

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 77-85
August 10, 1977

FURTHER EXPANSION OF THE BOOK-ENTRY PROCEDURE

TO ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Since the book-entry procedure for Government securities was first implemented in 1968, there have been several expansions to broaden the list of eligible United States Government and agency securities and to increase the purposes for which eligible securities may be held in book-entry form by the Federal Reserve Bank.

A recent enactment of the Texas Legislature has made possible an additional application of the book-entry procedure. Article 2530 of Vernon's Annotated Civil Statutes has been amended to provide specific statutory authority for application of the book-entry procedure to eligible securities held by a correspondent bank as collateral to secure funds of the State Treasurer on deposit in a depository bank. The correspondent bank (called a custodian bank in the statute) is permitted to deposit such pledged securities with the Reserve Bank, and the Reserve Bank is permitted to apply book-entry procedures to such pledged securities so deposited. The Reserve Bank will issue an Advice of Transaction to the correspondent bank for the pledged securities so deposited and the correspondent bank will issue controlled trust receipts to the State Treasurer indicating the pledged securities are held in trust for the depository bank and have been deposited with the Reserve Bank.

It is with pleasure this additional method for application of the book-entry procedure is announced. Any inquiries should be directed to Mary Lou Rosas, Manager of the Securities Department of this Bank, at Ext. 6384, or to the department manager responsible for the safekeeping activities at our El Paso, Houston, or San Antonio Branches.

Sincerely yours,

Robert H. Boykin

First Vice President

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-492-4403 (intrastate) and 1-800-527-4970 (interstate). For calls placed locally, please use 651 plus the extension referred to above.