

FEDERAL RESERVE BANK OF DALLAS

March 18, 1933.

Regulations Issued by the Secretary of the Treasury under the President's Proclamation Declaring a Bank Holiday

To The Bank Addressed:

For your information, we are quoting below certain regulations issued by the Secretary of the Treasury under authority conferred upon him by the proclamation of the President of the United States declaring bank holiday:

“Banking institutions which have not yet been permitted to reopen for normal and usual functions are still permitted to continue to carry on the limited activities specified by regulations 1 to 19.”

NUMBERED REGULATIONS

1 Authorizing Federal Reserve Banks to make change, etc.

“Secretary of Treasury has authorized all Federal Reserve Banks and all other banking institutions to make change by the exchange of currency and/or coin of various denominations for an exactly equal amount of currency and/or coin of other denominations, but no gold or gold certificates shall be paid out in making change.”

2 Granting access to safety deposit boxes, etc.

“All banking institutions may allow their customers free access to the safety deposit boxes and safes rented to such customers.”

3 Authorizing return of cash, checks and other items received after last closing hours and not entered.

“All banking institutions may, upon request, return intact and without restrictions all cash, checks and other items delivered for deposit or collection which were received after the last closing of business hours and have not been entered on books of such banking institution.”

4 Cashing Treasurer's checks.

“All banking institutions may continue, in accordance with usual practice, to cash checks drawn on the Treasurer of the United States, provided that no gold or gold certificates shall be paid out.”

5 Accepting payment on obligations.

“Any banking institution may accept payments in cash or any other form acceptable to it on account or in settlement of obligations payable at or to such institution.”

Interpretation No. 4.

“Regulation number 5, dated March 6, 1933, is not to be interpreted as permitting any banking institution to accept payment of any obligation not solely owned by it in any form which is not authorized by the person entitled to the proceeds.”

6 Permitting certain activities in connection with food or feed products.

"Any banking institution may handle and collect drafts or other documents in connection with the shipment, transportation or delivery of food or feed products, may pay out or permit the withdrawal of such amounts of currency as shall be necessary in the judgment of such banking institution in connection with such shipment, transportation or delivery of food or feed products and may perform such other banking functions as may be essential to the shipment, transportation or delivery of food or feed products, provided, however, that no banking institution shall pay out or permit the withdrawal of any gold or gold certificates."

Interpretation No. 1-D

"The term 'food or feed products' in Regulation 6 under the President's proclamation promulgated March 6 may be interpreted to include live stock on the way to slaughter."

Interpretation No. 6

"Food or feed products as used in Regulation 6 may be construed as including whole grain if such grain is intended for processing or consumption in the immediate future."

7 Authorizing special trust accounts, etc.

"Deposits heretofore received by any banking institution pursuant to agreement or legislative authority providing for segregation and for repayment without restriction may be paid on demand. Any banking institution which was lawfully engaged in the business of receiving deposits prior to March 6, 1933, may create special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept separately in cash or on deposit in Federal Reserve Banks or invested in obligations of the United States. Federal Reserve Banks may open special accounts on their books for their member banks and temporarily for non-member banks and may receive in such special accounts the proceeds of new deposits received by such banking institutions. In making deposits with the Federal Reserve Bank pursuant to this regulation the depositing banks shall in the case of each deposit indicate to the Federal Reserve Bank by symbol or otherwise that the funds so deposited represent new deposits made under this regulation. Upon receipt of such deposits such Federal Reserve Bank shall credit the same in the special account of the depositing bank herein provided for and shall hold the same solely for repayment to such bank. Federal Reserve Banks shall permit the withdrawal of any part or all of such new deposits by the depositing bank without restriction, provided that the depositing bank shall in such order or request for withdrawal indicate to the Federal Reserve Bank by symbol or otherwise that such withdrawal is to be made from such special account; provided, however, that no banking institutions shall pay out or permit the withdrawal of any gold or gold certificates."

NOTE: "The permission granted in Regulation number 7 that deposits heretofore received by any banking institution pursuant to agreement or legislative authority providing for segregation and repayment without restriction may be paid on demand, includes any bank in which any such deposits have been redeposited by or on behalf of the receiving bank in accordance with such agreement or legislative authority."

"Comptroller of Currency advises that notwithstanding appointment of Conservator for National Bank under Bank Conservation Act, deposits received by such bank prior to appointment of Conservator in Special Trust Accounts created under the provisions of Regulation number 7 of the Secretary of the Treasury, issued March 6, 1933, may be withdrawn upon demand without restriction or limitation to the full extent of the amount of cash, Federal Reserve Bank balances and proceeds of United States obligations in which such deposits have been kept separate or invested in accordance with the provisions of said Regulation number 7."

8 Authorizing completion of settlements on certain checks.

"Where settlement for checks charged by drawee institutions to the drawers' accounts on its books on or before March 4, 1933, is incomplete, settlement may be completed where such settlement does not involve the payment of money or currency."

9 Authorizing certain deliveries from safekeeping.

"Any banking institution may deliver to the person entitled thereto properly identified documents and securities held by such institution for safekeeping."

10 Authorizing certain activities by National or State banking institutions.

"Any national or state banking institution may exercise its usual banking functions to such extent as its situation shall permit and as shall be absolutely necessary to meet the needs of its community for food, medicine, other necessities of life, for the relief of distress, for the payment of usual salaries and wages, for necessary current expenditures for the purpose of maintaining employment, and for other similar essential purposes; provided, however, that (1) every precaution shall be taken to prevent hoarding or the unnecessary withdrawal of currency; (2) no state banking institution shall engage in any transaction under this regulation which is in violation of state or federal law or of any regulation issued thereunder; (3) no national banking association shall engage in any transaction under this section which is in violation of any federal law or of any order or regulation issued by the Comptroller of the Currency; and (4) no gold or gold certificates shall be paid out. Each banking institution and its directors and officers will be held strictly accountable for faithful compliance with the spirit and purpose as well as the letter of this regulation."

Interpretation No 2

"Regulation number 10 of March 7, under the President's proclamation of March 6, is held to authorize payments on account of pensions, workmen's compensation, disability insurance, relief and unemployment."

Interpretation No. 5

"Regulation number 10 issued under the President's proclamation is interpreted to authorize payments for fertilizer and for vegetable and agricultural seeds for spring planting, where such payments are absolutely necessary and where the seed and/or fertilizer are for immediate use."

Interpretation No. 7

"Release of funds for purchase of cotton where absolutely necessary to maintain operation is interpreted as 'Necessary current expenditures for the purpose of maintaining employment and for other similar essential purposes' as used in Regulation 10."

Interpretation No. 9

"Regulation number 10 issued under the President's proclamation is interpreted to authorize payments for nursery stock where such payments are absolutely necessary to prevent destruction of stock in transit on March 6, 1933, or prepared for and awaiting shipment on March 6, 1933, under bona fide commitments."

11 Authorizing deposits to secure advances to foreign branches.

"Any bank having branch in a foreign country may deposit collateral in the United States to secure advances to such branch in a foreign country provided such transaction does not involve any transfer of credit from the United States to a foreign country and any bank having branch in an insular possession of United States may deposit United States Government securities or other collateral for a similar purpose when under President's proclamation advances of local currency in the insular possession may lawfully be made."

12 Re-issuance of certificates against sound assets.

"Clearing house associations and other associations organized to provide an adequately secured medium of temporary exchange, are hereby permitted to issue certificates against sound assets of banking institutions, such certificates to be deliverable by each institution to its creditors and depositors on a pro rata basis, provided, however, that no such certificates shall be issued before Friday, March 10, 1933, without the consent of the Secretary of the Treasury addressed to the clearing house or other association proposing to issue such certificates, and further provided that this permission may be revoked in the event that a national plan to meet the existing emergency is proposed by the Secretary of the Treasury if in his opinion the success of such plan would be inconsistent with the operation of the certificate plan."

Interpretation No. 11

"Regulation number 12 is not to be construed as permitting a banking institution, open for normal and usual functions under license of the Secretary of the Treasury, to require depositors to accept clearing house certificates or other evidences of claims against assets for all or any part of any withdrawal requested."

13 Authorizing continuance trust activities.

“Any banking institution lawfully engaged in the business of acting as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity may continue to transact such business in the normal and usual manner; provided that in the conduct of said business, except as may be permitted by other regulations of the Secretary of the Treasury, such banking institutions shall not pay out or permit the withdrawal of coin or currency nor withdraw any trust or fiduciary funds on deposit with any other department of the bank.”

14 Authorizing continuance Fiscal Agency Operations Federal Reserve Banks.

“Federal Reserve Banks are authorized to conduct their normal and usual operations as Fiscal Agents of the United States in transactions pertaining to the exchange of obligations of the United States, such as making exchange of denominations, exchanging coupon for registered bonds, and vice versa, receiving registered bonds for transfer and effecting C. P. D. transactions.”

15 Re-deposit of segregated funds.

“The permission granted in Regulation number 7 that deposits heretofore received by any banking institution pursuant to agreement or legislative authority providing for segregation and repayment without restriction may be paid on demand, includes any bank in which any such deposits have been redeposited by or on behalf of the receiving bank in accordance with such agreement or legislative authority.”

16 Payment for March 6 Treasury Bills.

OMITTED.

17 Authority to pay checks issued prior to March 6, 1933, with owner's consent.

“Any banking institution may, when the owners consent thereto, pay checks issued prior to March 6, 1933, and received in due course of business by the drawee banking institution, by charging the amounts thereof to the accounts of the drawers and crediting such amounts to the accounts of such owners on the books of the drawee banking institution.”

18 Authorizing banking institutions to subscribe and pay for any U. S. Government obligations.

“All banking institutions are hereby authorized to subscribe and pay for any United States Government obligations which may be offered for subscription and sale by the Secretary of the Treasury. Federal Reserve Banks may carry on such functions as may be necessary to facilitate such transactions as are authorized by this regulation. All Federal Reserve Banks are authorized to redeem matured obligations of the United States and to cash matured coupons provided no gold or gold certificates shall be paid out.”

19 Permitting substitution for or release of collateral except as otherwise prohibited by law.

“Except as otherwise prohibited by law, banking institutions may exercise their normal and usual functions in permitting substitution for or release of collateral held by them provided other collateral or cash of equal or greater value is received in exchange therefor.”

20 Permitting Federal Reserve Banks and Branches to open March 13, 1933.

OMITTED.

21 Resumption of usual and normal functions March 13, 1933, by banking institutions not members of Federal Reserve System or under State supervision.

"Banking institutions which are not members of the Federal Reserve System or organized under the laws of the United States and which are not under the immediate supervision of any state authority may, on and after March 13, 1933, carry on their normal and usual functions except as otherwise prohibited and except that no such institution shall pay out any gold coin, gold bullion or gold certificates, unless authorized by the Secretary of the Treasury, nor allow withdrawals of any currency for hoarding, nor engage in any transactions in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements and for fulfillment of contracts entered into prior to March 6, 1933."

22 Resumption of usual and normal functions March 13, 1933, by Federal Land Banks;

Federal Intermediate Credit Banks; Federal Home Loan Banks, corporations organized under Section 25 (A) of Federal Reserve Act., R.A.C.C. and R.F.C.

OMITTED.

23 Withdrawal of currency for purpose of hoarding.

"No banking institution shall permit any withdrawal by any person when such institution acting in good faith shall deem that the withdrawal is intended for hoarding. Any banking institution before permitting the withdrawal of large or unusual amounts of currency may require from the person requesting such withdrawal, a full statement under oath of the purpose for which the currency is requested."

NOTE: "The first duty of the banks reopening under license of the Secretary of the Treasury for the performance of their usual functions is to see that the primary needs of the people for funds for the necessities of life and for normal business undertakings are met. Accordingly, withdrawals for hoarding have been prohibited. The Secretary of the Treasury suggests that until more normal conditions have been established transfers of funds by banks or their customers be limited to necessary purposes."

24 Authority to cash official drafts drawn upon the Secretary of State.

"All banking institutions may cash official drafts drawn upon the Secretary of State for payment of salaries, traveling and other contingent expenses but not for personal account, and remit the amounts thereof to the banks from which the drafts are received, provided that no gold or gold certificates shall be paid out."

25 Delivery of gold required for legitimate and customary uses in trade, profession or art.

"Pending the determination by the Treasury Department of a suitable procedure for licensing the delivery of gold for use in trade, profession or art, Federal Reserve Banks are hereby authorized to deliver, upon request therefor, gold in amounts deemed by such bank to be reasonably required for legitimate and customary uses in trade, profession or art, provided such request is accompanied by affidavit of the person requesting such gold, stating the amount of unmanufactured gold on hand and the facts making it necessary to obtain such gold for the purpose of maintaining employment. All banks licensed to open for usual and normal functions are permitted to carry out any transaction necessary to complete the delivery of any gold authorized by any Federal Reserve Bank to be delivered in accordance with such request." Released to press as regulation 25. Secretary has also issued public statement directing that requests for delivery of gold for use in trade, profession or art to be submitted to Federal Reserve Bank of the district, accompanied by affidavit referred to in regulation, and stating that accurate records must be kept of disposition of all gold which may be released.

26 Issuance of drafts transferring credits within the U. S., and to foreign countries for domestic and foreign patent, trademark and design application fees, etc.

"All banking institutions may issue drafts transferring credits from any place in the United States to any other place in the United States and from any place in the United States to any place in a foreign country in connection with payments for domestic and foreign patent, trademark and design application fees, and in payment for domestic and foreign patent and trademark taxes and renewals. No gold or gold certificates shall be paid out, withdrawn or exported under this regulation."

LETTERED REGULATIONS

(Certain Lettered Regulations Referring Solely to the United States Treasury or the Federal Reserve Banks have not been published.)

C Authorizing Purchase of Gold and Gold Certificates by Federal Reserve Banks.

“Any Federal Reserve Bank or branch or agency thereof may purchase gold or gold certificates and pay therefor any other form of coin or currency, either directly or through any other Federal Reserve Bank or branch or agency thereof.”

E Answering inquiry whether pawn brokers and brokers are banking institutions within meaning proclamation.

“Assistant Secretary of the Treasury has replied affirmatively to an inquiry as to whether pawnbrokers and brokers making loan on collateral are banker institution within the meaning of the term as used in the President’s proclamation of March 6, 1933.”

Interpretation No. 3

“The term ‘Other Corporations, Partnerships, Associations or persons engaged in the business of receiving deposits, making loans’ as used in the President’s proclamation of March 6, declaring a bank holiday, is held to include brokers, pawnbrokers, industrial loan companies, mortgage loan companies, chattel loan companies, personal finance companies, automobile finance companies and all other persons, firms and corporations engaged in the business of making loans of any kind, secured or unsecured.”

Interpretation No. 10

“The term mortgage loan companies as used in interpretation No. 3, is interpreted to include all corporations whose principal business consists of the investment in, sale and purchase of real estate mortgages and mortgage certificates guaranteed by such corporations.”

G Authorizing certain transactions between Federal Reserve Banks and Member Banks.

“Each Federal Reserve Bank may (1) make available to its member banks which, in the judgment of the Federal Reserve Bank, are complying strictly with the spirit and purpose as well as the letter of the regulations issued by the Secretary of the Treasury pursuant to the President’s proclamation declaring a bank holiday, such limited amounts of coin and/or currency (other than gold or gold certificates) as shall be absolutely necessary in order to enable such member banks to exercise the restricted functions permitted by such regulations, (2) extend to each such member bank such limited amounts of discounts, advancements and accommodations as shall be absolutely necessary for the exercise of such restricted functions, and (3) make transfer of credit on its books for such restricted purposes between the accounts of such member banks and/or non-member clearing banks which, in the judgment of the Federal Reserve Bank, are complying strictly with the spirit and purpose as well as the letter of such regulations, provided, however, that before granting any such discounts, advancements or accommodations or making such limited payments of coin and/or currency, the Federal Reserve Bank shall first require the member bank, (A) to inform the Federal Reserve Bank of the amounts of coin and currency which it has on hand, (B) to inform the Federal Reserve Bank of the circumstances giving rise to the need for additional coin and/or currency, and (C) to deliver to the Federal Reserve Bank in exchange for other forms of coin and/or currency or for credit on its books all gold and gold certificates held by such member bank in its own right.”

H Authorizing Federal Reserve Banks to handle checks and collection items arising out of permitted operations.

“Federal Reserve Banks, in their discretion, are authorized to handle checks and collection items arising out of the restricted banking operations permitted under the regulations of the Secretary of the Treasury when it can reasonably be anticipated that funds satisfactory to the Federal Reserve Bank can be provided for the payment of such checks and collection items, provided, however, that no gold or gold certificates shall be paid out by such Federal Reserve Banks.”

J Authorizing Federal Reserve Banks to continue usual and normal functions in handling collateral securing deposits of public moneys under Treasury Department Circular No. 92.

"All Federal Reserve Banks are authorized to continue their usual and normal functions pertaining to the handling of collateral securing the deposit of the public moneys of the United States, as provided in Treasury Circular 92 as amended and revised."



NOTE: "In order to facilitate the prompt dissemination of information regarding and interpretation of regulations issued by the Secretary of the Treasury pursuant to the President's proclamation, dated March 6, 1933, declaring a bank holiday, it is requested that all inquiries for information regarding and interpretation of any of such regulations coming from banks, banking institutions and individuals, be made direct to the Federal Reserve Bank in their district. Unless such requests are covered by interpretations previously issued by the Secretary of the Treasury, the Federal Reserve Banks will secure such interpretations from the Secretary of the Treasury. All requests for any special permission or consent required by the regulations should be made in accordance with such regulations."

NOTE: "A number of inquiries have been made at the Treasury Department as to whether a prohibition exists upon proper commercial dealings in silver during the banking emergency. No regulations have been issued restricting export or other transactions in silver, except for limitations affecting withdrawal by depositors for hoarding and restrictions on banks not permitted to reopen."

As we are advised of the issuance of further regulations by the Secretary of the Treasury under the President's Proclamation declaring a bank holiday we will forward the text thereof to banking institutions in this district.

Yours very truly,

A handwritten signature in cursive script, appearing to read "B. M. Finney". The signature is written in dark ink and is positioned above the printed name "Governor".

Governor.