



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

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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.