

FEDERAL RESERVE BANK OF CHICAGO

230 SOUTH LA SALLE STREET

March 23, 1933.

SUBJECT: Text of Regulation 29, interpretation of Regulation 28 and Treasury opinion regarding Regulation G.

TO ALL BANKING INSTITUTIONS
IN THE SEVENTH FEDERAL RESERVE DISTRICT:

For your information we quote below the text of Regulation 29 which the Federal Reserve Board has advised us has been issued by the Secretary of the Treasury under the authority conferred upon him by the President's Proclamations declaring and continuing bank holiday:

"Any banking institution which is a member of the Federal Reserve System and is not licensed to perform usual banking functions may rediscount or pledge with another banking institution renewals of notes which were previously rediscounted or pledged with such other banking institution."

We have also been informed by the Federal Reserve Board that the Secretary of the Treasury has interpreted Regulation 28 as follows:

"Regulation 28 is held not to prohibit the honoring of checks or drafts drawn on or before March 18, 1933, under the terms of Regulation 6 or Regulation 10 as amended, subject to all the provisions and restrictions contained in such regulations and except as otherwise prohibited."

Regulation 28, voiding Regulations 6 and 10, was announced to all unlicensed banks in the Seventh Federal Reserve District in our telegram of March 20.

We are also advised by Secretary of the Treasury Woodin that inasmuch as Regulations 6 and 10 have been rescinded (in Regulation 28) the Treasury regards Regulation G as no longer in effect. Refer to our Bulletin 224 where it will be found that Regulation 6 is covered in quoted paragraphs 7, 8, 9 and 10, Regulation 10 in quoted paragraphs 17 and 18 and Regulation G in quoted paragraph 22.

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