

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 7544 ]  
January 6, 1975

INTERPRETATION OF REGULATION D  
Treatment of Gold by Federal Reserve Banks

*To All Member Banks, and Others Concerned,  
in the Second Federal Reserve District:*

In response to numerous inquiries received from member banks, the Board of Governors of the Federal Reserve System has issued an interpretation of Regulation D consisting of questions and answers relating to the repeal of the ban on ownership of gold by United States citizens.

Enclosed is a copy of that interpretation. Additional copies will be furnished upon request.

ALFRED HAYES,  
*President.*

Board of Governors of the Federal Reserve System

RESERVES OF MEMBER BANKS

INTERPRETATION OF REGULATION D

Questions and Answers Regarding the Treatment of Gold by Federal Reserve Banks

§250.260 — Miscellaneous Interpretations —  
Gold Coin and Bullion

The Board has received numerous inquiries from member banks relating to the repeal of the ban on ownership of gold by United States citizens. Listed below are questions and answers which affect member banks and relate to the responsibilities of the Federal Reserve System.

(1) **May gold in the form of coins or bullion be counted as vault cash in order to satisfy reserve requirements?** No. Section 19(c) of the Federal Reserve Act requires that reserve balances be satisfied either by a balance maintained at the Federal Reserve Bank or by vault cash, consisting of United States currency

and coin. Gold in bullion form is not United States currency. Since the bullion value of United States gold coins far exceeds their face value, member banks would not in practice distribute them over the counter at face value to satisfy customer demands.

(2) **Will the Federal Reserve Banks perform services for member banks with respect to gold, such as safekeeping or assaying?** No.

(3) **Will a Federal Reserve Bank accept gold as collateral for an advance to a member bank under §10(b) of the Federal Reserve Act?** No.

By order of the Board of Governors, effective December 17, 1974.