

**FEDERAL RESERVE BANK
OF DALLAS**

Circular No. 4, Series of 1937

Dallas, Texas, August 25, 1937

Effective September 1, 1937

CUSTODY OF SECURITIES

To the Member Bank Addressed:

This circular supersedes all previous circulars governing the custody of securities and its provisions are subject to change without notice by the Federal Reserve Bank of Dallas.

CONDITIONS UNDER WHICH SECURITIES WILL BE ACCEPTED

Each member bank depositing, either directly or through others, securities with this bank or its branches, by such act will be understood to have agreed to all the terms and conditions of this circular.

Only securities which are actually owned by a member bank located in the Eleventh Federal Reserve District and which are unassigned, will be accepted. Such securities will be held in custody for the account, at the risk and subject only to the order of the member bank named as owner in the acknowledgment issued by this bank.

The Federal Reserve Bank of Dallas will be responsible only for the exercise of the same diligence with which it cares for its own property; will not be liable for any loss of such securities when such loss is due to any cause other than lack of diligence; will not be responsible for the genuineness, validity or alteration of such securities; and will not maintain any form of insurance for the account of member banks in relation to securities held in custody for them.

No charge will be made for holding securities in custody, but a charge will be made to cover the cost of transportation and insurance on incoming and outgoing shipments of securities.

ACKNOWLEDGMENTS

Non-negotiable and non-transferable acknowledgments will be issued on and after September 1, 1937, to cover securities then in the custody of this bank and those thereafter received. It will be unnecessary to return the acknowledgments issued on and after September 1, 1937, when securities are withdrawn, since the securities covered thereby will be surrendered or otherwise disposed of upon receipt of appropriate instructions over the authorized signature of an officer of the member bank named in the acknowledgment as owner.

REGISTERED MAIL INSURANCE

Securities shipped to this bank by registered mail may be insured under its policy at the expense of the member bank, when the shipments are prepared and forwarded in accordance with the provisions of this paragraph. Securities must be counted in the presence of a witness, and either placed in a canvas sack, sealed with lead or wax seals, or securely wrapped in paper of good quality and sealed with wax. On the date of shipment an advice showing the total amount of securities being

shipped and requesting insurance under the policy of this bank must be forwarded by ordinary mail and a copy of the advice placed in the shipment. The policy of this bank covers registered mail shipments from the time they leave the office of the sender until delivered to the office of the addressee, but does not cover loss through dishonesty on the part of an employe of a bank by which or to which a package is shipped. Copies of the policies under which shipments by registered mail are insured will be furnished upon request. In the event of loss, the Federal Reserve Bank of Dallas will make claim on behalf of the member bank for the amount for which the securities are insured.

NOTICE OF MATURING SECURITIES AND COUPONS

Notice of the approaching maturity of securities or interest coupons attached thereto will not be furnished; therefore, each member bank should keep a detailed record of all its securities left in the custody of this bank.

COLLECTION SERVICE

No action will be taken in connection with maturing securities in the absence of specific instructions. Upon receipt of instructions over the authorized signature of an officer of the member bank named in the acknowledgment as owner, maturing securities will be handled for collection under the terms and conditions of the current circular of this bank governing the collection of maturing notes, bills, drafts and other non-cash items, and the proceeds thereof, when available, will be deposited in the reserve account of such member bank, under advice of credit.

Unless otherwise instructed, all matured coupons attached at the time of receipt by this bank to United States Government securities, Federal Farm Mortgage Corporation bonds, Home Owners' Loan Corporation bonds, Reconstruction Finance Corporation notes and other obligations issued by instrumentalities of the United States Government, and other coupons attached thereto as they mature, will be handled for collection, and the proceeds thereof, when available, will be deposited in the reserve account of the member bank, under advice of credit. However, coupons attached to securities of the kind mentioned above which are pledged as collateral to a customer's note held by this bank, will not be clipped and handled for collection, unless specific instructions are received in connection therewith. Maturing coupons attached to all other securities will be handled for collection and credit only upon specific instructions over the authorized signature of an officer of the member bank.

Yours very truly,

B. A. McKINNEY,

President