

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, January 11, 1944

To the War Loan Depository Addressed:

The Treasury Department has revised its Circular No. 92 as of December 15, 1943, and a copy of the new circular is enclosed. The revised circular supersedes Department Circular No. 92 dated April 14, 1943, and includes the First Amendment to the latter circular dated August 31, 1943, which extended depository privileges to incorporated banks and trust companies located in the territories of Alaska and Hawaii, and in Puerto Rico, the Virgin Islands, and the Panama Canal Zone.

Your particular attention is invited to Paragraph 3 under "General Provisions," in which it is stipulated that Special Depositories already qualified under the terms of Treasury Department Circular No. 92 dated April 14, 1943, as amended, will not be required to file new formal applications and resolutions, but that they will, by the acceptance or retention of deposits after December 31, 1943, be conclusively presumed to have assented to all the terms and provisions of the revised circular and to the retention of collateral security now pledged.

Yours very truly,

R. R. GILBERT

President



SPECIAL DEPOSITS OF PUBLIC MONEYS UNDER THE ACT OF CONGRESS APPROVED SEPTEMBER 24, 1917,
AS AMENDED. (SECOND LIBERTY BOND ACT, AS AMENDED.)

1943

Department Circular No. 92 (Revised)
Fiscal Service—Bureau of Accounts

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, December 15, 1943.

To Federal Reserve Banks and other incorporated banks and trust companies in the United States (including the District of Columbia), the Territories of Alaska and Hawaii, Puerto Rico, the Virgin Islands, and the Panama Canal Zone:

Department Circular No. 92 (Revised), dated April 14, 1943, as amended, is revised to read as follows:

Banks and trust companies designated and qualified pursuant to the terms of this circular are given the title "Special Depositaries of Public Moneys" and are hereinafter referred to as "Special Depositaries." Special Depositaries are permitted to make payment in the form of a deposit credit for the purchase price of United States Government obligations purchased by such banks or trust companies for their own account or for the account of their customers, who enter their subscriptions through these banks or trust companies, when this method of payment is permitted under the terms of the circulars inviting subscriptions to such issues. The deposit credits set up under this designation are called "War Loan Deposit Accounts." Under this arrangement the large sums of money raised by the Treasury through financing operations are left on deposit in local banking institutions until the Treasury needs to withdraw them to meet Government expenditures thus avoiding the dislocations in the banking system which might result from immediate withdrawal of such funds. Pursuant to recent amendments to the Federal Reserve Act, these deposit accounts will, for the duration of the War and for six months after the cessation of hostilities, be exempt from insurance assessments of the Federal Deposit Insurance Corporation and from the reserve requirements of the Federal Reserve System.

GENERAL PROVISIONS

1. All incorporated banks and trust companies in the United States (including the District of Columbia), the Territories of Alaska and Hawaii, Puerto Rico, the Virgin Islands, and the Panama Canal Zone, are hereby designated, subject to qualification in accordance with the provisions of this circular, as Special Depositaries for receiving deposits of public moneys as authorized by the Act of Congress approved September 24, 1917, as amended (Second Liberty Bond Act, As Amended), hereinafter referred to as the Act; Provided, That no bank or trust company shall perform any of the acts covered by this designation until it has qualified so to act in the manner herein prescribed.

2. Any incorporated bank or trust company desiring to participate in the deposit of public moneys as authorized by the Act should apply for qualification through the Federal Reserve Bank of its district. Such application must be in Form H-5, hereto attached, and must be accompanied by a certified copy of a resolution, duly adopted by the Board of Directors of the applicant, in Form J-5, hereto attached. For the purpose of this circular, banks and trust companies located in the Territories of Alaska and Hawaii will be considered as being located in the San Francisco Federal Reserve district, and banks and trust companies located in Puerto Rico, the Virgin Islands and the Panama Canal Zone will be considered as being located in the New York Federal Reserve district. No incorporated bank or trust company which has made application for qualification shall act as a Special Depositary under the terms of this circular until it receives from the Federal Reserve Bank notice of approval of the application.

3. Special Depositaries already qualified to a sufficient amount pursuant to Department Circular No. 92 (Revised) dated April 14, 1943, as amended, will not be required to file new formal applications or resolutions, but they will, by the acceptance or retention of deposits after December 31, 1943, be conclusively presumed to have assented to all the terms and provisions hereof, and to the retention of collateral security theretofore pledged as collateral security hereunder.

4. A Special Depositary, heretofore or hereafter qualified, which having subscribed to an offering of United States bonds, notes, certificates of indebtedness, or Treasury Bills and having in due course received an allotment on its subscription refuses to receive the said allotment and to make payment therefor, may be discontinued. A Special Depositary discontinued for any reason may be requalified by the Federal Reserve Bank of its district upon full compliance with the terms of this circular.

5. In fixing the maximum amount of deposits for which it will apply, the applicant bank or trust company should be guided by the amount of the payments which it expects to make, on subscriptions made by or through it for bonds, notes, certificates of indebtedness, and Treasury Bills of the United States issued under authority of the Act, and, as well by any statutory limitations upon the amount of deposits which the applicant bank or trust company may receive from any one depositor.

6. Determination as to the maximum amount of deposits for which a Special Depository may qualify is committed to the Federal Reserve Banks acting under the direction of the Secretary of the Treasury.

COLLATERAL SECURITY

7. Special Depositories will be required, before receiving deposits, to pledge as collateral security for such deposits securities of any of the following classes, to an amount, taken at the rates and conforming to the conditions provided below, at least equal to such deposits; provided, that no collateral security shall be required for such part of the deposits as are insured under section 12B of the Federal Reserve Act, as amended:

(a) **United States Government Securities.**—Transferable bonds, notes, certificates of indebtedness, and Treasury Bills of the United States Government of any issue, including interim certificates or receipts for payment therefor, except such securities as by the terms of their issue are not acceptable as security for deposits of public moneys; all at face value.

(b) **Obligations Guaranteed by the United States.**—Obligations fully and unconditionally guaranteed by the United States both as to principal and interest; all at face value.

(c) **Obligations of Government Agencies, Etc.**—Obligations of the Federal Land Banks, Federal Intermediate Credit Banks, Federal Home Loan Banks, the Federal National Mortgage Association, and obligations of Public Housing Agencies (as defined in the United States Housing Act of 1937, as amended) when secured to the full amount thereof by a Requisition Agreement with the Federal Public Housing Authority; all at face value.

(d) **Insular and Territorial Government Securities.**—Bonds of Puerto Rico, bonds and certificates of indebtedness of the Philippine Islands, and bonds of the Territory of Hawaii, all at market value, not to exceed face value.

(e) **State Bonds.**—Bonds of any State of the United States, at market value, not to exceed face value.

(f) **State Notes, Certificates of Indebtedness, and Warrants.**—Approved notes, certificates of indebtedness, and warrants issued by any State of the United States; at 90 percent of market value, not to exceed face value.

(g) **County and Municipal Securities.**—Approved bonds of any county, city, or other political subdivision in the United States; and approved notes, certificates of indebtedness, and warrants with a fixed maturity issued by any county or city in the United States, which are direct obligations of the county or city as a whole, or which are payable from general taxes levied on all taxable property in such county or city; provided the obligations meet the requirements of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation for classification by bank examiners under Group I, as follows:

Group I securities are marketable obligations in which the investment characteristics are not distinctly or predominantly speculative. This group includes general market obligations in the four highest grades and unrated securities of equivalent value.

Obligations of counties, cities, and other political subdivisions, rated in one of the three highest grades by a recognized investment service organization regularly engaged in the business of rating or grading bonds, may be accepted at 90 percent of market value, not to exceed face value, and other qualified obligations of counties, cities, and other political subdivisions may be accepted at 80 percent of market value, not to exceed face value.

(h) **Corporate Securities.**—Approved bonds, notes, and other obligations of domestic corporations, provided they meet the requirements for classification under Group I as defined in subparagraph (g)—“County and Municipal Securities”—at 80 percent of market value, not to exceed face value.

(i) **Commercial and Agricultural Paper and Bankers' Acceptances.**—Commercial and agricultural paper and bankers' acceptances having a maturity at the time of pledge of not to exceed six months, and notes of correspondent incorporated banks or trust companies secured by such commercial or agricultural paper or bankers' acceptances, all of which are approved by the Federal Reserve Bank of the district in which the depository is located; at 80 percent of face value.

8. The Secretary of the Treasury reserves the right to require all or any stated percentage of deposits received by any bank pursuant to the provisions of this circular and not

insured under section 12B of the Federal Reserve Act, as amended, to be secured by pledge of United States Government securities or obligations guaranteed by the United States as defined in subparagraphs 7 (a) and 7 (b) above.

9. The stipulations as to the rates at which collateral may be accepted hereunder are intended to indicate maximum values only and the right is expressly reserved to call for or require additional collateral security at any time.

10. The approval and valuation of securities is committed to the several Federal Reserve Banks, acting under the direction of the Secretary of the Treasury. The withdrawal of securities, the pledge of additional securities, and the substitution of securities shall be made from time to time as required or permitted by the Federal Reserve Banks, acting under like direction.

CUSTODY OF SECURITIES

11. All securities accepted as collateral security for deposits hereunder must be deposited with the Federal Reserve Bank or branch of the district in which the depository is located, as fiscal agent of the United States, or by the direction of and subject to the order of such Federal Reserve Bank or branch, as fiscal agent of the United States, with a custodian or custodians within the United States designated by such Federal Reserve Bank, and under such terms and conditions as it may prescribe.

HOW DEPOSITS ARE TO BE MADE

12. Each qualified Special Depository will be required to open and maintain or continue for the account of the Federal Reserve Bank of its district, as fiscal agent of the United States, a separate account for deposits to be made hereunder, to be known as the "War Loan Deposit Account."

13. Qualified Special Depositories, if and to the extent from time to time hereafter authorized by the Secretary of the Treasury, may be permitted to make payment by credit, when due, to a War Loan Deposit Account, of amounts payable on subscriptions made by or through them for bonds, notes, certificates of indebtedness, and Treasury Bills of the United States issued under authority of the Act of September 24, 1917, as amended. In order to make payment by credit to a War Loan Deposit Account, the Special Depository must, on or before the date when such payment is due, notify the Federal Reserve Bank of the district of such intention and issue a certificate of advice to such Federal Reserve Bank, stating that a sum specified has been deposited with such depository for the account of such Federal Reserve Bank, as fiscal agent of the United States, in the War Loan Deposit Account. Such certificate of advice will be furnished in the form and manner prescribed by the Federal Reserve Bank.

14. The amount deposited with any Special Depository shall not in the aggregate exceed at any one time (a) the maximum amount for which it shall have been qualified as a depository, nor (b) the aggregate amount of the collateral security pledged by it taken at the rates hereinbefore provided, excepting that part of the deposits insured under section 12B of the Federal Reserve Act, as amended.

WITHDRAWAL OF DEPOSITS

15. All deposits will be payable on demand without previous notice. Calls for withdrawals of deposits with Special Depositories will be made by direction of the Secretary of the Treasury through the Federal Reserve Banks, and such depositories will be required to arrange for payments of such calls in funds that will be immediately available on the payment due date.

EXEMPTION FROM INSURANCE ASSESSMENTS AND RESERVE REQUIREMENTS

16. The Act of Congress, approved April 13, 1943, contains the following provisions relative to exemption of "War Loan Deposits" from (a) assessments for insurance by the Federal Deposit Insurance Corporation, and (b) the reserve requirements of member banks of the Federal Reserve System:

"* * * the second sentence of paragraph (1) of subsection (h) of section 12B of the Federal Reserve Act (U. S. C., title 12, sec. 264 (h) (1)), as amended, is hereby further amended by substituting a colon for the period at the end thereof and adding the following: 'and provided further, That until 6 months after the cessation of hostilities in the present war as determined by proclamation of the President or concurrent resolution of the Congress any balance payable to the United States by any insured bank, whether represented by a deposit account or otherwise, arising solely as a result of subscriptions made by or through such insured bank for United States Government securities issued under authority of the Second Liberty Bond Act, as amended, shall be excluded from the definition of "deposit" for the purpose of determining the assessment base.'

"SEC. 2. The last sentence of section 19 of the Federal Reserve Act (U. S. C., title 12, sec. 462a-1) be amended by substituting a colon for the period at the end thereof and by adding the following: 'Provided, That until 6 months after the cessation of hostilities in the present war as determined by proclamation of the President or concurrent resolution of the Congress no deposit payable to the United States by any member bank arising solely as the result of subscriptions made by or through such member bank for United States Government securities issued under authority of the Second Liberty Bond Act, as amended, shall be subject to the reserve requirements of this section.'"

17. The right is reserved to amend or supplement or revise the provisions of this circular at any time or from time to time.

D. W. BELL,
Acting Secretary of the Treasury.

Attachments.

FORM H-5—BUREAU OF ACCOUNTS.
(Revised April 14, 1943)

APPLICATION FOR DEPOSITS

(City and State)

(Date)

To the Federal Reserve Bank _____, fiscal agent of the United States:
The undersigned bank or trust company, in accordance with the provisions of Treasury Department Circular No. 92 (revised December 15, 1943), and pursuant to due action of its board of directors, hereby makes application for the deposit of public moneys, with it from time to time under the Act of Congress approved September 24, 1917, as amended, the aggregate amount of such deposits not to exceed at any one time \$_____; and assigns and agrees to pledge, from time to time to and with the Federal Reserve Bank of _____, as fiscal agent of the United States, as collateral security for such deposits as may be made from time to time pursuant to this application, securities of the character and amount required by said circular.

By _____
President (Vice President).

Street _____
City or town _____
State _____

FORM J-5—BUREAU OF ACCOUNTS.
(Revised April 14, 1943)

RESOLUTIONS AUTHORIZING APPLICATION FOR DEPOSITS

(City and State)

(Date)

I hereby certify that the following resolutions were duly adopted at a meeting of the board of directors of the below-named bank (trust company), which meeting was duly called and duly held on the _____ day of _____, 194____, a quorum being present, and that the said resolutions were spread upon the minutes of said meeting:

Resolved, That in accordance with the provisions of Treasury Department Circular No. 92 (revised December 15, 1943), this bank (trust company) makes application for the deposit of public moneys with it from time to time under the Act of Congress approved September 24, 1917, as amended, the aggregate amount of such deposits not to exceed at any one time \$_____; and assigns and agrees to pledge from time to time to and with the Federal Reserve Bank of _____, as fiscal agent of the United States, as collateral security for such deposits as may be made from time to time, pursuant to such application, securities of the character and amount required by said circular; and

Resolved, That the president, or any vice president, or cashier, or assistant cashier, or secretary, or assistant secretary, or treasurer, or assistant treasurer, of the undersigned bank (trust company) is hereby authorized to make application, assignment, and agreement as aforesaid, and from time to time to deliver to and pledge with said Federal Reserve Bank, or any custodian or custodians appointed by it, securities of the undersigned bank (trust company) of a character and amount at least sufficient to secure such deposits according to the terms of said Treasury Department circular, and from time to time to withdraw securities and to substitute other securities and to pledge and deposit additional securities.

In witness whereof I have hereunto signed my name and affixed the seal of

(Name of bank)

(City and State)

Cashier (Secretary).