

T E L E G R A M .

FEDERAL RESERVE COMMUNICATIONS SYSTEM

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

October 24, 1985

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

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Since the Committee's meeting on October 1, purchases of foreign currencies for System account have totaled about \$1.3 billion, including \$96 million thus far today. The Committee's "Procedural Instructions with Respect to Foreign Currency Operations" require under paragraph 2A that the Committee clear any operation that would result in a change exceeding \$1.5 billion since the most recent regular meeting. In view of the prospect that total purchases could exceed \$1.5 billion before the November 4-5 meeting, the Manager for Foreign Operations suggests an increase of \$500 million to \$2.0 billion in the intermeeting limit in question. Chairman Volcker recommends that the Committee approve the increase.

Please advise Mr. Bernard promptly whether you vote to approve the \$500 million increase under paragraph 2A of the Procedural Instructions.

AXILROD

