

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 67-240
November 29, 1967

REVISED TREASURY DEPARTMENT CIRCULAR NO. 92

To All Banks and Others Concerned
in the Eleventh Federal Reserve District:

Enclosed is a revised copy of United States Treasury Department Circular No. 92, containing the regulations governing Special Depositories of Public Money and their authorization to maintain Treasury Tax and Loan Accounts. The circular will become effective December 1, 1967.

Additional copies will be furnished upon request.

Yours very truly,

Watrous H. Irons

President

Enclosure

UNITED STATES TREASURY DEPARTMENT

REGULATIONS

GOVERNING

Special Depositaries of Public Money
and Their Authorization to Maintain
Treasury Tax and Loan Accounts

Department Circular No. 92

Revised October 9, 1967



TITLE 31—MONEY AND FINANCE: TREASURY

CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY

SUBCHAPTER A—BUREAU OF ACCOUNTS

Part 203—Special Depositories of Public Money

[Department Circular No. 92 (Second Revision)]

Part 203, Subchapter A, Chapter II of Title 31 of the Code of Federal Regulations [also appearing as Treasury Department Circular No. 92 (Revised), dated November 10, 1949, as amended] is hereby revised effective December 1, 1967, to read as follows:

Section

- 203.1 Scope of regulations.
- 203.2 Designation.
- 203.3 Treasury Tax and Loan Accounts.
- 203.4 Contract of deposit.
- 203.5 Previously qualified special depositories.
- 203.6 Discontinuance of special depositories.
- 203.7 Deposits.
- 203.8 Collateral security.
- 203.9 Withdrawal of deposits.

Authority: The provisions of this Part 203 issued under section 8, 40 Stat. 291, as amended; 31 U.S.C. 771; and section 6302(c), Internal Revenue Code of 1954, unless otherwise noted.

Source: The provisions of this Part 203 appear at 32 F.R. 14216.

§ 203.1 Scope of regulations

The regulations in this part govern the designation of Special Depositories of Public Money (hereinafter referred to as special depositories), and their authorization to maintain Treasury Tax and Loan Accounts in which they may credit funds representing payments for certain United States obligations and of internal revenue taxes. The designation of Depositories and Financial Agents of the Government and their authorization to accept deposits of public money and to perform other services are governed by the regulations in Part 202 of this chapter.

§ 203.2 Designation

Every incorporated bank and trust company in the United States, Puerto Rico, the Virgin Islands, and the Panama Canal Zone, and every United States branch of a foreign banking corporation authorized by the State in which it is located to transact commercial banking business, is hereby designated as a special depository.

§ 203.3 Treasury Tax and Loan Accounts

(a) *Authorization.* Every special depository is authorized, upon approval by the Federal Reserve Bank of its district, to maintain for that Federal Reserve Bank, as Fiscal Agent of the United States, a separate account, for deposits to be made under this part, to be known as the Treasury Tax and Loan Account.

(b) *Qualification.* To obtain approval for a Treasury Tax and Loan Account a special depository must (1) file with the Federal Reserve Bank of its district an application accompanied by a resolution of its board of directors authorizing the application (both on forms prescribed by and available from the Federal Reserve Bank), and (2) pledge collateral security as provided for in section 203.8.

(c) *Maximum balance.* The balance in a Treasury Tax and Loan Account with a special depository may not exceed an amount determined by the Federal Reserve Bank of its district.

(d) *Particular locations.* For the purposes of this part, special depositories 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.

§ 203.4 Contract of deposit

A special depository which accepts a deposit under this part enters into a contract of deposit with the Treasury Department. The terms of the contract include all the provisions of this part and the provisions prescribed in section 202 of Executive Order 11246, entitled "Equal Employment Opportunity" (30 F.R. 12319).

§ 203.5 Previously qualified special depositories

A special depository previously qualified will, by the acceptance or retention of deposits, be presumed to have assented to all the terms and provisions of this part and to the retention of collateral security theretofore pledged.

§ 203.6 Discontinuance of special depositories

The authority to maintain a Treasury Tax and Loan Account of a special depository which has received an allotment on a subscription for obligations of the United States and refuses to accept the allotment and to make payment, or otherwise fails to comply with the provisions of this part, will be discontinued.

§ 203.7 Deposits

(a) *Sources.* A special depository may credit in its Treasury Tax and Loan Account funds representing:

- (1) payments for United States Savings Bonds and United States Savings Notes issued by the special depository;

(2) payments for United States Savings Bonds and United States Savings Notes which are applied for through the special depository on behalf of its customers but which may be issued only by Federal Reserve Banks and the Treasurer of the United States;

(3) payments made by or through the special depository for allotments on subscriptions for other obligations of the United States issued under authority of the Second Liberty Bond Act, as amended, when this method of payment is permitted under the terms of the offering circulars;

(4) payments of such internal revenue taxes as the Secretary of the Treasury may from time to time authorize to be paid through Treasury Tax and Loan Accounts.

(b) *Procedures.* In order to make payment by credit to its Treasury Tax and Loan Account, a special depository must:

(1) in the case of payments described in paragraphs (a) (1), (2) and (3), comply with terms and conditions prescribed by the Federal Reserve Bank of its district;

(2) in the case of payments described in paragraph (a) (4), comply with such requirements as the Secretary of the Treasury may prescribe.

§ 203.8 Collateral security

(a) *Requirement.* Prior to crediting deposits to its Treasury Tax and Loan Account, a special depository must pledge collateral security in an amount, taken at the values provided in paragraph (b), at least equal to the portion of the balance in the account that will be in excess of the insurance coverage provided by the Federal Deposit Insurance Corporation.

(b) *Acceptable securities.* Unless otherwise specified by the Secretary of the Treasury collateral security pledged under this section may be transferable securities of any of the following classes:

(1) Obligations issued or fully insured or guaranteed by the United States or any United States Government agency: at face value.

(2) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development or the Inter-American Development Bank: at face value.

(3) Obligations partially insured or guaranteed by any United States Government agency: at a value equal to the amount of the insurance or guaranty.

(4) Notes representing loans to students in colleges or vocational schools which are insured either by Federal insurance or by a State agency or private nonprofit institution or organization administering a student loan insurance program in accordance with a formal agreement with the Commissioner of Education under the provisions of the Higher Education Act of 1965 or the National Vocational Student Loan Insurance Act of 1965: at face value.

(5) Obligations issued by States of the United States: at 90 percent of face value.

(6) Obligations of Puerto Rico: at 90 percent of face value.

(7) Obligations of counties, cities, and other governmental authorities and instrumentalities which are not in default as to payments on principal or interest: at 80 percent of face value.

(8) Obligations of domestic corporations which may be purchased by banks as investment securities under the requirements of Federal bank regulatory agencies: at 80 percent of face value.

(9) Commercial and agricultural paper and bankers' acceptances approved by the Federal Reserve Bank of the district and having a maturity at the time of pledge of not to exceed 6 months : at 80 percent of face value.

(c) *Deposit of securities.* Collateral security under this part must be deposited with the Federal Reserve Bank or Branch of the district in which the special depository is located, or with a custodian or custodians within the United States designated by the Federal Reserve Bank, under terms and conditions prescribed by the Federal Reserve Bank.

(d) *Assignment of securities.* A special depository that pledges securities which are not negotiable without its endorsement or assignment may, in lieu of placing its unqualified endorsement on each security, furnish an appropriate resolution and irrevocable power of attorney authorizing the Federal Reserve Bank to assign the securities. The resolution and power of attorney shall conform to such terms and conditions as the Federal Reserve Bank shall prescribe.

§ 203.9 Withdrawal of deposits

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 depositories will be required to arrange for payments of the calls in funds that will be immediately available on the payment date.

JOHN K. CARLOCK,
Fiscal Assistant Secretary.