

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1166]
March 6, 1933]

Regulations Issued by the Secretary of the Treasury under the
President's Proclamation Declaring a Bank Holiday

*To all Banking Institutions in the
Second Federal Reserve District:*

For your information we quote below the text of regulations which the Federal Reserve Board has advised us have been issued by the Secretary of the Treasury under the authority conferred upon him by the President's Proclamation declaring a bank holiday:

"Secretary of Treasury has authorized all Federal Reserve Banks and all other banking institutions to make change by the exchange of currency and/or coin of various denominations for an exactly equal amount of currency and/or coin of other denominations but no gold or gold certificates shall be paid out in making change."

"All banking institutions may allow their customers free access to the safety deposit boxes and safes rented to such customers."

"All banking institutions may upon request return intact and without restriction all cash, checks, and other items delivered for deposit or collection which were received after the last closing of business hours and have not been entered on the books of such banking institution."

"All banking institutions may continue, in accordance with usual practice, to cash checks drawn on the Treasurer of the United States, provided that no gold or gold certificates shall be paid out."

"Any banking institution may accept payments in cash or any other form acceptable to it on account or in settlement of obligations payable at or to such institution."

"Any banking institution may handle and collect drafts or other documents in connection with the shipment, transportation or delivery of food or feed products, may pay out or permit the withdrawal of such amounts of currency as shall be necessary in the judgment of such banking institution in connection with such shipment, transportation or delivery of food or feed products, and may perform such other banking functions as may be essential to the shipment, transportation or delivery of food or feed products, provided, however, that no banking institution shall pay out or permit the withdrawal of any gold or gold certificates."

"Deposits heretofore received by any banking institution pursuant to agreement or legislative authority providing for segregation and for repayment without restriction may be paid on demand. Any banking institution which was lawfully engaged in the business of receiving deposits prior to March 6, 1933, may create special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept separately in

cash or on deposit in Federal Reserve Banks or invested in obligations of the United States. Federal Reserve Banks may open special accounts on their books for their member banks and temporarily for nonmember banks and may receive in such special accounts the proceeds of new deposits received by such banking institutions. In making deposits with the Federal Reserve Bank pursuant to this regulation the depositing bank shall in the case of each deposit indicate to the Federal Reserve Bank by symbol or otherwise that the funds so deposited represent new deposits made under this regulation. Upon receipt of such deposits such Federal Reserve Bank shall credit the same in the special account of the depositing bank herein provided for and shall hold the same solely for the repayment to such bank. Federal Reserve Banks shall permit the withdrawal of any part or all of such new deposits by the depositing bank without restriction provided that the depositing bank shall in such order or request for withdrawal indicate to the Federal Reserve Bank by symbol or otherwise that such withdrawal is to be made from such special account, provided however that no banking institution shall pay out or permit the withdrawal of any gold or gold certificates."

As we are advised of the issuance of further regulations by the Secretary of the Treasury under the President's Proclamation declaring a bank holiday we will forward the text thereof to banking institutions in this district.

The text of the President's Proclamation declaring a bank holiday is reprinted on the following page.

GEORGE L. HARRISON,
Governor.

The President's Bank Proclamation

The text of President Roosevelt's proclamation on the banking situation, issued at the White House at 11 o'clock p. m., March 5, 1933, is as follows:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A Proclamation

WHEREAS there have been heavy and unwarranted withdrawals of gold and currency from our banking institutions for the purpose of hoarding; and

WHEREAS continuous and increasingly extensive speculative activity abroad in foreign exchange has resulted in severe drains on the nation's stocks of gold; and

WHEREAS these conditions have created a national emergency; and

WHEREAS it is in the best interests of all bank depositors that a period of respite be provided with a view to preventing further hoarding of coin, bullion or currency or speculation in foreign exchange and permitting the application of appropriate measures to protect the interests of our people; and

WHEREAS, it is provided in Section 5 (b) of the act of October 6, 1917 (40 stat. L. 411) as amended, "that the President may investigate, regulate or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange and the export, hoarding, melting or earmarkings of gold or silver coin or bullion or currency * * * ;

WHEREAS, it is provided in Section 16 of the said act "that whoever shall wilfully violate any of the provisions of this act or of any license, rule or regulation issued thereunder, and whoever shall wilfully violate, neglect or refuse to comply with any order of the President issued in compliance with the provisions of this act, shall, upon conviction, be fined not more than \$10,000 or, if a natural person, imprisoned for not more than ten years or both * * * ;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, PRESIDENT OF THE UNITED STATES OF AMERICA, IN VIEW OF SUCH NATIONAL EMERGENCY AND BY VIRTUE of the authority vested in me by said act and in order to prevent the export, hoarding or earmarking of gold or silver coin or bullion or currency, do hereby proclaim, order, direct and declare that from Monday, the sixth day of March, to Thursday, the ninth day of March, nineteen hundred and thirty-three, both dates inclusive, there shall be maintained and observed by all banking institutions and all branches thereof located in the United States of America, including the Territories and Insular Possessions, a bank holiday, and that during said period all banking transactions shall be suspended.

During such holiday, excepting as hereinafter provided, no such banking institution or branch shall pay out, export, earmark or permit the withdrawal or transfer in any manner or by any device whatsoever of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof; nor shall any such banking institution or branch pay out deposits, make loans or discounts, deal in foreign exchange, transfer credits from the United States to any place abroad, or transact any other banking business whatsoever.

During such holiday, the Secretary of the Treasury, with the approval of the President and under such regulations as may be prescribed, is authorized and empowered (a) to permit any or all of such banking institutions to perform any or all of the usual banking functions, (b) to direct, require or permit the issuance of clearing house certificates, or other evidences of claims of assets of banking institutions, and (c) to authorize and direct the creation in such banking institutions of special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept separately in cash or on deposit in Federal Reserve Banks or invested in obligations of the United States.

As used in this order the term "banking institutions" shall include all Federal Reserve Banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or persons, engaged in the business of receiving deposits, making loans, discounting business paper, or transacting any other form of banking business.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the United States to be affixed.

Done in the City of Washington this 6th day of March, 1 A. M., in the year of Our Lord One Thousand Nine Hundred and Thirty-Three, and of the Independence of the United States the one hundred and fifty-seventh.

By the President:
CORDELL HULL,
Secretary of State.

(SEAL) FRANKLIN D. ROOSEVELT.