

FEDERAL RESERVE BANK
OF NEW YORK

(Circular No. 1200, March 30, 1933 Amending)
(Circular No. 1005, dated November 1, 1930,)
(as Amended by Circular No. 1190, dated)
(March 20, 1933.)

COLLECTION OF CASH ITEMS

To Member and Nonmember Clearing Banks
in the Second Federal Reserve District:

Until further advised, all cash items drawn on unlicensed banks (including those for which a conservator has been appointed) will be handled by Federal Reserve Banks in the usual manner under the terms of Federal Reserve Board's Regulation J and circular No. 1005, dated November 1, 1930, as amended by circular No. 1190, dated March 20, 1933, issued pursuant thereto by the Federal Reserve Bank of New York, except that outgoing cash letters to unlicensed member and non-member banks will contain the additional protest instructions:

"If any item of less than \$500 is returned for the sole reason 'Drawn Against Restricted Account,' DO NOT PROTEST unless the word 'PROTEST,' with usual American Bankers Association designation of a bank, is stamped or written on the face thereof."

Therefore, should you desire any items of less than \$500, drawn on an unlicensed member or nonmember bank, to be protested when returned solely for the reason "Drawn Against Restricted Account," please stamp or write on face of the item the word "PROTEST" accompanied by usual American Bankers Association designation of your bank.

This circular supersedes and revokes our letter of March 14, 1933, addressed to all banking institutions in the Second Federal Reserve District, with reference to rules regarding protest of cash items drawn on unlicensed banking institutions.

George L. Harrison,
Governor.

FEDERAL RESERVE BANK

OF NEW YORK

March 30, 1933.

REGULATIONS ISSUED BY THE SECRETARY OF THE TREASURY UNDER THE
PRESIDENT'S PROCLAMATIONS DECLARING AND CONTINUING A BANK HOLIDAY

To All Member Banks in the Second Federal Reserve District
Not Licensed to Resume Full Banking Operations:

For your information, and supplementing our previous circulars on this subject, we quote below the text of a regulation which the Federal Reserve Board has advised us has been issued by the Secretary of the Treasury under the President's proclamations of March 6 and 9, 1933, declaring and continuing a bank holiday.

Regulation 31.

"Any banking institution which is a member of the Federal Reserve System and is not licensed to perform usual banking functions, but which is duly authorized to engage 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 transact such business in the normal and usual manner and may make payments on account of the principal or income of trust or other fiduciary funds to the persons entitled thereto: Provided, that, except to the extent permitted by other emergency banking regulations, no such banking institution shall withdraw or pay out any trust or other fiduciary funds on deposit with any other department of such banking institution or make any other payment in connection with any trust or other fiduciary funds, which would operate to discharge, as a whole or in part, any indebtedness, as distinguished from any trust or other fiduciary duty, of such banking institution.

"This regulation supersedes emergency banking regulation #13 of March 7, 1933, which is hereby revoked."*

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

George L. Harrison,
Governor.

(* Reference to our Circular No. 1168.)

FEDERAL RESERVE BANK
OF NEW YORK

March 30, 1933.

REGULATIONS ISSUED BY THE SECRETARY OF THE TREASURY UNDER THE
PRESIDENT'S PROCLAMATIONS DECLARING AND CONTINUING A BANK HOLIDAY

To All State Member Banks in the Second Federal Reserve District
Not Licensed to Resume Full Banking Operations:

For your information, and supplementing our previous circulars on this subject, we quote below the text of a regulation which the Federal Reserve Board has advised us has been issued by the Secretary of the Treasury under the President's proclamations of March 6 and 9, 1933, declaring and continuing a bank holiday.

Regulation 32.

"Any state bank which is a member of the Federal Reserve System, and is not licensed by the Secretary of the Treasury to perform usual banking functions, may permit withdrawals of deposits which are lawfully secured by collateral: Provided, that such withdrawals are (a) permissible under applicable law, (b) duly authorized by the board of directors of such bank, upon such terms with respect to the release of collateral as will fully protect all depositors and other creditors against the creation of any preferences, and (c) approved by the appropriate State authority having supervision of such bank.

"Any such bank is authorized to carry on such usual banking functions as may be essential to allow the withdrawals permitted by this regulation, subject to the provisions and restrictions above set forth and except as otherwise prohibited."

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

George L. Harrison,
Governor.