

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 1167]
March 7, 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, and supplementing our Circular No. 1166, dated March 6, 1933, 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:

"Where settlement for checks charged by drawee institutions to the drawers accounts on its books on or before March 4, 1933, is incomplete, settlement may be completed where such settlement does not involve the payment of money or currency."

"Any bank having branch in a foreign country may deposit collateral in the United States to secure advances to such branch in a foreign country, provided such transaction does not involve any transfer of credit from the United States to a foreign country and any bank having branch in an insular possession of United States may deposit United States Government securities or other collateral for a similar purpose when under President's Proclamation advances of local currency in the insular possession may lawfully be made."

"Any banking institution may deliver to the person entitled thereto properly identified documents and securities held by such institution for safekeeping."

"Any national or state banking institution may exercise its usual banking functions to such extent as its situation shall permit and as shall be absolutely necessary to meet the needs of its community for food, medicine, other necessities of life, for the relief of distress, for the payment of usual salaries and wages, for necessary current expenditures for the purpose of maintaining employment, and for other similar essential purposes: provided, however, that (1) every precaution shall be taken to prevent hoarding or the unnecessary withdrawal of currency: (2) no state banking institution shall engage in any transaction under this regulation which is in violation of state or federal law or of any regulation issued thereunder: (3) no national banking association shall engage in any transaction under this section which is in violation of any federal law or of any order or regulation issued by the comptroller of the currency: and (4) no gold or gold certificates shall be paid out. Each banking institution and its directors and officers will be held strictly accountable for faithful compliance with the spirit and purpose as well as the letter of this regulation."

"Any banking institution lawfully engaged in the business of acting as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian of estates, assignee, receiver, committee of estates of lunatics or in any other fiduciary capacity may continue to transact such business in the normal and usual manner; provided that in the conduct of said business, except as may be permitted by other regulations of the Secretary of the Treasury, such banking institution shall not pay out or permit the withdrawal of coin or currency nor withdraw any trust or fiduciary funds on deposit with any other department of the bank."

"Clearing house associations and other associations organized to provide an adequately secured medium of temporary exchange, are hereby permitted to issue certificates against sound assets of banking institutions, such certificates to be deliverable by each institution to its creditors and de-

positors on a pro rata basis, provided, however, that no such certificates shall be issued before Friday, March 10, 1933, without the consent of the Secretary of the Treasury addressed to the Clearing House or other association proposing to issue such certificates, and further provided that this permission may be revoked in the event that a national plan to meet the existing emergency is proposed by the Secretary of the Treasury if in his opinion the success of such plan would be inconsistent with the operation of the certificate plan."

"Each Federal Reserve Bank may (1) make available to its member banks which, in the judgment of the Federal Reserve Bank, are complying strictly with the spirit and purpose as well as the letter of the regulations issued by the Secretary of the Treasury pursuant to the President's Proclamation declaring a bank holiday, such limited amounts of coin and/or currency (other than gold or gold certificates) as shall be absolutely necessary in order to enable such member banks to exercise the restricted functions permitted by such regulations, (2) extend to each such member bank such limited amounts of discounts, advancements, and accommodations as shall be absolutely necessary for the exercise of such restricted functions, and (3) make transfers of credit on its books for such restricted purposes between the accounts of such member banks and/or non-member clearing banks which, in the judgment of the Federal Reserve Bank, are complying strictly with the spirit and purpose as well as the letter of such regulations; provided, however, that before granting any such discounts, advancements or accommodations or making such limited payments of coin and/or currency, the Federal Reserve Bank shall first require the member bank, (a) to inform the Federal Reserve Bank of the amounts of coin and currency which it has on hand, (b) to inform the Federal Reserve Bank of the circumstances giving rise to the need for additional coin and/or currency, and (c) to deliver to the Federal Reserve Bank in exchange for other forms of coin and/or currency or for credit on its books all gold and gold certificates held by such member bank in its own right."

"Federal Reserve Banks, in their discretion, are authorized to handle checks and collection items arising out of the restricted banking operations permitted under the regulations of the Secretary of the Treasury when it can reasonably be anticipated that funds satisfactory to the Federal Reserve Bank can be provided for the payment of such checks and collection items; provided, however, that no gold or gold certificates shall be paid out by such Federal Reserve Banks."

The Secretary of the Treasury has issued the following announcement and has released the same for publication:

"In order to facilitate the prompt dissemination of information regarding and interpretation of regulations issued by the Secretary of the Treasury pursuant to the President's Proclamation, dated March 6, 1933, declaring a bank holiday, it is requested that all inquiries for information regarding and interpretation of any of such regulations coming from banks, banking institutions and individuals, be made direct to the Federal Reserve Bank in their district. Unless such requests are covered by interpretations previously issued by the Secretary of the Treasury, the Federal Reserve Banks will secure such interpretations from the Secretary of the Treasury. All requests for any special permission or consent required by the regulations should be made in accordance with such regulations."

NOTE: Interpretation of Regulation Six included in our Circular No. 1166, dated March 6, 1933.

A telegram received today from the Secretary of the Treasury reads as follows:

"You are authorized to inform all banking institutions and others concerned that the term 'food or feed products' in regulation six, under the President's Proclamation, promulgated March 6, may be interpreted to include livestock on the way to slaughter."

GEORGE L. HARRISON,
Governor.