

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1170]
March 9, 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. 1168, dated March 8, 1933, we quote below the text of interpretations of regulations which the Federal Reserve Board has advised us today have been issued by the Secretary of the Treasury under the President's Proclamation declaring a bank holiday. For convenience in reference we reprint the regulations to which the interpretations refer, together with previous interpretations.

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."

Interpretation No. 4.

"Regulation Number 5, dated March 6, 1933, is not to be interpreted as permitting any banking institution to accept payment of any obligation not solely owned by it in any form which is not authorized by the person entitled to the proceeds."

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

"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."

Interpretation No. 6.

"Food or feed products as used in regulation 6 may be construed as including whole grain if such grain is intended for processing or consumption in the immediate future."

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."

Interpretation No. 5.

"Regulation No. 10 issued under the President's Proclamation is interpreted to authorize payments for fertilizer and for vegetable and agricultural seeds for spring planting, where such payments are absolutely necessary and where the seed and/or fertilizer are for immediate use."

Interpretation No. 7.

"Release of funds for purchase of cotton where absolutely necessary to maintain operation is interpreted as 'necessary current expenditures for the purpose of maintaining employment and for other similar essential purposes.' As used in regulation 10."

As we are advised of the issuance of further regulations and interpretations 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.

GEORGE L. HARRISON,

Governor.

Press Release Issued by Secretary of Treasury
March 9, 1933

“The President has today urged the immediate enactment of legislation dealing with the existing banking situation. It appears that prompt action will make banking facilities and an adequate supply of currency available. Notwithstanding the expected early opening of banks, the Secretary of the Treasury interposes no objection to the issuance of clearing house certificates or other evidences of claims against assets of banking institutions, in communities where local conditions made such action necessary. The regulation issued by the Secretary March 7, 1933 remains effective, granting permission to clearing house associations and other associations organized to provide an adequately secured medium of temporary exchange to issue certificates against sound assets of banking institutions, such certificates to be deliverable by each institution to its creditors and depositors on a prorata basis.”