



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20561

March 12, 1973

CONFIDENTIAL (FR)

To: Federal Open Market Committee

From: Mr. Broida

Attached is a memorandum from the Secretariat dated today and entitled "Proposed changes in titles of Committee policy instruments and amendments to Foreign Currency Authorization."

It is contemplated that this memorandum will be considered at the meeting of the Committee to be held on March 19-20.

A handwritten signature in cursive script, appearing to read "Arthur L. Broida".

Arthur L. Broida
Deputy Secretary
Federal Open Market Committee

Attachment



BOARD OF GOVERNORS
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WASHINGTON, D. C. 20551

March 12, 1973

CONFIDENTIAL (FR)

To: Federal Open Market Committee Subject: Proposed changes in
titles of Committee policy
From: The Secretariat instruments and amendments to
Foreign Currency Authorization

At its meeting on January 16, 1973, the FOMC approved the recommendations for revisions of its Rules of Organization and Procedure made in the final report of an ad hoc staff committee dated January 5, 1973. Although the staff committee's assignment did not extend to the FOMC's authorizations and directives, the report noted that, in order to avoid duplication with the new Rules, the Committee might wish to make two amendments to the Authorization for System Foreign Currency Operations. It also suggested that, in the interest of simplicity and logic, the Committee might wish at some appropriate time to change the titles of the Continuing Authority Directive with respect to Domestic Open Market Operations, the Current Economic Policy Directive, and the Authorization for System Foreign Currency Operations (with no change in the title of the Foreign Currency Directive) to read as follows:

Authorization for Domestic
Open Market Operations

Domestic Policy Directive

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Authorization for Foreign
Currency Operations

Foreign Currency Directive

We recommend that the Committee approve the titles for the policy instruments^{1/} set forth above, and that it approve the following amendments to the Authorization for Foreign Currency Operations:

1. Deletion of Paragraph 10, which reads as follows:

"The Special Manager of the System Open Market Account for foreign currency operations shall keep the Committee informed on conditions in foreign exchange markets and on transactions he has made and shall render such reports as the Committee may specify."

This deletion is recommended because the substance of the paragraph is now covered by Section 5 of the Rules of Organization, which requires both the Manager and the Special Manager to "keep the Committee informed on market conditions and on transactions they have made and render such reports as the Committee may specify."

2. Revision of paragraph 6, to read as follows:

^{1/} It might be noted that certain policy instruments are referred to by title in the text of other instruments. Thus, there is a reference to the "current economic policy directive" in the opening paragraph of the continuing authority directive for domestic open market operations; and there are references to the "authorization for System foreign currency operations" in paragraphs 2C and 2D of the foreign currency directive. If the proposed new titles are approved they would, of course, be incorporated in the text of the instruments at these points.

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"THE SUBCOMMITTEE NAMED IN SECTION 272.4(c) OF THE COMMITTEE'S RULES OF PROCEDURE ~~A-Subcommittee-consisting-of-the Chairman-and-the-Vice-Chairman-of-the-Board-of-Governors-(or-in the-absence-of-the-Chairman-or-of-the-Vice-Chairman-of-the-Board of-Governors-the-members-of-the-Board-designated-by-the-Chairman as-alternates;-and-in-the-absence-of-the-Vice-Chairman-of-the Committee-his-alternate)~~ is authorized to act on behalf of the Committee when it is necessary to enable the Federal Reserve Bank of New York to engage in foreign currency operations before the Committee can be consulted. All actions taken by the Subcommittee under this paragraph shall be reported promptly to the Committee."

This change is proposed in the interests of simplicity now that the full description of the Subcommittee is contained in the Rules of Procedure.