

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1168]
March 8, 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 superseding our circulars Nos. 1166 and 1167, dated March 6 and 7, 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 President's Proclamation declaring a bank holiday. These regulations now are being numbered or lettered by the Secretary of the Treasury, for purposes of identification, and future references to regulations already issued or to be issued will be by such numbers or letters.

NUMBERED REGULATIONS

1 Authorizing Federal Reserve Banks to make change, etc.

"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."

2 Granting access to safety deposit boxes, etc.

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

3 Authorizing return of cash, checks and other items received after last closing hours and not entered.

"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."

4 Cashing Treasurer's checks.

"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."

5 Accepting payment on obligations.

"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."

6 Permitting certain activities in connection with food or feed products.

"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."

Interpretation No. 1—Regulation D of the Secretary of the Treasury.

"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."

7 Authorizing special trust accounts, etc.

"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."

NOTE: "The permission granted in regulation Number 7 that deposits heretofore received by any banking institution pursuant to agreement or legislative authority providing for segregation and repayment without restriction may be paid on demand, includes any bank in which any such deposits have been redeposited by or on behalf of the receiving bank in accordance with such agreement or legislative authority."

8 Authorizing completion of settlements on certain checks.

"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."

9 Authorizing certain deliveries from safekeeping.

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

10 Authorizing certain activities by national or state banking institutions.

“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.”

Interpretation No. 2.

“Regulation Number Ten of March Seven under the President’s Proclamation of March Six is held to authorize payments on account of pensions, workmen’s compensation disability insurance, relief and unemployment.”

11 Authorizing deposits to secure advances to foreign branches.

“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.”

12 Regarding issuance of certificates against sound assets.

“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 depositors 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.”

13 Authorizing continuance trust activities.

“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."

14 Authorizing continuance fiscal agency operations Federal Reserve Banks.

"Federal Reserve Banks are authorized to conduct their normal and usual operations as fiscal agents of the United States in transactions pertaining to the exchange of obligations of the United States, such as making exchange of denominations, exchanging coupon for registered bonds, and vice versa, receiving registered bonds for transfer and effecting Commissioner of Public Debt transactions."

LETTERED REGULATIONS

(Certain Lettered Regulations Referring Solely to the United States Treasury or the Federal Reserve Banks have not been published.)

C Authorizing purchase of gold and gold certificates by Federal Reserve Banks

"(1) Payments in gold in any form will be made only under license issued by the Secretary of the Treasury. This does not prohibit the deposit of gold and the usual payment therefor.

"(2) Pay, as usual, all checks drawn on the Treasurer of the United States, but not in gold, when requested you are authorized to ship paper currency, other than gold certificates, in payment of checks.

"(3) Continue the usual currency transactions between the Treasury and the Federal reserve banks and branches."

G Authorizing certain transactions between Federal Reserve Banks and member banks

"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."

H Authorizing Federal Reserve Banks to handle checks and collection items arising out of permitted operations

"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."

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 page 7.

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 * * *"; and

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 he may prescribe, 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 against 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.

(SEAL)

FRANKLIN D. ROOSEVELT.

By the President:
CORDELL HULL,
Secretary of State.

* Interpretation No. 3.

"Other corporations, partnerships, associations or persons engaged in the business of receiving deposits, making loans", as used in the President's Proclamation of March 6 declaring a bank holiday, is held to include brokers, pawn brokers, industrial loan companies, mortgage loan companies, chattel loan companies, personal finance companies, automobile finance companies and all other persons, firms and corporations engaged in the business of making loans of any kind, secured or unsecured."