various issues of securities in the System account so that the resulting holdings in each issue would be in multiples of \$100,000.

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Thereupon the meeting adjourned.

Brester Morrie  
Secretary.

Approved: W. C. ...  
Chairman.