

TRANSFER

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FEDERAL RESERVE BANK OF ST. LOUIS  
ST. LOUIS 2, MISSOURI

*Mr. Ewde*

October 1, 1948

*To All Member Banks in the  
Eighth Federal Reserve District:*

Ordinarily, collateral pledged by borrowing member banks to secure loans under Section 13 of the Federal Reserve Act must be deposited with the Federal Reserve Bank.

However, if the collateral to be pledged consists of United States obligations and is held in safekeeping by a correspondent bank, the borrowing member bank may, in lieu of depositing the securities with us, arrange for the correspondent to hold the securities for our account and issue its custody receipt to us, in instances where such an arrangement will avoid substantial shipping charges and otherwise prove of special benefit or convenience to the borrowing bank.

For this arrangement to be acceptable, the correspondent bank must be a member of the Federal Reserve System and must, in the usual course of its business, perform correspondent banking services (including safekeeping of United States obligations) for the borrowing member bank.

In addition, if the correspondent is not located in the Eighth Federal Reserve District, it must be located in a Federal Reserve bank or branch city and be classified as a Reserve City or Central Reserve City bank, although in unusual cases consideration will be given to requests by borrowing member banks to use correspondent banks not so located and classified.

Before any such arrangement can be used, it will be necessary for the borrowing bank to submit to us with its note and pledge agreement, or sooner, a letter agreement (Form A attached). This form has been prepared in sets of original and two tissues. The original should be executed and forwarded to us, one tissue copy should be retained by the borrowing member bank for its records, and the other tissue copy may be forwarded to the correspondent bank in connection with instructions given to it if the borrowing member bank so desires. When signed original from the borrowing bank is received, we will forward to the correspondent bank letter agreement (Form B attached). Upon receipt by us of a copy of this letter agreement executed by the correspondent bank, the arrangement will be completed and the facilities will be available to the borrowing bank. Additional sets of these forms will be furnished upon request.

Member banks desiring to use the arrangement outlined above can assist us in rendering more expeditious service by submitting the name of the correspondent bank to us prior to its application for the advance. It is also suggested that the correspondent be advised direct of the proposed arrangement prior to submission of its name to us.

Yours very truly,

CHESTER C. DAVIS,  
*President*

FORM A

.....  
(Date)

Federal Reserve Bank of St. Louis  
St. Louis 2, Missouri

*Gentlemen:*

It is expected that, in connection with applications made from time to time hereafter by the undersigned for advances under Section 13 of the Federal Reserve Act, as amended, the undersigned may find it desirable or necessary to pledge, as collateral security therefor, direct obligations of the United States (hereinafter called "securities") which are owned by it and are held, free and clear of liens, claims and encumbrances of every kind whatsoever, in custody and safekeeping for the undersigned by its correspondent, .....  
of ....., (hereinafter called the "Correspondent").

In the event this becomes necessary or desirable, it is anticipated that, in connection with such pledge, the undersigned, for reasons beneficial to it, may request an arrangement whereby the Correspondent would hold in custody for your account, and issue to you its custody receipt for, the securities pledged, in lieu of physical delivery of them to you.

In consideration of, and as an inducement to, your making any such advance and assenting to any such arrangement when requested, the undersigned agrees as follows:

(1) Prior to the effectiveness of any pledge in connection with which such arrangement is made, the undersigned will direct the Correspondent to segregate, identify and hold, for your sole account and subject exclusively to your order and direction, all of the securities subject to such pledge and arrangement (including all substitutes therefor), and to issue to you its custody receipt for all of such securities (including substitutes), in form satisfactory to you. It is understood, however, that, until otherwise instructed by you, the Correspondent will detach maturing interest coupons from the securities and collect and/or account for them or the proceeds therefrom in accordance with the undersigned's instructions.

(2) You will not be responsible or liable in any way for performance or nonperformance by the Correspondent of any of its duties as custodian, or the manner in which such duties are performed, or for any loss, destruction or other impairment of any securities pledged by the undersigned while held in custody by the Correspondent or by anyone (other than you) to whom they may have been delivered for the purpose of substitution, exchange or redemption; and, it is understood and agreed that neither any such loss, destruction or other impairment of any pledged securities while so held nor any failure or refusal by the Correspondent to deliver any pledged securities as hereinafter guaranteed, regardless of the reason, shall in any manner affect or lessen the liability of the undersigned on any indebtedness of the undersigned to you.

(3) The undersigned guarantees that the Correspondent will deliver immediately, upon and in accordance with your directions, any or all securities pledged and covered by the arrangement (including substitutes), free and clear of all liens, claims or demands of anyone whomsoever except you. In the event that the Correspondent shall fail or refuse to make such delivery as hereinabove guaranteed, regardless of the reason, the undersigned will deliver to you, immediately upon request and in substitution for the pledged securities not so delivered, other collateral security in such form and amount as is satisfactory to you, or, at your election, will immediately pay in full all indebtedness of the undersigned to you, which to any extent is secured by pledge of the securities not so delivered.

(4) The undersigned will assume full responsibility for watching for the maturity or call for redemption or exchange of any of the securities pledged and covered by the arrangement and will

give timely advice to both the Correspondent and you of the disposition of any of such securities which it desires to be made.

(5) You shall have the right, in your discretion, to transfer possession of any or all of the securities pledged and covered by the arrangement to another custodian, including the Federal Reserve Bank of St. Louis, or to cause the same to be done, at any time and from time to time until payment in full of all indebtedness of the undersigned to you, which is to any extent secured by the pledge of such securities.

(6) The undersigned agrees to pay, or reimburse you for, all charges incurred for safekeeping, insurance or transportation of any securities pledged and covered by the arrangement.

(7) The terms of this agreement, and the rights granted you hereunder, shall not be deemed to affect or limit any liability to you of the Correspondent, for or on account of its custody of any pledged securities, nor to restrict, alter or modify, the rights granted you under the terms of any pledge agreement of the undersigned with you, but shall be deemed to be supplementary thereof.

(8) It is understood that you shall be under no obligation to grant any request of the undersigned for the arrangement contemplated hereunder in respect of any advance, and you may grant or reject any such request as in your sole discretion you deem best.

(9) This agreement may be terminated at any time by appropriate notice in writing from the undersigned to you or from you to the undersigned, but such termination shall not become effective until any arrangement hereunder which is then existing has been terminated in full compliance with the terms and provisions of this agreement.

This agreement shall be binding upon the successors and assigns of the undersigned.

Very truly yours,

.....  
(Name of bank)

By:.....  
(Authorized officer)



FORM A

.....  
(Date)

Federal Reserve Bank of St. Louis  
St. Louis 2, Missouri

*Gentlemen:*

It is expected that, in connection with applications made from time to time hereafter by the undersigned for advances under Section 13 of the Federal Reserve Act, as amended, the undersigned may find it desirable or necessary to pledge, as collateral security therefor, direct obligations of the United States (hereinafter called "securities") which are owned by it and are held, free and clear of liens, claims and encumbrances of every kind whatsoever, in custody and safekeeping for the undersigned by its correspondent, .....  
of ....., (hereinafter called the "Correspondent").

In the event this becomes necessary or desirable, it is anticipated that, in connection with such pledge, the undersigned, for reasons beneficial to it, may request an arrangement whereby the Correspondent would hold in custody for your account, and issue to you its custody receipt for, the securities pledged, in lieu of physical delivery of them to you.

In consideration of, and as an inducement to, your making any such advance and assenting to any such arrangement when requested, the undersigned agrees as follows:

(1) Prior to the effectiveness of any pledge in connection with which such arrangement is made, the undersigned will direct the Correspondent to segregate, identify and hold, for your sole account and subject exclusively to your order and direction, all of the securities subject to such pledge and arrangement (including all substitutes therefor), and to issue to you its custody receipt for all of such securities (including substitutes), in form satisfactory to you. It is understood, however, that, until otherwise instructed by you, the Correspondent will detach maturing interest coupons from the securities and collect and/or account for them or the proceeds therefrom in accordance with the undersigned's instructions.

(2) You will not be responsible or liable in any way for performance or nonperformance by the Correspondent of any of its duties as custodian, or the manner in which such duties are performed, or for any loss, destruction or other impairment of any securities pledged by the undersigned while held in custody by the Correspondent or by anyone (other than you) to whom they may have been delivered for the purpose of substitution, exchange or redemption; and, it is understood and agreed that neither any such loss, destruction or other impairment of any pledged securities while so held nor any failure or refusal by the Correspondent to deliver any pledged securities as hereinafter guaranteed, regardless of the reason, shall in any manner affect or lessen the liability of the undersigned on any indebtedness of the undersigned to you.

(3) The undersigned guarantees that the Correspondent will deliver immediately, upon and in accordance with your directions, any or all securities pledged and covered by the arrangement (including substitutes), free and clear of all liens, claims or demands of anyone whomsoever except you. In the event that the Correspondent shall fail or refuse to make such delivery as hereinabove guaranteed, regardless of the reason, the undersigned will deliver to you, immediately upon request and in substitution for the pledged securities not so delivered, other collateral security in such form and amount as is satisfactory to you, or, at your election, will immediately pay in full all indebtedness of the undersigned to you, which to any extent is secured by pledge of the securities not so delivered.

(4) The undersigned will assume full responsibility for watching for the maturity or call for redemption or exchange of any of the securities pledged and covered by the arrangement and will

give timely advice to both the Correspondent and you of the disposition of any of such securities which it desires to be made.

(5) You shall have the right, in your discretion, to transfer possession of any or all of the securities pledged and covered by the arrangement to another custodian, including the Federal Reserve Bank of St. Louis, or to cause the same to be done, at any time and from time to time until payment in full of all indebtedness of the undersigned to you, which is to any extent secured by the pledge of such securities.

(6) The undersigned agrees to pay, or reimburse you for, all charges incurred for safekeeping, insurance or transportation of any securities pledged and covered by the arrangement.

(7) The terms of this agreement, and the rights granted you hereunder, shall not be deemed to affect or limit any liability to you of the Correspondent, for or on account of its custody of any pledged securities, nor to restrict, alter or modify, the rights granted you under the terms of any pledge agreement of the undersigned with you, but shall be deemed to be supplementary thereof.

(8) It is understood that you shall be under no obligation to grant any request of the undersigned for the arrangement contemplated hereunder in respect of any advance, and you may grant or reject any such request as in your sole discretion you deem best.

(9) This agreement may be terminated at any time by appropriate notice in writing from the undersigned to you or from you to the undersigned, but such termination shall not become effective until any arrangement hereunder which is then existing has been terminated in full compliance with the terms and provisions of this agreement.

This agreement shall be binding upon the successors and assigns of the undersigned.

Very truly yours,

.....  
(Name of bank)

By:.....  
(Authorized officer)

FEDERAL RESERVE BANK OF ST. LOUIS

ST. LOUIS 2, MISSOURI

FORM B

.....  
(Date)

*Gentlemen:*

We have been advised by your correspondent, ....., of ....., (hereinafter called the "Bank"), that, in connection with applications by it from time to time hereafter for advances under Section 13 of the Federal Reserve Act, as amended, it may pledge, as collateral security therefor, direct obligations of the United States (hereinafter called "securities"), which are owned by it and are held in custody and safekeeping for it by you. The Bank has further advised us that in such cases, it may request an arrangement whereby you will hold for our account, and issue to us your custody receipt for, the securities so pledged, in lieu of physical delivery of them to us.

Before we can assent to any such arrangement, it will be necessary to agree upon the terms and conditions under which such securities will be held by you.

Therefore, in consideration of our making the advance and assenting to any such arrangement, when requested by the Bank, you hereby agree that, upon written notice from the Bank to you advising of the arrangement and designating the securities covered thereby, you will segregate and identify and, until otherwise notified by us in writing, will thereafter hold, for our sole account and subject exclusively to our order and direction, all of the securities so designated (including all substitutes therefor), free and clear of liens, claims or demands of every kind whatsoever (including any rights of setoff or counterclaim) on your part or on the part of anyone claiming by, through or under you.

You further agree to issue promptly to us, for all of the securities so segregated and held, custody receipts in your usual form subject to our approval, containing an appropriate reference to the Bank and describing the securities by type, amount, maturity date, rate of interest and the serial number of each thereof and, as to any registered securities, by an appropriate statement to that effect. It is understood and agreed that such custody receipts shall be non-negotiable and non-transferable (other than to another Federal Reserve Bank or a Federal Reserve Agent), that any term or provision contained in any such custody receipt, which is contrary to, or in conflict with, any terms or provisions hereof, shall be null and void, and that all securities covered by any of such custody receipts will be held by you pursuant to the terms hereof until you otherwise notify us in writing, at which time all of such securities will be delivered to us free and clear of all liens, claims or demands on your part or on the part of anyone claiming by, through or under you, as hereinabove agreed to be held.

You also agree that you will exercise the same degree of care in the custody of all securities held by you hereunder (including substitutes) as is exercised by you in the custody and care of your own securities and that, unless otherwise expressly agreed by us in advance, you will be fully responsible for loss (of any kind and regardless of the cause) of any of the securities while in the course of any transportation to, from or between any of your banking quarters (including all transportation in connection with any substitution, exchange or redemption).

Until otherwise instructed by us, you will detach maturing interest coupons from all securities held by you hereunder and collect and/or account for them or their proceeds in accordance with the Bank's instructions and may, from time to time at the direction of the Bank and without our prior consent and approval, substitute or accept in substitution, for any of such securities, other direct obligations of the United States of equal face value, which are owned by the Bank, are payable to bearer and are eligible as collateral security for advances to member banks under the terms and provisions of Section 13 of the Federal Reserve Act and all applicable regulations of the Board of Governors, as issued, amended and supplemented from time to time.



None of the securities for which any such substitution is made shall be released from your possession or from segregation for our account until the substitutes have actually been received, segregated and identified as held for our account, as hereinabove required, except that the securities maturing or called for redemption and exchange may be tendered to us or any other Federal Reserve bank, as Fiscal Agent of the United States, in exchange for new issues if accomplished in such a manner that the securities tendered and the securities issued in exchange are at all times susceptible of identification as held for our account.

Immediately following any such substitution, you agree to deliver to us, in the form required hereunder, your custody receipt for all of the substitute securities, together with detailed advice of the substitution.

This agreement will be binding upon your successors and assigns. If the terms and provisions herein contained are satisfactory to you, please indicate your assent by signing the enclosed duplicate copy in the place provided and return it to us.

Yours very truly,

Federal Reserve Bank of St. Louis

By:.....

.....  
(Title)

Duplicate copies of the foregoing letter received and the terms and provisions thereof agreed to

this.....day of.....,

19.....

.....  
(Name of bank)

By.....  
(Authorized officer)

.....  
(Title)