

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 78-53

May 10, 1978

REVISION TO BULLETIN 7

TO ALL MEMBER BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Enclosed is a copy of Page 3 of Bulletin 7, "Custody of Securities." This page of the bulletin has been revised to reflect a change to paragraph 6.10, Collection of Maturing Municipal or Corporate Securities (Unpledged).

This revision will authorize this Bank to enter for collection maturing unpledged municipal securities unless otherwise instructed.

If you have any questions regarding this revision, please contact: Mr. J. A. Clymer, Assistant Vice President of this office, Ext. 6340; Mr. Joel L. Koonce, Jr., Assistant Vice President, El Paso Branch, 915/544-4730, Ext. 41; Mr. Sammie C. Clay, Assistant Vice President, Houston Branch, 713/659-4433, Ext. 44; or Mr. Thomas C. Cole, Assistant Vice President, San Antonio Branch, 512/224-2141, Ext. 13.

Additional copies of the revision to Bulletin 7 will be furnished upon request to the Secretary's Office of this Bank, Ext. 6267.

Sincerely yours,

Robert H. Boykin

First Vice President

Enclosure

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.

These services are intended merely as an aid to member banks and do not relieve the member bank of its own duty to keep itself informed of maturities, call dates, and other information affecting its own portfolio.

6.05 Collection of maturing United States Government securities (unpledged)

Unpledged United States Government securities and fully guaranteed obligations of its agencies which are payable by this Bank as fiscal agent of the United States and held by it in custody will, in the absence of specific instructions from the owner, be withdrawn prior to maturity or redemption call date, and the proceeds credited to the member bank's account on the due date.

6.10 Collection of maturing municipal or corporate securities (unpledged)

Unless otherwise instructed we will enter for collection, under the terms and conditions of our current Bulletin 9, Collection of Noncash Items, maturing unpledged municipal or corporate securities payable in a city other than the domicile of the owning bank. Securities payable in the city or town in which the owning bank is located, or payable outside the continental United States, will be shipped to the owning bank. The shipping charges for collecting municipal or corporate securities will be charged to the owning bank's account.

6.15 Exchange of maturing securities (unpledged)

Under instructions from a member bank, we will effect the exchange of maturing unpledged United States Government securities for available new issues. Upon receipt of the new securities to be held in custody, a new acknowledgment will be issued therefor.

6.20 Pledged securities

No action will be taken by us relative to maturing or called securities which are pledged, except upon receipt of appropriate written instructions of the owning bank and the pledgee. When so instructed, maturing securities, other than United States Government securities, will be handled for collection under the terms and conditions of our current Bulletin 9, Collection of Noncash Items, and United States Government securities will be redeemed. Disposition of the proceeds, when available, will be made upon receipt of appropriate instructions.

6.25 Notice of called or maturing securities

Notice of maturity of all municipal, corporate, or United States Government securities will be given in advance of maturity date. However, we do not maintain a called securities record, and, therefore, cannot undertake to advise banks when securities are called for redemption.

6.30 Municipal or corporate securities received for the account of member banks

Under appropriate written instructions from a member bank, we will accept for the member bank's account municipal or corporate securities delivered by brokers and others and make payment therefor at the price stipulated in the purchasing bank's letter. In handling these transactions, this Bank acts solely as agent for the member bank and assumes no responsibility for the genuineness, validity or any alteration of the securities received.

6.35 Collection of maturing coupons

Unless otherwise instructed, we will:

(a) Credit the owning bank on maturity date for maturing coupons detached from United States Government securities and fully guaranteed obligations of its agencies which are payable by this Bank as fiscal agent of the United States and held in custody for its account; and

(b) Enter for collection, under terms of our current Bulletin 9, Collection of Noncash Items, coupons detached from other securities held in custody and credit the account of the owning bank in accordance with Bulletin 9.

Municipal or corporate coupons payable in the city or town in which the owning bank is located, or payable outside the continental United States, will be shipped to the owning bank. Coupons attached to securities which are pledged as collateral to a customer's note held under rediscount or as collateral to an advance by this Bank and held by us will not be clipped and handled for collection, unless specific instructions are received in connection therewith.

6.40 Unpaid coupons

Coupons entered for collection and returned unpaid will be reattached to the securities from which they were detached, and the owning bank will be advised of the reason for nonpayment. In the absence of specific instructions from the owning bank, no further effort will be made to collect on these and subsequent coupons attached to such securities.

Section 7, PLEDGING SECURITIES

7.00 To United States Government

Upon written instructions from the owning bank and subject to the approval of the Treasury Department, we will hold securities pledged to departments, agencies and officials of the United States as collateral to secure deposits under the terms of Treasury Department Circular No. 176.

7.05 To United States District Courts

Under designation as custodian by a United States District Court and at the request of the Court and a member bank, we will hold as collateral, securities pledged to secure court deposits. Securities held as collateral to secure United States District Court deposits can be substituted for, or withdrawn, only under order of the Court.

7.10 To United States District Court appointed trustees

Under designation as custodian by a United States District Court, we will hold in custody securities pledged as collateral to secure deposits of trustees in bankruptcy or receivership. Securities held as collateral to secure deposits of Court appointed trustees can be substituted for, or withdrawn, only under order of the Court.

7.15 Collateral to Treasury Tax and Loan account

We will hold securities pledged by a depository bank to secure its Treasury Tax and Loan account. Deposit, release, or substitution of pledged securities should be authorized by this Bank acting as fiscal agent for the United States.

Section 8, PLEDGING SECURITIES — JOINT SAFEKEEPING

8.00 State Treasurer — State of Texas

At the request of a member bank, subject to the approval of the State Depository Board, we will hold in joint safekeeping securities pledged as collateral to secure deposits of the State Treasurer. Application for deposit, withdrawal, or substitution of such pledged securities should be made on our appropriate forms.

8.05 Political subdivisions — Texas

At the request of a member bank and the governing body of a political subdivision, we will hold in joint safekeeping securities pledged as collateral to secure deposits of the political subdivi-

sion. Requests for deposits and requests for immediate withdrawals shall be made on our appropriate forms and executed jointly by the depository bank and the governing body of the political subdivision. Requests for even or greater substitutions of United States Government and Agency securities and requests for all delayed withdrawals of securities shall be made on our appropriate forms executed by the depository bank (or if preferred by the political subdivision, on our appropriate forms executed jointly by the depository bank and the governing body of the political subdivision). Requests for all other substitutions of securities shall be made on our appropriate forms and executed jointly by the depository bank and the governing body of the political subdivision.

8.10 Political subdivisions — other states

At the request of a member bank and the governing body of a political subdivision, we will hold in joint safekeeping securities pledged as collateral to secure deposits of the political subdivision. Requests for deposits, substitutions, or withdrawals should be made on our appropriate forms and executed jointly by the depository bank and the governing body of the political subdivision. (This paragraph is not applicable in any state where law requires such pledged securities to be deposited within the state.)

8.15 Trust department of member banks

At the request of a member bank and the member bank's trust department, we will hold in joint safekeeping securities pledged as collateral to secure deposits of uninvested funds of the member bank's trust department. Deposits, withdrawals, or substitutions of the pledged securities should be authorized by the joint execution by the member bank and its trust department on our appropriate forms.

Section 9, SHIPMENT OF SECURITIES

9.00 Risk of loss

(a) Regardless of any other provisions of this bulletin, any bank or other party shipping, or causing the shipment of, securities to this Bank shall by such action be deemed to have agreed that the risk of loss on such shipments occurring prior to the actual delivery thereof to us by the post office, express company, or other carrier is not assumed by us but is on the sender.

(b) Likewise, any bank ordering shipments of securities from this Bank shall by such action be