

**FEDERAL RESERVE BANK
OF NEW YORK**

AT CIR No 8455
November 13, 1978

EMERGENCY PREPAREDNESS

To the Banking Office Addressed:

Enclosed are revisions of this Bank's Emergency Planning Circulars, which contain plans for the continuation of our essential operations in the event of a national emergency.

The circulars have been revised principally (a) to eliminate provisions for the shipment of currency by Railway Express during an emergency; (b) to update the lists of "cash agent" and "check agent" banks under the program; and (c) to reflect the present address of this Bank's Relocation Office.

It is suggested that, after being reviewed by the appropriate members of your staff, these circulars be kept available for ready reference. Any questions regarding this program, and requests for additional copies of the Emergency Planning Circulars, should be directed to Louis J. Conroy, Manager of our Records Management and Emergency Planning Department (Telephone No. 212-791-5355).

PAUL A. VOLCKER,
President.

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**FEDERAL RESERVE BANK
OF NEW YORK**

**Emergency Planning
Circular No. 1**
{ Revised November 1, 1978 }

**Program for the Distribution of Currency
in an Emergency**

*To All Banking Offices in the Second Federal Reserve District
Outside New York City, and Head Offices of All Banks
in New York City:*

The preparedness programs of the Federal Reserve Banks for carrying on essential operations in the event of an emergency include a plan for decentralizing the supplying of currency to banks. Under the plan, certain commercial banks will act as agents of the Federal Reserve Banks in distributing currency to banks in their respective Federal Reserve districts.

This circular sets forth this Bank's plan for distributing currency during an emergency in the Second Federal Reserve District and contains the terms and conditions under which shipments of currency to and from member and nonmember banks in this District for account of this Bank will be handled. Under its plan, the Bank has divided the Second Federal Reserve District, exclusive of New York City, into 17 areas and has designated a commercial bank in each area to act as its agent to handle the distribution of currency among banking offices in the area. Accompanying this circular is an Appendix, which lists the names and locations of such banks, hereinafter referred to as "Cash Agent banks," and the counties comprising the area each will serve. Bookkeeping entries incident to shipments of currency to and from Cash Agent banks will be centralized on this Bank's books at its Relocation Office, located at Amherst, Massachusetts; this Bank will not, during an emergency, physically handle paper currency or coin at its Relocation Office.

The term "banks" includes, for the purposes of this circular, commercial banks, industrial banks, savings banks, and private bankers. The term "banking offices" includes all offices, including branches, head offices, and emergency offices of banks.

It has been considered desirable not to designate Cash Agent banks in the larger industrial cities. Should banks in such cities require currency during an emergency, additional Cash Agent banks may be appointed or other means will be employed to meet their needs.

**Disposition of paper currency and coin in possession of
armored carriers at the time of an attack**

1. In the event of an enemy attack occurring prior to the activation of this Bank's plan for distribution of currency in an emergency, arrangements have been made with armored carriers transporting shipments of paper currency and coin to, from, or for the account of this Bank pursuant to contracts with this Bank for the disposition of such shipments in transit at

the time of an attack. Pursuant to such arrangements, the carriers will deliver such paper currency and coin to the first operable and accessible commercial bank, in the following order, that will accept such paper currency and coin:

- (a) The original consignee bank;
- (b) An operable and accessible branch of the original consignee bank;
- (c) Any other commercial bank or branch as instructed by this Bank;
- (d) This Bank's closest operable and accessible Cash Agent bank;
- (e) The most accessible and operable commercial bank or branch.

Member banks that have contracts with armored carriers for the shipment of paper currency and coin to and from this Bank may wish to make similar arrangements with such armored carriers.

2. This Bank hereby authorizes any commercial bank (other than the original consignee bank or a branch thereof) to which a shipment of paper currency and coin is delivered under the circumstances set forth in paragraph 1 (including a shipment transported by an armored carrier pursuant to a contract between the member bank and the armored carrier and delivered pursuant to the instructions of the member bank) to receive and hold such shipments in custody as this Bank's agent, and this Bank will reimburse any such commercial bank for all expenses properly incurred by it as such agent and will indemnify it against all losses of such paper currency and coin except loss due to the agent's failure to maintain its customary security measures in the protection of the paper currency and coin insofar as possible under the conditions then existing.

Activation of plan

3. The Bank's emergency plan for distributing currency in an emergency becomes effective upon issuance of notice of activation by this Bank. If not otherwise informed of the activation of the emergency plan, each banking office should request instructions from the Cash Agent bank designated to serve its area.

General terms and conditions

4. Cash Agent banks will have no coin to distribute and coin should not be deposited with them. Banks in need of coin and banks having excess stocks of coin should so advise their Cash Agent banks.

5. Orders for paper currency will be accepted by a Cash Agent bank from banking offices located in its area. Such orders may be placed over the counter, or by telephone, telegraph, or letter. Telephone and telegraph orders should be confirmed by letter. Cash Agent banks will be responsible for the equitable distribution of currency to banking offices in their areas.

6. Each Cash Agent bank will also receive currency deposits from banking offices in its area. Such offices, using this Bank's Form Mon. 82, may make deposits over the counter, or by registered mail, armored car, or whatever other means may be selected or approved by their Cash Agent bank.

7. All banks are urged to make direct exchanges of paper currency and coin among themselves in order to avoid, to the extent possible, requisitioning currency from Cash Agent banks.

8. Paper currency should continue to circulate until it is worn out or mutilated, when it should be sent to Cash Agent banks. Shipments of paper currency to Cash Agent banks should not include securities or other valuables and should be prepared, arranged, and shipped, insofar as circumstances permit, in accordance with the provisions of this Bank's then currently effective Operating Circular No. 3. Depositing banks should also send to Cash Agent banks all large size currency and gold certificates.

9. Canadian currency and coin should not be deposited with Cash Agent banks because those banks will not be prepared to convert such cash into United States funds.

10. All requests for paper currency should be made to the Cash Agent bank serving the requesting banking office. Credits for paper currency deposited with a Cash Agent bank and charges for paper currency shipped by a Cash Agent bank will be made on the books of this Bank on the day the Relocation Office receives from the Cash Agent bank the credit and debit tickets relating to such transactions.

11. This Bank will absorb the cost of postage and other shipping charges incident to shipments of paper currency as to which this Bank assumes the risk of loss as hereinafter provided.

12. The amount of paper currency shipped by a Cash Agent bank to a member bank will be charged to the member bank's reserve account, and the amount of paper currency deposited with a Cash Agent bank by a member bank will be credited to the member bank's reserve account. Payment for a shipment of paper currency to a nonmember bank should take the form of an authorization to charge a nonmember clearing account or another account on the books of this Bank pursuant to appropriate arrangements made with this Bank, or of a draft drawn on a member bank. Deposits of paper currency will be accepted from nonmember banks for credit to nonmember clearing accounts or to other accounts on the books of this Bank pursuant to appropriate arrangements made with this Bank.

Risk of loss

Certain risks assumed by this Bank

13. Except as provided in paragraph 14 hereof, the Federal Reserve Bank of New York will assume:

(a) All risks of loss incident to the shipment of paper currency to, from, or for the account of this Bank or any Cash Agent bank (i) by registered mail, and (ii) by such other means of transportation as may be selected or approved by this Bank or its Cash Agent bank, from the time such shipments leave the office of the sending bank until delivered at the office of the addressee bank; and

(b) Such risks hereby assumed shall include, but shall not be limited to, any loss resulting from hostile or warlike action by any military, naval, or air forces, or agents of domestic, foreign, or revolutionary governments, powers, or forces, whether or not war has been formerly declared and including defending against an actual or expected attack, and any loss caused by any weapon of war employing atomic fission or radioactive force.

Certain risks not assumed by this Bank

14. This Bank will not assume any risk of loss in any of the following circumstances, and any loss thereunder is agreed and understood to be assumed by the bank making or causing or ordering a shipment of paper currency to, from, or for the account of this Bank or any Cash Agent bank:

(a) Any loss in excess of \$2,000,000 on all shipments by any one banking office to this Bank and to its Cash Agent banks on any one day.

(b) Any loss resulting from any dishonest, fraudulent, or criminal act of an employee of any bank, other than this Bank or its Cash Agent banks, making, causing, ordering, or receiving the shipment.

(c) Any loss to the extent recoverable from any insurance, surety, or indemnity company pursuant to purchased insurance, surety, or indemnity (including Bankers Blanket Bond), whether primary or excess, carried by or maintained by any person other than this Bank or its Cash Agent banks.

(d) Any loss on any shipment by any bank, other than a Federal Reserve Bank or a Cash Agent bank, not made in conformity with the provisions of this circular.

(e) Any loss in respect of a shipment by or for the account of this Bank or its Cash Agent banks by registered mail if the receiving bank takes delivery of the shipment at any place other than its office, unless the shipment shall be in charge of a responsible person or in the custody of an armored car service in transit from the place at which delivery is taken to the office of the receiving bank.

Preparation of shipments

15. Any bank making or causing shipments of paper currency to or for the account of this Bank or any Cash Agent bank shall comply with the following terms and conditions:

(a) Contemporaneously with the shipment, but under separate cover, the sender shall mail to the Cash Agent bank in its area a notice of shipment showing the date, amount, and description of the shipment, such notice to be on this Bank's Form Mon. 82.

(b) The contents of the shipment shall be prepared and verified by one or more responsible employees of the sender and enclosed in a strong wrapper, envelope, or cloth or canvas bag, well secured, and the package shall be sealed in a manner acceptable to the post office or other approved agency of transportation at the place of mailing or dispatch.

(c) The sealed package shall be in charge of a responsible person or an armored car service until deposited and registered at the post office or delivered for shipment by means of transportation selected or approved by this Bank or any Cash Agent bank.

(d) The post office registry receipt for each shipment by registered mail shall be preserved by the sender in order that it will be available as evidence in event of loss; and in the event a loss is claimed, the receipt shall be delivered to this Bank at its request.

Revision of this circular

16. The right is reserved to withdraw, add to, or amend at any time, any of the provisions of this circular.

Effect of this circular upon previous circular

17. This circular supersedes our Emergency Planning Circular No. 1, Revised June 7, 1963.

PAUL A. VOLCKER,
President.

APPENDIX

List of Cash Agent Banks With Area Each Will Serve

<i>Area</i>	<i>Name and Location of Agent Bank</i>	<i>Counties Comprising Area Served</i>
1	Bankers Trust Company Patchogue, N. Y. 11772	Nassau, Suffolk
2	Bankers Trust Company of Hudson Valley, National Association Poughkeepsie, N. Y. 12602	N. Y.: Dutchess, Putnam, Westchester Conn.: Fairfield
3	Midlantic National Bank/Cranbury Cranbury, N. J. 08512	Middlesex, Monmouth
4	First National Bank of Central Jersey Somerville, N. J. 08876	Hunterdon, Somerset, Union, Warren
5	National Community Bank of New Jersey Franklin, N. J. 07416	Essex, Hudson, Morris, Sussex
6	Orange County Trust Company Middletown, N. Y. 10940	N. J.: Bergen, Passaic N. Y.: Orange, Rockland
7	The First National Bank of Glens Falls Hudson Falls, N. Y. 12839	Columbia, Rensselaer, Washington
8	Bankers Trust Co. of Hudson Valley, N.A. Kingston, N. Y. 12401	Albany, Greene, Schoharie, Ulster
9	National Commercial Bank and Trust Company Oneonta, N. Y. 13820	Delaware, Otsego, Sullivan
10	First National Bank and Trust Company of Ithaca Ithaca, N. Y. 14850	Broome, Chemung, Schuyler, Seneca, Tioga, Tompkins
11	First National Bank of Cortland Cortland, N. Y. 13045	Cayuga, Chenango, Cortland, Madison, Onondaga
12	The National Bank of Northern New York Watertown, N. Y. 13601	Herkimer, Jefferson, Lewis, Oneida, Oswego
13	Central National Bank, Canajoharie Canajoharie, N. Y. 13317	Fulton, Hamilton, Montgomery, Saratoga, Schenectady, Warren
14	Marine Midland Bank Saranac Lake, N. Y. 12983	Clinton, Essex, Franklin, St. Lawrence
B-1	Liberty National Bank and Trust Company Batavia, N. Y. 14020	Erie, Genesee, Niagara, Orleans, Wyoming
B-2	Marine Midland Bank Jamestown, N. Y. 14701	Allegany, Cattaraugus, Chautauqua
B-3	The Bath National Bank Bath, N. Y. 14810	Livingston, Monroe, Ontario, Steuben, Wayne, Yates

FEDERAL RESERVE BANK
OF NEW YORK

{ Emergency Planning
Circular No. 2
Revised November 1, 1978 }

Program for the Collection of Cash Items
in an Emergency

*To All Banking Offices in the Second Federal Reserve District Outside New York City,
and Head Offices of All Banks in New York City:*

The preparedness programs of the Federal Reserve Banks for carrying on essential operations in the event of an emergency include plans for decentralizing the collection of checks and other cash items. Under the plans, designated commercial banks will act as agents of the Federal Reserve Banks in collecting cash items in an emergency.

This circular sets forth this Bank's plan for emergency clearing and collection of cash items in the Second Federal Reserve District and contains operating instructions for banks in the District that participate in the plan. The essence of the plan is decentralization of collections among banks and centralization of settlements by bookkeeping entries on this Bank's books. The decentralization is effected by dividing the Second Federal Reserve District, excluding New York City, into 25 areas, in each of which a commercial bank will act as this Bank's agent for the collection of cash items.

The term "banks" includes, for the purposes of this circular, commercial banks, industrial banks, savings banks, and private bankers. The term "banking offices" includes all offices, including branches, head offices, and emergency offices of banks.

DESCRIPTION OF EMERGENCY PLAN

Assumptions

1. The plan for emergency clearing and collection of cash items involves the following assumptions:

(a) The regular offices of most Federal Reserve Banks and of most large member and non-member banks will be out of operation. (All Federal Reserve Banks have completed plans for carrying on operations at relocation offices; this Bank's Relocation Office will be located at Amherst, Massachusetts.)

(b) Plans will have been developed by member and nonmember banks to continue essential functions at emergency offices in the event they cannot continue to operate at their regular offices.

(c) The Northern New Jersey Clearing House Association, the Buffalo Clearing House Association, and the Manhattan, Bronx and Brooklyn Collection Arrangement will not be in operation; however, other existing local clearing arrangements will continue to function in an emergency, to the fullest extent possible.

(d) The New York Clearing House Association will operate from an alternate location, except that no plans have been completed for the operation of its City Collection Department.

Participation in plan

2. During an emergency, the following banks may participate in the plan described in this circular:

(a) member banks,

(b) each other nonmember bank that makes advance arrangements, to be effective in an emergency, (i) pursuant to which entries arising out of its participation in the plan may be made in the account of another bank that has an account with this Bank, or (ii) for the opening of a clearing account. Member and nonmember banks that participate in the plan are referred to hereinafter as "participating banks."

Emergency clearing groups

Division of District

3. The Second Federal Reserve District, except New York City, has been divided by counties into 25 areas. In each area, all banking offices of participating banks will constitute an "emergency clearing group." In each emergency clearing group, one participating commercial bank will serve as this Bank's collecting agent for the banking offices in that group. Such agent banks are hereinafter referred to as "Check Agent banks." (Under the plan, therefore, each such bank will act in two different capacities: as a participating bank in its own right, and as an agent of this Bank.) Each Check Agent bank will endeavor to guide and assist all banking offices in its emergency clearing group with problems encountered in carrying out the plan either prior to or during an emergency. The names of the Check Agent banks in this District and the counties comprising the areas they will serve are listed in the Appendix to this circular.

Emergency clearing groups in target areas

4. Of the 25 emergency clearing groups located in the Second Federal Reserve District, 12 are served by Check Agent banks located in possible target areas; therefore, alternate Check Agent banks have been designated for those areas in the event the regularly designated Check Agent banks become inoperable. When any participating bank establishes an emergency office, that office, if operating, will be served by the Check Agent bank for the area in which it is located. Banks now in the same city clearing arrangement or other local clearing arrangement should locate their emergency offices near each other to permit continued local clearing operations during the emergency.

Activation of plan

5. The emergency plan becomes effective upon issuance of notice of activation by this Bank. This Bank will also undertake, as soon as it is practicable after the happening of the emergency, to inform banks in the Second Federal Reserve District as to those Federal Reserve Banks and Branches that are still operating from their regular offices and those that are operating from their relocation offices, giving the addresses of the latter. If not otherwise informed of the activation of the emergency plan, each banking office should request instructions from the Check Agent bank designated to serve its emergency clearing group.

TERMS OF COLLECTION AND TIME SCHEDULE

Terms of collection

6. Upon the activation of this Bank's emergency plan, each bank that has agreed to become a participating bank, and any bank sending cash items for deposit or collection to

this Bank, to any Check Agent bank or participating bank in the Second Federal Reserve District, or direct to another Federal Reserve Bank, shall by such action be deemed:

(a) to have agreed to the terms and conditions of:

(i) Regulation J and other regulations of the Board of Governors of the Federal Reserve System relating to the clearing and collection of checks and other cash items in an emergency, and

(ii) Operating Circular No. 4 of this Bank as modified by this circular, as such regulations and circulars may from time to time be amended or supplemented,

(b) to have authorized this Bank or such Check Agent bank or such participating bank or other Federal Reserve Bank to defer or cause to be deferred for such period or periods as in its discretion may seem desirable, the presentment or the forwarding for collection of those items the collection of which is deemed in good faith by it to be impracticable at the time,

(c) to have authorized this Bank to credit on its books the account of the sending bank or the account of another bank with which the sending bank has made appropriate arrangements, on receipt of cash letters at this Bank or on advice from Check Agent banks, with the dollar amount of cash letters sent by such sending bank to this Bank, to any Check Agent bank or participating bank in the Second Federal Reserve District, or direct to another Federal Reserve Bank, and

(d) to have authorized this Bank to debit on its books the account of the agreeing or sending bank or the account of another bank with which such bank has made appropriate arrangements, on receipt of advice from Check Agent banks, with the dollar amount of cash letters sent to such agreeing or sending bank by other participating banks, by any Check Agent bank, or by any Federal Reserve Bank.

Time schedule

7. Credit will be given for all cash items sent for collection (i) on the day of receipt of the items at the Relocation Office of this Bank, or (ii) on the day of receipt at the Relocation Office of advices from Check Agent banks reporting sendings of participating banks. Accordingly, the time schedules set forth in Appendix No. 1 to Operating Circular No. 5 (New York Head Office Time Schedule), and separate time schedules addressed to direct-sending banks will not be in effect. This Bank shall not be obligated to make any debits to the account of a drawee bank to which cash items drawn on it are sent or to the account of a bank with which the drawee bank has made appropriate arrangements, or to make any corresponding credits for the account of a sending bank, in the event the account of the drawee bank, or the account of a bank with which the drawee bank has made appropriate arrangements, does not contain a credit balance in an amount deemed by this Bank to be sufficient.

OPERATING INSTRUCTIONS UNDER EMERGENCY PLAN

Use of established clearing arrangements

8. Participating banks now sending cash letters through established clearing arrangements should continue to do so during an emergency, and advise the Check Agent bank in their emergency clearing group of sendings through *county* arrangements only. (Sendings through city arrangements will be reported to Check Agent banks by those operating city arrangements.) Upon the happening of an emergency, forms to be used for advices of sendings through county clearing arrangements will be furnished by the Check Agent bank in the sending bank's emergency clearing group. The Check Agent bank will arrange for entries on this Bank's books reflecting such sendings. In the event that a clearing arrangement is not operative, such cash items should be presented as hereinafter provided.

Instructions to sending banks located in undamaged areas

Cash items normally sent to a correspondent bank

9. A participating bank located in an undamaged area that normally sends cash items to a correspondent bank for collection should continue to do so (to the correspondent's regular or emergency office), except that cash items drawn on participating banks in the same emergency clearing group as the sending bank should be sent direct to the drawee banks, in accordance with the instructions in paragraph 10(c). If the correspondent bank's regular office is in a damaged area and it has not established an emergency office, the participating bank may send cash items to other correspondents or may treat such items as items normally sent to this Bank, following the procedures set forth in paragraph 10.

Cash items normally sent to this Bank

10. If the Head Office and Buffalo Branch of this Bank are in operation, participating banks located in an undamaged area should continue to send cash items to the appropriate office of this Bank until advised to send them elsewhere. If the operations of this Bank have been transferred to its Relocation Office, participating banks should observe the following procedures with respect to cash items normally sent to this Bank:

(a) Send to our Relocation Office (i) checks drawn on this Bank, and (ii) checks drawn on the Treasurer of the United States and postal money orders. Items in classes (i) and (ii) should be separately sorted and listed by class.

(b) Send to our Relocation Office the following cash items payable through the New York Clearing House: (i) cash items drawn on banks that are members of the New York Clearing House Association, and (ii) cash items drawn on clearing nonmember banks for which Clearing House member banks act as agents in the clearings. Such items should be separately sorted and listed as to each drawee bank. (Banks that are members of the New York Clearing House should, of course, continue to collect items payable through the New York Clearing House in accordance with emergency arrangements established by the Clearing House, rather than through our Relocation Office.) Procedures, rules, and regulations of the New York Clearing House Association will be observed to the fullest extent permitted by circumstances then obtaining.

(c) Send direct to drawee banks cash items drawn on participating banks in the same emergency clearing group as the sending bank. Such items should be endorsed by the sending bank substantially as follows: "Pay any bank, banker, or trust company; prior endorsements guaranteed." At the same time, the sending bank should advise the Check Agent bank in its group, on a form (Form Sum-1) to be furnished by the Check Agent bank, of the total dollar amount of cash items sent to each participating bank in its group (including cash items drawn on a participating bank acting as the Check Agent bank in the group). On receipt of such advice, the Check Agent bank will arrange for entries on this Bank's books reflecting credits and charges for intragroup items sent by participating banks in the group.

(d) Send all cash items drawn on participating banks in the Second Federal Reserve District (other than the items described in (b) or (c) above and items required to be sent direct as provided in (e) and (f) below) to the Check Agent bank in the sending bank's emergency clearing group. The Check Agent bank, on receipt of such cash items, will arrange for credit on this Bank's books. Therefore, no separate advice of such sendings on Form Sum-1 should be sent to the Check Agent bank.

(e) Send direct to a participating bank in another emergency clearing group cash items drawn on that bank, when such direct sending is required by the Check Agent bank in the sending bank's group. Such sendings should be reported on Form Sum-1 to such Check Agent bank.

(f) Send direct to a Check Agent bank in another emergency clearing group cash items drawn on banks in that group, when such direct sending is required by the Check Agent bank in the sending bank's group. Such sendings *should not* be reported to the Check Agent bank in the sending bank's

group, as the *receiving* Check Agent bank, on receipt of such cash items, will arrange for credit on this Bank's books.

(g) Send cash items payable in other Federal Reserve Districts (other than items sent to correspondents or direct to other Federal Reserve Banks) to the Check Agent bank in the sending bank's emergency clearing group. The Check Agent bank, on receipt of such cash items, will arrange for credit on this Bank's books. Therefore, no separate advice of such sendings on Form Sum-1 should be sent to the Check Agent bank. If volume warrants, a participating bank may be required by the Check Agent bank in its emergency clearing group to send cash items direct to an office of another Federal Reserve Bank. Such sendings should be reported as indicated in paragraph 11.

Cash items normally sent direct to another Federal Reserve Bank

11. Participating banks located in undamaged areas that normally send cash letters direct to an office of another Federal Reserve Bank should continue to do so (to the regular or relocation office). When such cash letters are sent to a relocation office, items payable in the same city as the regular Reserve Bank office should be separately sorted and listed according to drawee. Advice of direct sendings to other Federal Reserve Banks should be sent to the Check Agent bank in the sending bank's emergency clearing group, on a form (Form BK. 140e) to be furnished by the Check Agent bank.

Cash items deposited with banks in damaged areas

12. Cash items received for collection by participating banks operating in damaged areas should be handled as follows:

(a) Present over the counter, or through the applicable clearing arrangement, items drawn on banks normally in the same vicinity.

(b) Send all other items to a correspondent bank in an undamaged area.

(c) If sending to a correspondent bank should not be feasible, send all other cash items (i) to the appropriate undamaged regular office of this Bank or (ii) if the operations of this Bank have been transferred to its Relocation Office, to the Check Agent bank in the sending bank's emergency clearing group.

Adjustments

13. Adjustments for differences arising between banks within the Second Federal Reserve District (including those between Check Agent banks and other participating banks) by reason of errors or omissions in cash letters should be settled between the banks concerned by a bank sending a debit ticket for the claim in a subsequent cash letter, or sending a credit ticket authorizing a bank to debit in a subsequent cash letter.

Return of unpaid cash items

14. Items that a drawee bank intends to return unpaid should be sorted by the drawee bank according to the last endorsing bank, and should be listed and enclosed in a sealed package addressed to the last endorsing bank. The legend "Return Items" and the aggregate dollar amount of the items enclosed (including protest fees, if any) should be marked on the outside of the package. To reduce the number of bookkeeping entries, drawee banks should return each package and obtain credit or refund for the unpaid items enclosed therein, as follows:

(a) If the last endorsing bank is within the same emergency clearing group or within another emergency clearing group in the Second Federal Reserve District, the package should be returned with the next cash letter addressed to that bank, and the aggregate dollar amount of the unpaid items should be listed as a single item in the cash letter.

(b) Each other package should be returned to the Check Agent bank in the drawee bank's emergency clearing group with the next cash letter addressed to that Check Agent bank, and the aggregate dollar amount of unpaid items should be listed as a single item in the cash letter.

(c) If on a given day a drawee bank has unpaid items to return, but no cash letter with which to send the unpaid items, the items may be treated as a separate cash letter.

Forms

15. Forms for reporting sendings of cash items will be furnished by Check Agent banks to participating banks upon the happening of an emergency. The forms should be used by a participating bank to report, to the Check Agent bank in its emergency clearing group, sendings of cash items other than sendings to this Bank's Relocation Office, to a Check Agent bank, or to a *city* clearing arrangement. Upon receipt of the advice, the Check Agent bank will arrange for credit for such sendings on this Bank's books.

City clearing arrangements

16. No form for reporting sendings to city clearing arrangements has been provided because statements resulting from presentments through city clearing arrangements will be forwarded by those operating such clearing arrangements to the Check Agent bank in the sending bank's emergency clearing group.

Bookkeeping entries by participating banks

Sending banks

17. A sending bank should post as *separate debit* entries in the proper account maintained on its books the dollar amount of cash letters, including cash letters containing only return items, sent each day as indicated below:

(a) The *aggregate* dollar amount of *all* cash letters sent to other participating banks in the same or any other emergency clearing group.

(b) The *aggregate* dollar amount of *all* cash letters sent to banks through a county clearing arrangement.

(c) The *aggregate* dollar amount of *all* cash letters sent direct to offices of other Federal Reserve Banks.

(d) The dollar amount of *each* cash letter sent direct to the Check Agent bank in the sending bank's emergency clearing group.

(e) The dollar amount of *each* cash letter sent direct to a Check Agent bank in another emergency clearing group.

(f) The dollar amount of *each* cash letter sent to this Bank's Relocation Office.

Receiving banks

18. A receiving bank should post as *separate credit* entries in the proper account maintained on its books the dollar amount of cash letters, including cash letters containing only return items, received each day, as indicated below:

(a) The *aggregate* dollar amount of *all* cash letters received from other participating banks within the same emergency clearing group.

(b) The dollar amount of *each* cash letter received from participating banks in other Second District emergency clearing groups.

(c) The *aggregate* dollar amount of *all* cash letters received through a county clearing arrangement.

(d) The dollar amount of *each* cash letter received from the Check Agent bank in its emergency clearing group.

(e) The dollar amount of *each* cash letter received from *other* Second District Check Agent banks to which cash letters were sent direct. Such cash letters should contain only return items.

UNCOLLECTIBLE AND DESTROYED CASH ITEMS

Uncollectible cash items

19. The Government's plans for dealing with a national emergency due to enemy attack include measures to preserve the monetary system. The provisions of paragraphs 20, 21, and 22 are based on those measures.

20. Federal Reserve Banks may give credit for cash items received by them (or by their Check Agent banks), or held for them by participating banks, even though, because of conditions arising from an emergency, the items may be temporarily uncollectible either because the drawee banks have suspended operations or because transportation facilities are not available. Any credit given by this Bank for such temporarily uncollectible items will be given subject to the understanding that credit for each such item will, in turn, be given by each sending bank to the depositor from which it received the item.

21. Cash items found to be temporarily uncollectible because drawee banks have suspended operations or because transportation facilities are not available may be held by this Bank or held for it by Check Agent banks or, when permitted by this Bank, by participating banks, until such items should, in the judgment of this Bank, be presented for payment. The items will be held at whatever point it becomes known that the drawee banks are inoperative or inaccessible because of the emergency. After presentment, such cash items will be returned only for the same reasons for which cash items would be returned under normal operating conditions, such as insufficient funds, no account, or forgery.

22. When a participating bank learns of the temporary uncollectibility of any cash item in its possession because the drawee bank has suspended operations or because transportation facilities are not available, it should apply for permission to hold the item and receive credit therefor on a form of "letter request" obtainable from the Check Agent bank in its emergency clearing group. Each request should be officially signed and contain the required information regarding the items held. After receipt of the request, this Bank will notify the requesting bank when credit will be given for such items held. Each participating bank authorized to hold temporarily uncollectible cash items should separately list, control, and package such items for each drawee bank and place the packaged checks in safekeeping. This Bank will, in due course, instruct the holding banks regarding the presentment or other disposition of such items.

Destroyed, lost, or missing items

23. Cash items that might be destroyed upon the happening of an emergency will fall into one of the three following classes:

(a) cash items destroyed before reaching this Bank; or

(b) cash items destroyed on the premises of this Bank; or

(c) cash items destroyed after they have left the premises of this Bank (or of a direct-sending bank) that are either in transit or on the premises of the addressee.

No credit will be given for such items, or if credit has already been given and payment for such items has not been received by this Bank in actually and finally collected funds, the credit will be reversed. If no advice of credit for cash items sent to or for account of this Bank for collection is received from this Bank within a reasonable time after their dispatch, it may be assumed that the cash items were destroyed.

24. Upon receipt by this Bank of notification of the destruction of cash items either in transit to or on the premises of an addressee, or if this Bank fails to receive payment within a reasonable time for cash letters previously dispatched, this Bank will charge back the amount of such items, if credit has been previously given, including credit previously given on the basis of advices received for direct-sent cash letters.

25. This Bank will notify all sending banks of its action on destroyed cash items or items presumed to be destroyed as soon as possible and furnish the date on which such items were destroyed (if possible) and will also supply any available information or description of such items. However, it will be necessary for each sending bank to rely on its own records to reconstruct cash letters that contained such items. Thereafter, sending banks should arrange with their depositors to obtain duplicate copies of the items destroyed or should prepare photographic copies of such items from microfilm records, if available; and the duplicate or photographic copies should thereafter be forwarded for collection as "new business" under the applicable procedure outlined herein.

26. If return items are destroyed upon the happening of an emergency, drawee banks should furnish this Bank with photographic copies or descriptions of items returned unpaid.

27. During an emergency, a considerable length of time may be required to give effect to the procedures outlined in paragraphs 23 through 26.

REVISION OF THIS CIRCULAR

28. The right is reserved to withdraw, add to, or amend at any time, any of the provisions of this circular.

EFFECT OF THIS CIRCULAR UPON PREVIOUS CIRCULAR

29. This circular supersedes our Emergency Planning Circular No. 2, Revised February 1, 1963.

PAUL A. VOLCKER,
President.

APPENDIX

List of Check Agent Banks With Area Each Will Serve*

<i>Area</i>	<i>Name and Location of Agent Bank</i>	<i>Counties Comprising Area Served</i>
1	Bank of Smithtown Smithtown, N. Y. 11787	Nassau, Suffolk
2	State National Bank of Connecticut Bridgeport, Conn. 06604	Fairfield (3)
3	National Bank of Westchester Peekskill, N. Y. 10566	Westchester (4)
4	Marine Midland Bank Poughkeepsie, N. Y. 12602	Columbia, Dutchess, Putnam
5	National Commercial Bank and Trust Company Albany, N. Y. 12201	Albany (11) Rensselaer (6), Saratoga (6), Schenectady (9)
6	The First National Bank of Glens Falls Glens Falls, N. Y. 12801	Essex, Hamilton, Warren, Washington
7	Marine Midland Bank Malone, N. Y. 12953	Clinton, Franklin, St. Lawrence
8	Marine Mildand Bank Watertown, N. Y. 13601	Jefferson, Lewis
9	City National Bank and Trust Company of Gloversville Gloversville, N. Y. 12078	Fulton (10), Herkimer (10), Montgomery (10)
10	Wilber National Bank Oneonta, N. Y. 13820	Delaware, Otsego, Schoharie
11	Kingston Trust Company Kingston, N. Y. 12401	Greene, Ulster
12	The Bank of New York Port Jervis, N. Y. 12771	Orange, Sullivan
13	Marine Midland Bank Binghamton, N. Y. 13902	Broome (10), Chenango (10), Cortland (16), Tioga (16)
14	The Oneida National Bank and Trust Company of Central New York Utica, N. Y. 13502	Madison (10), Oneida (8), Oswego (8)
15	Marine Midland Bank Syracuse, N. Y. 13201	Cayuga (16), Onondaga (16)
16	Marine Midland Bank Elmira, N. Y. 14902	Chemung, Schuyler, Seneca, Tompkins

* Numbers appearing in parentheses indicate alternate clearing groups to which banks in such counties are assigned if their regular Check Agent bank is inoperable.

<i>Area</i>	<i>Name and Location of Agent Bank</i>	<i>Counties Comprising Area Served</i>
17	Lincoln First Bank of Rochester Corning, N. Y. 14830	Livingston, Ontario, Steuben, Yates
18	Lincoln First Bank of Rochester Rochester, N. Y. 14643	Monroe (20), Wayne (17)
19	The Bank of New York Olean, N. Y. 14760	Allegany, Cattaraugus, Wyoming
20	Marine Midland Bank Batavia, N. Y. 14020	Genesee (19), Niagara (19), Orleans (19)
21	Bankers Trust Company of Western New York Jamestown, N. Y. 14701	Chautauqua (19), Erie (19)
22	Empire National Bank Suffern, N. Y. 10901	N. J.: Bergen (23), Passaic (23) N. Y.: Rockland (12)
23	Midlantic National Bank/Sussex & Merchants Newton, N. J. 07260	Hunterdon, Sussex, Warren
24	National Community Bank of New Jersey Dover, N. J. 07801	Essex (22), Hudson (22), Morris (23)
25	First Merchants National Bank Asbury Park, N. J. 07712	Middlesex, Monmouth, Somerset, Union

NOT FOR PUBLICATION (For internal use only)

**FEDERAL RESERVE BANK
OF NEW YORK**

**Emergency Planning
Circular No. 3**
Revised November 1, 1978

**Operations of Federal Reserve Bank of New York
in an Emergency**

*To All Banking Offices in the Second Federal Reserve District Outside New York City,
and Head Offices of All Banks in New York City:*

This circular contains information on the plan of the Federal Reserve Bank of New York for carrying on essential operations in the event of an emergency. It is to be effective only in an emergency and is not intended to supersede at this time any of this Bank's operating circulars and instructions currently in effect.

Activation and general scope of plan

1. This Bank's emergency plan becomes effective upon the transfer of the Bank's operations to its Relocation Office, located at Amherst, Massachusetts (Tel. No. 413-253-9676). When the operation of the plan is to be terminated or suspended, appropriate notice will be given to all concerned. During normal times, our Relocation Office serves as a records storage office to which records relating to operations involving essential relationships with banks and others, including the Treasury Department, are dispatched daily from the Head Office and Buffalo Branch. These records would be utilized upon the activation of this Bank's emergency plan.

2. General information relating to emergency procedures for the maintenance and stabilization of the monetary and economic systems is contained in Chapters 1 and 13 of the National Plan for Emergency Preparedness, a copy of which we sent to the head office of each banking institution in the Second Federal Reserve District. Also transmitted therewith were copies of Treasury Department Emergency Banking Regulation No. 1, the statement of the Secretary of the Treasury accompanying the issuance of that Regulation, and the Department's delegation of emergency authority to the Board of Governors of the Federal Reserve System. The Treasury Regulation requires, among other things, that all banking institutions remain open and continue their operations and functions during an emergency to the extent possible. Under the Treasury's delegation, the Board of Governors is authorized to take such action, consistent with regulations issued by the Secretary of the Treasury, as may be necessary to maintain, regulate, limit, or suspend the operation and functioning of any banking institution, including commercial banks, trust companies, private banks, savings banks, and mutual savings banks. The term "banking institution" as used in this circular is intended to include all of the aforementioned insti-

tutions, both members and nonmembers of the Federal Reserve System, and during the emergency, transactions will be conducted with all banking institutions. Pursuant to the Treasury's Regulation and delegation, the Board of Governors has issued two emergency regulations, Emergency Regulation No. 1, "Operations of Federal Reserve Banks," and Emergency Regulation No. 2, "Use of Secured Notes to Transfer Credits." Copies of those regulations have already been distributed to you.

3. The Federal Reserve System's primary objective in the immediate post-attack period will be to provide liquidity for the financing of essential activities and to promote confidence in the continued operation of the monetary and banking system. The Federal Government will offer assurance that those dealing with financial institutions may do so without risk of the insolvency of such institutions by reason of war loss. Credit will be made available to member and nonmember banks and under certain circumstances to nonbank borrowers, in order to promote essential activities. Details regarding the extension of credit by Federal Reserve Banks in an emergency are set forth in paragraph 7(h) hereof under the heading "Advances and Discounts."

4. Two essential operations will not be handled by our Relocation Office, but will be handled by selected commercial banks that have been designated to act as this Bank's agents. These operations are the distribution of currency and, subject to certain exceptions, the handling of checks and other cash items in the process of collection. The programs for the distribution of paper currency and for the handling of checks are described in this Bank's Emergency Planning Circulars No. 1 and No. 2, respectively. Other operations that are normally handled by this Bank but will not be conducted at the Relocation Office are referred to elsewhere in this circular.

5. As soon as practicable following the activation of this Bank's emergency plan, each banking institution should submit information to our Relocation Office relating to its functioning and operability in the form of Exhibit A hereof.

6. Upon the activation of this Bank's emergency plan, all its then currently effective operating circulars and other instructions, as amended and supplemented to that date by this and other emergency planning circulars, will continue in full force and effect during the emergency.

Modification of operating circulars and other instructions under emergency plan

7. The operating circulars and other instructions listed below are hereby modified as indicated below, the modifications to take effect upon the activation of this Bank's emergency plan and to remain in effect until notice to the contrary from this Bank or from another Federal Reserve Bank acting in behalf of this Bank.

(a) *Authorized Signatures (Operating Circular No. 1).* While the Bank's emergency plan remains in effect, the officers of the Buffalo Branch will be officers of the Federal Reserve Bank of New York and will be authorized to sign in its behalf.

(b) *Reserves of Banks (Operating Circular No. 2).* Pursuant to the authority contained in Emergency Regulation No. 1 of the Board of Governors, penalties on deficient reserves of member banks in the Second Federal Reserve District will, on the happening of an emergency, be waived

until notice to the contrary is received from this Bank or from another Federal Reserve Bank acting on behalf of this Bank. Emergency Regulation No. 1 of the Board of Governors also authorizes Federal Reserve Banks, among other things, to extend reserve requirements to nonmember banks when conditions warrant and to raise or lower reserve requirements for member banks.

(c) *Paper Currency and Coin (Operating Circular No. 3)*. In an emergency, this Bank will not physically handle paper currency or coin at its Relocation Office. Certain banks have been authorized to handle, as this Bank's agents, the distribution and exchange of paper currency; Cash Agent banks will not receive and distribute coin. Our Emergency Planning Circular No. 1 contains complete details of the emergency procedures for the distribution of paper currency, and its Appendix lists the names of Cash Agent banks and the area each will serve.

(d) *Collection of Cash Items (Operating Circulars Nos. 4, 5, and 6, and paragraph 2 of Operating Circular No. 7)*. While the emergency plan remains in effect, this Bank will receive for collection certain cash items at its Relocation Office, but the bulk of the check-clearing operations will be handled through Check Agent banks. Full details are contained in our Emergency Planning Circular No. 2, which also lists the names of Check Agent banks and the area each will serve.

(e) *Days and Hours of Operation (Paragraph 1 of Operating Circular No. 7)*. The provisions of paragraph 1 of Operating Circular No. 7 will be suspended while the emergency plan remains in effect.

(f) *Collection of Noncash Items (Operating Circular No. 8)*. (1) While the emergency plan remains in effect, this Bank will receive at its Relocation Office for collection, only such noncash items as are payable at or through banks that are members of the New York Clearing House Association or at or through nonmember clearing banks for which Clearing House member banks act as agents in the clearings. All other noncash collection items should be collected through such means other than through this Bank as may seem advisable and, if remittance would be facilitated, may be accompanied by instructions to remit the proceeds to this Bank at its Relocation Office for the account of the sending bank, provided the sending bank maintains an account on our books. Items normally handled as cash items should not be sent to the Relocation Office for collection as noncash items.

(2) Unless otherwise instructed by its principals, this Bank, as fiscal agent of the obligors, will continue to pay or redeem, at its Relocation Office, obligations of (i) the United States and various United States governmental agencies, (ii) International Bank for Reconstruction and Development, and (iii) Inter-American Development Bank.

(3) Tracers or inquiries about outstanding items should not be sent to the Relocation Office without due regard for the emergency conditions under which all banks will be operating. When a tracer is sent, it should contain all details that would aid identification, including when and by what method the item was dispatched to this Bank, the name of the obligor, the amount, and the issue and due dates.

(g) *Transfers of Funds (Operating Circulars Nos. 10 and 11)*. (1) In an emergency, this Bank may not be in a position to comply, within any fixed time limit, with requests to make telegraphic transfers of funds. Accordingly, any request to this Bank for the telegraphic transfer of funds will be received by this Bank on the understanding that such transfer may be delayed indefinitely. Otherwise, this Bank will, to the extent that the situation permits, continue to effect transfers of funds in accordance with Operating Circulars Nos. 10 and 11.

(2) All domestic telegraphic messages to this Bank should be sent in ordinary English, not in code. As soon as possible after the activation of our emergency plan, a special list of test words will be sent to you for use in authenticating telephonic and telegraphic requests for transfers of funds.

(3) The daily net balance of exchanges of those clearing arrangements that continue in operation during an emergency and whose daily net balance of exchanges is normally transmitted to this Bank by telegraphic advice or messenger should continue to be sent to this Bank by mail, telegram, or messenger.

(h) *Advances and Discounts (Operating Circulars Nos. 12 and 13)*. (1) In an emergency, advances and discounts may be made by us in accordance with Emergency Regulation No. 1 of the Board of Governors of the Federal Reserve System to member and nonmember banking institutions and, under certain circumstances, to nonbank borrowers. Section 9 of the Regulation provides, in part, that the

provisions of the Board's Regulation A shall continue to apply to the making of discounts or advances immediately following an attack, except to the extent that, and for the period in which, the results of an attack make desirable or necessary the use of emergency measures described in Section 9. The Board's Regulation A provides, among other things, that any Federal Reserve Bank may make advances under authority of Section 10(b) of the Federal Reserve Act to any of its member banks upon the latter's promissory note secured to the satisfaction of such Federal Reserve Bank regardless of whether the collateral offered as security conforms to eligibility requirements under other provisions of Regulation A. The principal objective in the making of advances and discounts in an emergency will be to assure, insofar as possible, that credit is available to conduct essential industrial, business, and service activities.

(2) Advances may be made to banking institutions against unencumbered assets owned by the borrower and held in safekeeping by this Bank that are eligible under Regulation A of the Board of Governors as security for an advance, notwithstanding the fact that such assets may be immobilized. In addition, this Bank may also make advances to member and nonmember banking institutions against—

(i) Identified, unencumbered assets that are eligible under Regulation A of the Board of Governors as security for an advance and owned by and held in the vaults of the borrower, without regard to whether such assets are immobilized, provided that the borrower duly executes and delivers a statement in the form of Exhibit B hereto; and

(ii) Identified, unencumbered assets that are eligible under Regulation A of the Board of Governors as security for an advance, owned by the borrower but held in the vaults of a third party, without regard to whether such assets are immobilized, provided that the borrower duly executes and delivers a statement in the form of Exhibit B hereto, and also instructs such third party by executing and delivering a letter to such third party in the form of Exhibit C hereto to hold such assets for the account of and subject to the sole order of this Bank, and such third party agrees to do so by executing and delivering to this Bank a letter in the form of Exhibit D hereto.

(3) Any banking institution requiring credit assistance for essential industrial, business, or service activities, but unable to obtain such credit assistance as a result of the emergency, should communicate with this Bank and furnish full information in respect of its need for credit assistance and its inability to obtain the same.

(4) Banking institutions and others concerned are urged to borrow against United States Government securities, even if the securities are not physically available, rather than to attempt to sell such securities during the immediate post-attack period.

(5) The enclosed Emergency Regulation No. 2 of the Board of Governors of the Federal Reserve System provides for the making of payments, under certain circumstances, by banking institutions by means of notes payable to the order of a Federal Reserve Bank or other banking institution.

(6) Federal Reserve Banks are authorized to restrict credit to any bank that wilfully violates Treasury Department Emergency Banking Regulation No. 1.

(7) Pursuant to Section 9(e) of Emergency Regulation No. 1 of the Board of Governors, credit extended by this Bank in the immediate post-attack period to banking institutions will be at rates indicated in our Operating Circular No. 13 then in effect, and credit extended to others than banks will be at rates deemed appropriate by this Bank.

(8) Member banks may apply to this Bank for the discount of paper that, though otherwise eligible, bears the endorsement of a nonmember bank.

(i) *Safekeeping, Handling and Shipment of Securities (Operating Circular No. 14)*. (1) In an emergency, no securities, commercial paper, or bankers' acceptances will be received and held by this Bank at its Relocation Office, except that this Bank may, in its discretion, receive and hold securities, commercial paper, and bankers' acceptances as collateral for advances.

(2) A record of securities held for the account of member banks is maintained at the Relocation Office. It is expected that in the event of an emergency this record will be current, except for a period of one or two days, depending upon the time the emergency occurs. The proceeds of matured issues of U.S. Government securities and coupons therefrom held by us in safekeeping will be credited to a member bank's reserve account as promptly as possible after maturity without regard to whether the securities or coupons are available. If feasible, an effort will be made to obtain payment for maturing and matured commercial paper, bankers' acceptances, and securities and coupons other than U. S. Government securities and coupons, held in custody and immobilized at the New York Office, on the basis of descriptions of such items in this Bank's records.

(3) The practice of endeavoring to inform member banks of developments affecting their securities, as reported in statistical services, will be discontinued. Accordingly, banking institutions will have the entire responsibility of keeping informed in respect of events affecting their securities held by this Bank and of giving this Bank prompt instructions regarding the handling of such securities. Such instructions will be complied with to the extent that the situation permits.

(j) *Federal Reserve Bank Stock (Operating Circular No. 16)*. (1) Applications for additional amounts of Federal Reserve Bank stock or for the cancellation of Federal Reserve Bank stock should not be filed with this Bank at its Relocation Office until notice to the contrary is received from this Bank.

(2) Dividends payable on the stock of this Bank will be credited to the reserve accounts of member banks as soon as practicable, and member banks will be advised as to the date on which such dividends are so credited.

(k) *Transactions in United States Securities Other than Savings Bonds (Operating Circular No. 17)*. (1) This Bank will handle, at its Relocation Office, transactions in United States securities other than savings bonds, in accordance with Operating Circular No. 17, subject to the following exceptions and conditions:

(i) No denominational exchanges of registered securities will be made; registered securities will not be transferred or processed for transfer by this Bank; and no registered securities will be issued in exchange for bearer securities.

(ii) Denominational exchanges of bearer securities will be made, and bearer securities may in our discretion be issued in exchange for registered securities, insofar as the available unissued stock of securities of the appropriate type and issue permits.

(iii) If the forms referred to in paragraph 2 of Operating Circular No. 17, relative to certain transactions in U.S. Government securities, also referred to in that paragraph, are not available, any written communication containing all of the required information will suffice.

(iv) Telegraphic transfers of bearer securities as set forth in Operating Circular No. 17 will continue to be effected at the Relocation Office to the extent that facilities and unissued stocks of securities of the appropriate issues are available. Requests for such transfers will be received at the Relocation Office on the understanding that this Bank cannot undertake to make such transfers within any fixed time limit and that such transfers may be delayed indefinitely. The transfer fees provided for in Operating Circular No. 17 will not be charged until such time as notice to the contrary is given by this Bank.

(l) *Deposit of Federal Taxes With Depository Banks (Operating Circular No. 18)*. This Bank's Relocation Office will handle deposits of certain Federal taxes made with depository banks, as indicated in our Operating Circular No. 18.

(m) *Reports of Transactions in Foreign Exchange, Transfers of Credit, and Export of Coin and Currency (Operating Circular No. 19)*. The requirements of our Operating Circular No. 19 for reporting certain foreign transactions and transactions with foreigners should continue to be made during an emergency if feasible in the light of circumstances then obtaining.

(n) *United States Savings Bonds*. (1) *Instructions to Issuing Agents (Operating Circular No. 20)*. This Bank will not issue Series E or H savings bonds or handle the replacement of lost, destroyed,

or stolen savings bonds at its Relocation Office. With these exceptions, our Operating Circular No. 20, containing instructions to issuing agents, will continue in effect. Issuing agents should submit to this Bank, at its Relocation Office, the reports of sales and spoiled or excess bonds in the usual manner, as specified in that circular. Requisitions for bond stock, submitted to the Relocation Office, will be filled to the extent of available supplies.

(2) *Instructions to Paying Agents.*

(i) Exhibit E hereof is a form of agreement providing for the retention by qualified paying agents of paid savings bonds until notified by this Bank to forward such bonds to its Relocation Office. This Bank will continue to make immediate settlement, subject to adjustment, for the total amount of paid bonds claimed by the paying agents. Transmittal letters, without the bonds, should be sent to us at weekly or at greater intervals, if necessary, by paying agents in order to receive credit for the total amount of paid bonds claimed. Paying agents should bear in mind that redemption of savings bonds is subject to the cash withdrawal limitations of Treasury Department Emergency Banking Regulation No. 1.

(ii) Series H and K and unmatured Series G bonds, which may not be paid by qualified paying agents, should not be submitted to this Bank's Relocation Office for payment, pending resumption of such redemption operations by this Bank and the Treasury Department. Any other savings bonds of any series that a paying agent, or an agent qualified under Treasury Department Circular No. 888, is not qualified or permitted to pay, should be forwarded to the Relocation Office for examination and payment.

General

8. The V-loan program will remain in effect during an emergency. Applications for V-loan guarantee agreements should be sent to this Bank's Relocation Office.

9. We shall continue in an emergency to maintain the Treasurer's General Account, Treasury Tax and Loan Accounts, member bank reserve accounts, and nonmember clearing accounts.

10. Our Relocation Office will, to the extent possible, disseminate information of general interest to banking institutions. In return, we would like to have you keep our Relocation Office informed as to conditions that would be of interest to us.

Revision of this circular

11. The right is reserved to withdraw, add to, or amend at any time, any or all of the provisions of this circular.

Effect of this circular upon previous circular

12. This circular supersedes our Emergency Planning Circular No. 3, dated July 17, 1963.

PAUL A. VOLCKER,
President.

EXHIBIT A

(Form of letter by a banking institution to Relocation Office, Federal Reserve Bank of New York, submitting information as to its functioning and operability following activation of emergency plan of Federal Reserve Bank of New York.)

Relocation Office
 Federal Reserve Bank of New York
 P. O. Box 792
 Amherst, Mass. 01002

.....
 (Date)

Gentlemen:

Herewith follows pertinent data relative to the functioning and operability of the below-named bank on the date shown. Similar information for each of our branches is indicated on Schedules through attached.

1. We ^{have} have not relocated.
2. Address of our relocation office is.....
3. We ^{do} do not anticipate relocating in the immediate future.
4. The operability of communications services in our area has been affected as follows:
 Mail
 Telephone
 Telegraph
5. The total amount of currency that we now have and is accessible to us is \$.....
6. The total amount of currency that we have but is not accessible to us is \$.....
7. We anticipate ordering currency in the amount and denominations indicated below from your cash agent on

Number	Amount
..... \$1	\$.....
..... \$5	\$.....
..... \$10	\$.....
..... \$20	\$.....

8. The total amounts of checks on hand to be forwarded for collection are as follows:

To be sent to banks in the Second Federal Reserve District

\$.....

To be sent to banks in Other Federal Reserve Districts

\$.....

9. (Please furnish information concerning management, personnel, etc., regarding your capability to continue operations.)

Telephone number:

.....
 (Name of Bank)

TWX numbers, if any:

.....
 (Address)

By.....,

.....
 (Title)

EXHIBIT B

Relocation Office
Federal Reserve Bank of New York
P. O. Box 792
Amherst, Mass. 01002

.....
(Date)

Gentlemen:

Statement made by,
a banking institution, in order to induce the Federal Reserve Bank of New York
to make an advance to such institution in the amount of \$.....
and otherwise in accordance with the attached application dated
without physical delivery to the Federal Reserve Bank of New York of the assets
described in the attached application.

The assets set forth in Schedule(s) of the attached
application that are to constitute the collateral security for an advance by Federal Reserve
Bank of New York of \$..... to the undersigned to be evidenced by the
promissory note of the undersigned are:

1. Owned by the undersigned and located at
2. Unencumbered;
3. Eligible, pursuant to Regulation A of the Board of Governors of the Federal Reserve System,
as security for such advance;
4. a. In the case of securities, in bearer form;
b. In the case of notes, drafts, bills of exchange, or bankers' acceptances, in bearer form or
will be endorsed to the order of the Federal Reserve Bank of New York.
have been

The undersigned banking institution hereby transfers title to the assets listed in
Schedule(s) of the attached application to Federal Reserve Bank of
New York and agrees to execute any further instruments and to do such further acts and things
as may be required by Federal Reserve Bank of New York that are, in the judgment of Federal
Reserve Bank of New York, necessary or appropriate (i) to perfect the transfer of title to
such assets to Federal Reserve Bank of New York, or (ii) to effect the delivery of physical
possession of such assets to Federal Reserve Bank of New York, or (iii) to comply with the
provisions of Regulation A. The undersigned further agrees to hold such assets subject to
the sole order of Federal Reserve Bank of New York pending physical delivery of such assets
to Federal Reserve Bank of New York or, in the case of assets held by a third party, to deliver
to the third party a letter in the form of Exhibit C to Federal Reserve Bank of New York
Emergency Planning Circular No. 3 and an executed copy of such letter to the Federal Reserve
Bank of New York, and cause to be delivered to Federal Reserve Bank of New York a letter
from the third party in the form of Exhibit D to such circular. As between the undersigned
and Federal Reserve Bank of New York, all risk of loss of such assets, howsoever caused
(except losses due to the negligence of Federal Reserve Bank of New York) is assumed by the
undersigned until such assets are delivered into the physical custody of Federal Reserve Bank
of New York.

.....
(Name of Banking Institution)

By.....,
(Title)

EXHIBIT C

(Form of letter to be sent by prospective borrower from Federal Reserve Bank of New York to third party holder of assets to be used as collateral to secure advance to such borrower.)

.....
(Date)

Gentlemen:

The undersigned
(Name of borrower)

has executed a note dated payable to the order of Federal Reserve Bank of New York evidencing an advance to the undersigned in an aggregate principal amount of \$..... to mature on as more fully set forth therein and providing also for the securing of such advance by certain assets, such assets being described in the schedule(s) included in the application for such advance dated

Such assets constituting the security for such advance are as of the date hereof Some of the located in your vaults at and are held by you subject to the sole order and for the sole account of the undersigned. Such assets are listed and described in Schedule A hereof.

The undersigned hereby instructs and authorizes you, irrevocably, to transfer to and to hold for the sole account of and subject to the sole order of Federal Reserve Bank of New York, the assets described in Schedule A hereof and to accept and to act upon any and all instructions of Federal Reserve Bank of New York in respect of such assets and to execute and deliver to Federal Reserve Bank of New York a letter in the form attached hereto.

It is understood that no liability shall be incurred by you to the undersigned or to Federal Reserve Bank of New York, in connection with any failure to comply with the instructions of the undersigned or of Federal Reserve Bank of New York in the event that such failure occurs because such assets are not in your physical control due to the current national war emergency or in the event that such failure is due to any other cause arising out of the current national war emergency, nor shall you incur any liability to the undersigned or to Federal Reserve Bank of New York by reason of the loss or damage of such assets in the event that such loss or damage arises out of such emergency.

An executed copy of this letter is being sent by the undersigned to Federal Reserve Bank of New York.

Very truly yours,

.....
(Name of Banking Institution)

By.....,
(Title)

EXHIBIT D

(Form of letter to be sent to Federal Reserve Bank of New York by holder of assets belonging to borrower from Federal Reserve Bank of New York.)

.....
(Date)

Relocation Office
Federal Reserve Bank of New York
P. O. Box 792
Amherst, Mass. 01002

Gentlemen:

In accordance with the instructions of,
set forth in its letter to the undersigned dated, the undersigned
has transferred to and now holds for the sole account and subject to the sole order of Federal
Reserve Bank of New York assets described as follows:

The undersigned agrees to accept and to act on the instructions of Federal Reserve Bank of
New York with respect to such assets and has made such transfer on the understanding that it
will incur no liability to Federal Reserve Bank of New York in connection with any failure to
comply with instructions of Federal Reserve Bank of New York in the event that such failure
occurs because such assets are not in the physical control of the undersigned due to the current
national war emergency or in the event that such failure is due to any other cause arising out
of the current national war emergency, nor shall the undersigned incur any liability to Federal
Reserve Bank of New York by reason of the loss or damage of such assets in the event that
such loss or damage arises out of such emergency.

Very truly yours,

.....
(Name)

By.....,
(Title)

EXHIBIT E

(Form of agreement to be submitted to Federal Reserve Bank of New York by qualified paying agents of United States Savings Bonds providing for the retention during an emergency of paid savings bonds until notified by Federal Reserve Bank of New York to forward such bonds to its Relocation Office.)

The
(Name of paying agent)
a qualified agent for the payment of savings bonds under Treasury Department Circular No. 750, Revised (and Treasury Department Circular No. 888, Revised), agrees to hold paid savings bonds following activation of the emergency plan of the Federal Reserve Bank of New York, until such time as notice is given by that Bank to forward such bonds to its Relocation Office.

The Federal Reserve Bank of New York will continue to make immediate settlement, subject to adjustment, for the total amount of paid bonds claimed by the undersigned.

Adjustments necessary following the audit of the paid savings bonds, when submitted for processing, will be settled between the undersigned and Federal Reserve Bank of New York as Fiscal Agent of the United States.

The undersigned shall be bound by, and comply with, the provisions of applicable Treasury Department circulars, including all supplements and amendments thereto, and instructions issued thereunder.

IN WITNESS WHEREOF, the above named paying agent has caused this agreement to be executed by its duly authorized officer named below as of this day of..... 19.....

.....
(Name)

.....
(Address)

By.....,
(Title)