



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

October 26, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

TO: FEDERAL OPEN MARKET COMMITTEE

FROM: Murray Altmann *M.A.*

Available members of the Foreign Currency Subcommittee (Chairman Miller, Vice Chairman Volcker, and Governor Wallich) yesterday authorized operations that would result in (1) a change in the System's over-all position in foreign currencies in excess of the daily limit of \$100 million specified in paragraph 1A of the Committee's procedural instructions, and (2) a change in the System's net position in a single foreign currency in excess of the daily limit of \$100 million specified in paragraph 1B of the instructions. The effective limits on the days operations, therefore, reflected the limits of \$300 million on inter-meeting changes as specified in both paragraphs. In light of the disturbances in foreign exchange markets, the Manager had requested authority for such operations.

The Desk sold about \$419 million equivalent of German marks yesterday, about \$281 million for System account and the remainder for account of the Treasury.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

October 26, 1978

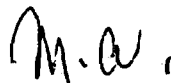
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PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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HOLMES - NEW YORK
PARDEE - NEW YORK

Given below is the text of a message transmitted to FOMC members today.

"Available members of the Foreign Currency Subcommittee (Chairman Miller, Vice Chairman Volcker, and Governor Wallich) yesterday authorized operations that would result in (1) a change in the System's over-all position in foreign currencies in excess of the daily limit of \$100 million specified in paragraph 1A of the Committee's procedural instructions, and (2) a change in the System's net position in a single foreign currency in excess of the daily limit of \$100 million specified in paragraph 1B of the instructions. The effective limits on the days operations, therefore, reflected the limits of \$300 million on inter-meeting changes as specified in both paragraphs. In light of the disturbances in foreign exchange markets, the Manager had requested authority for such operations."

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