FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 67-206
October 16, 1967

To All Treasury Tax and Loan Depositaries
in the Eleventh Federal Reserve District:

Due to procedural changes in connection with the processing of Treasury Tax and Loan deposits and securities pledged as collateral to secure these deposits, certain changes are being made in the information that will be furnished to or needed from your bank.

Heretofore, each depositary has been furnished a collateral pledge (Form No. FA 200) and a custody acknowledgment (Form No. Sec-1) each time securities are pledged as collateral to secure Treasury Tax and Loan deposits accepted under Treasury Department Circular No. 92. Effective October 23, the practice of forwarding each depositary bank the collateral pledge (Form No. FA 200) will be discontinued. After that date, the safekeeping acknowledgment issued when the securities are pledged will serve as the depositary bank's record of the pledge. Each depositary will be notified of any change in the purpose for which the securities are held if the change in classification does not require the issuance of a new custody acknowledgment. Also, the practice of furnishing each depositary a copy of the collateral withdrawal (Form No. FA 133) at the time the security is removed from pledge will be discontinued.

Several correspondent banks have been designated custodians and are authorized to hold securities as collateral to Treasury Tax and Loan accounts for depositaries in this district subject to the order of the Dallas office or the branch office in whose territory the depositary is located. These custodians have been requested to hold all future collateral subject to the order of the Dallas office, regardless of the location of the depositary. All outstanding custodian receipts held by the branches at El Paso, Houston and San Antonio, representing securities pledged under Treasury Department Circular No. 92, have been transferred to the head office at Dallas. Any future correspondence concerning these receipts should be directed to this office.

The Treasury Department has authorized the acceptance of State and municipal obligations at the values set forth below:

1. Obligations issued by the States of the United States: at 90 percent of face value.

2. Obligations of counties, cities and other political subdivisions or other authorities or instrumentalities thereof, which are not in default as to payments on principal or interest: at 80 percent of face value.

Since the above obligations may be accepted at a percentage of face value rather than market value, the certifications as to eligibility and collateral value previously required will no longer be needed. The assignment of new collateral values for municipal and State obligations now held will be accomplished in the next few days.

Please let us know if any questions arise concerning these changes.

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