

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 882
October 25, 1928
Reference to Circular 821]

SPECIAL DEPOSITS OF PUBLIC MONEYS

*To all Member Banks, State Banks and Trust Companies
in the Second Federal Reserve District:*

Attached will be found a copy of Treasury Department Circular No. 92 revised October 1, 1928 containing the provisions governing special deposits of public moneys under the direction of the Secretary of the Treasury. The circular has been changed by adding two sentences at the end of the fourth paragraph on page 1 as follows:

“Depositories, heretofore or hereafter designated, which, having subscribed to an offering of United States bonds, notes, or certificates of indebtedness, and having in due course received an allotment on their subscription, refuse to receive the said allotment and make payment therefor, may be discontinued. Depositories so discontinued may be redesignated upon full compliance with the terms of this circular, upon recommendation of the Federal Reserve Bank of their district, and upon the approval of the Secretary of the Treasury.”

Attention is also invited to the following provisions:

1. Banking institutions which have already qualified and are now designated as depositories will not be required to file new applications or resolutions, but each such depository, whether or not now holding deposits, will be required to notify the Federal Reserve Bank of New York prior to November 1, 1928, of its intention to continue as such depository under its present designation. *A form of notification is enclosed for the convenience of each banking institution desiring so to continue. It is requested that this form be signed and returned promptly.*

2. The designations of all special depositories which have been wholly inactive for a period of two years preceding October 1, 1928 will be automatically cancelled.

3. Hereafter the designations of any depositories which have not applied for deposits under the terms of the circular for a period of two years will be automatically cancelled.

While this circular is of special interest to those banking institutions which have already qualified as depositories for special deposits of public moneys, it is being sent to all member banks, State banks and trust companies in this district for their information.

Very truly yours,

GATES W. MCGARRAH,
Acting Governor.

NOTIFICATION FROM QUALIFIED DEPOSITARY OF PUBLIC MONEYS

Dated at

October , 1928.

FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States
New York, N. Y.

DEAR SIRs:

Receipt is acknowledged of your Circular No. 882 dated October 25, 1928 and also of Treasury Department Circular No. 92 revised October 1, 1928 with respect to deposits of public moneys.

The undersigned banking institution, has previously been designated as a depositary for special deposits of public moneys and in accordance with the provisions of revised Treasury Department Circular No. 92 now notifies you of its desire and intention to have such designation continued after November 1, 1928. We will, by the acceptance or retention of deposits after that date, be understood to have assented to all of the terms and provisions of Treasury Department Circular No. 92.

.....
Name of Banking Institution

.....
Official Signature

SPECIAL DEPOSITS OF PUBLIC MONEYS UNDER THE ACT OF CONGRESS APPROVED SEPTEMBER 24, 1917,
AS AMENDED

1928
Department Circular No. 92
Revised

Division of Deposits

TREASURY DEPARTMENT,

OFFICE OF THE SECRETARY

Washington, October 1, 1928.

To Federal Reserve Banks and other banks and trust companies incorporated under the laws of the United States or of any State:

Department Circular No. 92, of April 17, 1919, is hereby revised so as to provide as follows:

Any incorporated bank or trust company in the United States desiring to participate in deposits of public moneys, as authorized by the act of Congress approved September 24, 1917, as amended, should make application to the Federal Reserve Bank of its district.

Applications for deposits of public moneys under said act must be in Form H-5, hereto attached, and must be accompanied by a certified copy of resolutions, duly adopted by the board of directors of the applicant, in Form J-5, hereto attached.

Depositaries already qualified to a sufficient amount pursuant to Department Circular No. 92, of November 1, 1927, will not be required to file new formal applications or resolutions, but if they desire to receive or retain deposits after November 1, 1928, must so notify the Federal Reserve Bank of the district in which they are located; and they will, by the acceptance or retention of deposits after November 1, 1928, be conclusively presumed to have assented to all the terms and provisions hereof, and to the retention of collateral security theretofore pledged as collateral security hereunder. Depositaries heretofore designated, which have been wholly inactive for a period of two years preceding the date of this circular, will be discontinued, and, in the future, the designations of all such depositaries which have not applied for deposits hereunder for a period of two years will be automatically canceled. Depositaries so discontinued may be redesignated at any time, upon full compliance with the terms of this circular and upon recommendation of the Federal Reserve Banks. Depositaries, heretofore or hereafter designated, which, having subscribed to an offering of United States bonds, notes, or certificates of indebtedness, and having in due course received an allotment on their subscription, refuse to receive the said allotment and make payment therefor, may be discontinued. Depositaries so discontinued may be redesignated upon full compliance with the terms of this circular, upon recommendation of the Federal Reserve Bank of their district, and upon the approval of the Secretary of the Treasury.

In fixing the maximum amount of deposits for which it will apply, the applicant bank or trust company should be guided by the amount of the payments which it expects to have to make, for itself and others, on account of bonds, notes, and certificates of indebtedness of the United States issued under authority of said act, and income taxes, as the case may be, and, as well, by any statutory limitations upon the amount of deposits which the applicant bank or trust company may receive from any one depositor. Any application may be rejected or the applicant may be designated for a smaller maximum amount than that applied for. After receiving the recommendation of the Federal Reserve Bank, the Secretary of the Treasury will designate approved depositaries.

COLLATERAL SECURITY

Designated depositaries will be required, before receiving deposits, to qualify by pledging, as collateral security for such deposits, including interest thereon, securities of the following classes, to an amount, taken at the rates below provided, at least equal to such deposits:

(a) Bonds, notes, and certificates of indebtedness of the United States Government, of any issue, including interim certificates or receipts for payments therefor; all at par.

(b) Bonds and debentures issued under the Federal Farm Loan Act as amended, bonds of Porto Rico, bonds and certificates of indebtedness of the Philippine Islands, and bonds of the Territory of Hawaii; all at market value, not to exceed par.

(c) Bonds of any State of the United States, at market value, not to exceed par; and approved notes, certificates of indebtedness, and warrants issued by any State of the United States, at 90 per cent of market value, not to exceed par.

(d) Approved bonds of any county, city, or political subdivision in the United States; and approved notes, certificates of indebtedness, and warrants with a fixed maturity issued by any county or city in the United States, which are direct obligations of the county or city as a whole, or which are payable from general taxes levied on all taxable property in such county or city; all at 90 per cent of market value, not to exceed par; but not including any such bonds which are at a market price to yield more than five per cent per annum, nor any such other obligations which are at a market price to yield more than five and one-half per cent per annum, if held to maturity, according to standard tables of bond values.

(e) Approved bonds, listed on some recognized stock exchange, and notes, of domestic railroad companies within the United States; approved equipment trust obligations of such domestic railroad companies; and approved bonds and notes of domestic electric railway and traction companies, telephone and telegraph companies, electric-light, power, and gas companies, and industrial companies, secured (directly or by the pledge of mortgage bonds) by mortgage upon physical properties in the United States and listed on some recognized stock exchange; all at 75 per cent of market value, not to exceed par; but not including any such bonds or obligations which are at a market price to yield more than six and one-half per cent per annum, if held to maturity, according to standard tables of bond values.

(f) Commercial paper and bankers' acceptances having maturity at the time of pledge of not to exceed six months, exclusive of days of grace, and which are otherwise eligible for rediscount or purchase by Federal Reserve Banks, and which have been approved by the Federal Reserve Bank of the district in which the depository is located, at 90 per cent of face value. All such commercial paper and acceptances must bear the indorsement of the depository bank or trust company.

(g) Customers' notes, drafts, and bills of exchange indorsed by a correspondent incorporated bank or trust company and rediscounted by the depository bank or trust company, when approved by the Federal Reserve Bank of the district in which the depository is located, at 75 per cent of face value. All such notes, drafts, and bills of exchange must bear the indorsement of the depository bank or trust company.

(h) Notes and bills payable of a correspondent incorporated bank or trust company secured by customers' notes, drafts, or bills of exchange to at least an equal amount, when approved by the Federal Reserve Bank of the district in which the depository is located, at 75 per cent of face value. All such notes and bills payable must bear the indorsement of the depository bank or trust company.

No security shall be valued at more than par. No municipal bond, obligation, or evidence of indebtedness, shall be accepted unless the municipality has been in existence for a period of ten years. No state or municipal bond, obligation, or evidence of indebtedness shall be accepted if the state or municipality has made default in payment of principal or interest during the past ten years.

The right is reserved to call for additional collateral security at any time.

The approval and valuation of securities is committed to the several Federal Reserve Banks, acting under the direction of the Secretary of the Treasury. The withdrawal of securities, the pledge of additional securities, and the substitution of securities shall be made from time to time as required or permitted by the Federal Reserve banks, acting under like direction.

CUSTODY OF SECURITIES

All securities accepted as collateral security for deposits hereunder must be deposited with the Federal Reserve Bank or branch of the district in which the depository is located, as fiscal agent of the United States.

HOW DEPOSITS ARE TO BE MADE

Each qualified depository will be required to open and maintain or continue for the account of the Federal Reserve Bank of its district, as fiscal agent of the United States, a separate account for deposits to be made hereunder, to be known as the "War Loan Deposit Account."

Qualified depositories may, if and to the extent from time to time hereafter authorized by the Secretary of the Treasury, be permitted to make payment by credit, when due, of amounts payable on subscriptions made by or through them for bonds, notes, and certificates of indebtedness of the United States issued under authority of said act. In order to make

payment by credit, the depository must, on or before the date when such payment is due, notify the Federal Reserve Bank of the district of such intention and issue a certificate of advice to such Federal Reserve Bank, stating that a sum specified has been deposited with such depository for the account of such Federal Reserve Bank, as fiscal agent of the United States, in the War Loan Deposit Account. Such certificate of advice must be substantially in Form K-2, hereto attached.

Payment of income taxes can not be made by credit. Out of the unexpended cash proceeds, if any, arising from the payment of income taxes, deposits may be made through the Federal Reserve Banks, under direction of the Secretary of the Treasury, with qualified depositories throughout the United States, as may be hereafter announced by the Secretary of the Treasury.

All deposits and withdrawals will be made by the Federal Reserve Banks by direction of the Secretary of the Treasury.

The amount deposited with any depository shall not in the aggregate exceed at any one time (a) the maximum amount for which it shall have been designated as a depository, nor (b) the aggregate amount of the collateral security pledged by it taken at the rates hereinbefore provided.

WITHDRAWAL OF DEPOSIT

All deposits will be payable on demand without previous notice. Calls for withdrawals of deposits with special depositories will be made through the Federal Reserve Banks, and depositories will be required to arrange for payments of such calls in funds that will be immediately available on the payment due date.

INTEREST ON DEPOSITS

Each depository will be required to pay interest at the rate of two per cent per annum on daily balances.

The right is reserved to amend or supplement or revise the provisions of this circular at any time or from time to time.

A. W. MELLON,
Secretary of the Treasury.

APPLICATION FOR DEPOSITS

To the Federal Reserve Bank of _____, fiscal agent of the United States:

The undersigned bank or trust company, in accordance with the provisions of Treasury Department Circular No. 92, revised, of October 1, 1928, and pursuant to due action of its board of directors, hereby makes application for the deposit of public moneys with it from time to time under the act of Congress approved September 24, 1917, as amended, the aggregate amount of such deposits not to exceed

at any one time \$_____; and assigns and agrees to pledge, from time to time to and with the

Federal Reserve Bank of _____, as fiscal agent of the United States, as collateral security for such deposits as may be made from time to time pursuant to this application, securities of the character and amount required by said circular.

By _____
President (Vice President).

Street _____

City or town _____

State _____

Form J-5—Division of Deposits.

RESOLUTIONS AUTHORIZING APPLICATION FOR DEPOSITS

I hereby certify that the following resolutions were duly adopted at a meeting of the board of directors of the below-named bank (trust company), which meeting was duly called and duly held on the _____ day of _____, 192____, a quorum being present, and that the said resolutions were spread upon the minutes of said meeting:

Resolved, That in accordance with the provisions of Treasury Department Circular No. 92, revised, of October 1, 1928, this bank (trust company) makes application for the deposit of public moneys with it from time to time under the act of Congress approved September 24, 1917, as amended, the aggregate amount of such deposits not to exceed at any one time \$_____; and assign and agree to pledge from time to time to and with the Federal Reserve Bank of _____, as fiscal agent of the United States, as collateral security for such deposits as may be made from time to time, pursuant to such application, securities of the character and amount required by said circular; and

Resolved, That the president, or any vice president, or cashier, or assistant cashier, or secretary, or assistant secretary, or treasurer, or assistant treasurer, of the undersigned bank (trust company) is hereby authorized to make application, assignment, and agreement as aforesaid, and from time to time to deliver to and pledge with said Federal Reserve Bank, or any custodian or custodians appointed by it, securities of the undersigned bank (trust company) of a character and amount at least sufficient to secure such deposits according to the terms of said Treasury Department circular, and from time to time to withdraw securities and to substitute other securities and to pledge and deposit additional securities.

In witness whereof I have hereunto signed my name and affixed the seal of the _____ of _____

Cashier (Secretary).

Form K-2—Division of Deposits.

CERTIFICATE OF ADVICE

(Title of bank or trust company.)

(Location.)

_____, 192____
(Date.)

I hereby certify that there has been deposited this day with the above bank (trust company), to the credit of the Federal Reserve Bank of _____, as fiscal agent of the United States, War Loan Deposit Account, to be held subject to withdrawal on demand, the sum of _____ dollars, consisting of payment for

Bonds	{ principal	_____	\$	_____
	{ accrued interest	_____	\$	_____
Notes	{ principal	_____	\$	_____
	{ accrued interest	_____	\$	_____
Certificates of indebtedness	{ principal	_____	\$	_____
	{ accrued interest	_____	\$	_____

Total \$ _____

Cashier or Vice President.

(The depository will forward this to the Federal Reserve Bank of _____)