

**FEDERAL RESERVE BANK
OF DALLAS**

Circular No. 3

May 15, 1935

SAFEKEEPING OF SECURITIES FOR MEMBER BANKS

To the Member Bank Addressed:

The safekeeping facilities of the Federal Reserve Bank of Dallas, and its branches at El Paso, Houston and San Antonio, Texas, are available only to member banks in the Eleventh Federal Reserve District.

CONDITIONS UNDER WHICH SECURITIES WILL BE ACCEPTED

Only securities actually owned by member banks and unpledged will be accepted. Securities which are the property of customers of member banks, or securities to be placed in an escrow account, will not be accepted for safekeeping. Securities deposited by member banks will be held solely for the account of and subject only to the order of the member bank, in whose name the Acknowledgment Receipt is issued.

Member banks depositing securities with this bank and its branches for safekeeping will be held, by the making of such deposit, to have expressly agreed that such securities are held at the risk of the depositing bank, and that the Federal Reserve Bank of Dallas, or its branches (a) will be responsible only for the exercise of the same diligence with which it cares for its own property; (b) shall not be liable for any loss of such securities when such loss is due to any cause other than a lack of such diligence, and (c) shall not be responsible for the genuineness, validity or alteration of such securities.

No charge is made for the safekeeping service, except the cost of transportation and insurance on incoming and outgoing shipments of securities.

REGISTERED MAIL INSURANCE

Shipments of securities by registered mail may be insured against loss in transit under this bank's policy at the expense of the member bank, the present rate being approximately four cents per \$1,000, or fraction thereof, but subject to change without notice. To effect such insurance it is only necessary to send us, by ordinary mail at the time shipment is made, a letter of advice containing a request to insure, enclosing a copy of the letter with the shipment. Such insurance expires upon receipt of the shipment at this bank, and if it is desired to cover the risk of loss while the securities remain in safekeeping member banks must effect their own insurance.

ACKNOWLEDGMENT RECEIPTS ISSUED

Non-negotiable and non-transferable Acknowledgment Receipts will be issued to the depositing bank covering securities deposited; separate receipts for each kind of securities will be issued, and securities will be released only on return of the Acknowledgment Receipt with appropriate instructions officially signed by an officer of the bank for whose account they are held.

MATURING SECURITIES

The safekeeping service does not include notification of the approaching maturities of principal amounts or interest coupons, therefore, member banks should keep a detailed record of securities left for safekeeping. Upon the return of the Acknowledgment Receipt, accompanied by officially signed instructions, maturing securities will be entered for collection, and the proceeds, when available, disposed of as directed. No action will be taken in connection with maturing securities in the absence of specific instructions.

COUPON COLLECTION SERVICE

Unless otherwise instructed, all matured coupons from United States Government securities, Federal Farm Mortgage Corporation bonds, Home Owners' Loan Corporation bonds, and other bonds issued by instrumentalities of the Government, attached at the time of receipt, and other coupons as they mature, will be entered for collection, and the proceeds, when available, placed to the credit of the member bank. This does not include the clipping of coupons from securities pledged as collateral to customers' notes. Specific instructions should be given us for the clipping of these coupons and the disposition of the proceeds. Matured coupons from securities other than United States Governments, and United States Government instrumentalities, will be clipped and entered for collection, or other disposition made, only upon specific official instructions, and disposition of the proceeds of collection will be made as directed.

It is unnecessary to return the Acknowledgment Receipts when coupons are to be clipped.

Yours very truly,

B. A. McKINNEY,

Governor.