

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 2973]
July 10, 1945

**PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN CONNECTION
WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS**

*To all Incorporated Banks and Trust Companies
in the Second Federal Reserve District:*

With our Circular No. 2834, dated September 5, 1944, we sent you full information regarding payments by banks in connection with the redemption of United States Savings Bonds, including copies of Treasury Department Circulars Nos. 750 and 751, and of a memorandum of instructions and explanation prepared by the Treasury Department. Both of the Treasury Department circulars and the memorandum have been revised, effective July 2, 1945. Copies of the revised documents are contained in the enclosed Circular No. 2972, entitled "Regulations and Instructions Concerning Payment of United States Savings Bonds of Series A, B, C, D and E".

The principal reason for the revision of the Treasury Department circulars and memorandum was to give effect to a recent amendment of the Second Liberty Bond Act which permits certain financial institutions, in addition to banks and trust companies, to apply for qualification as agents to make payments in connection with the redemption of United States Savings Bonds. Institutions now eligible to apply for qualification are defined in section 321.1 of Treasury Department Circular No. 750 (Revised), which appears at page 3 of the enclosed Circular No. 2972. Banks and trust companies now qualified as paying agents are not required to requalify, but may continue to act as paying agents subject to the terms of the revised circulars and memorandum.

Among other changes effected by the revision are the following:

1. The rates of reimbursement of qualified paying agents have been modified, as stated in section 321.5 of Treasury Department Circular No. 750 (Revised).
2. Although the Treasury will not object to the continuation of subagency arrangements in effect on June 30, 1945, no subagency arrangements may be effected or reestablished by any paying agent after that date.
3. Paying agents are encouraged to make pertinent notations or memoranda on the back of paid bonds to preserve a record of the manner in which identification of the bond owner is established. This matter is referred to in paragraph 12 of the memorandum of instructions and explanation.
4. An agent should not pay a bond on which either the month or year of issue is missing.

The enclosed Circular No. 2972 has been compiled by us for the use of paying agents in the Second Federal Reserve District. It is felt that it will be helpful to agents to have all pertinent regulations and instructions under one cover. Circular No. 2972 supersedes our Circulars No. 2834, dated September 5, 1944, and No. 2969, dated July 2, 1945, addressed to all incorporated banks and trust companies in the Second Federal Reserve District, as well as the instructions contained in our printed letters dated September 25, 1944, October 10, 1944, November 18, 1944, November 27, 1944, and December 20, 1944, addressed to all incorporated banks and trust companies in the district qualified to make payments in connection with the redemption of United States Savings Bonds.

Additional copies of this circular, and of the enclosed Circular No. 2972, will be furnished upon request.

ALLAN SPROUL,
President.

FEDERAL RESERVE BANK
OF NEW YORK

July 11, 1945

To Banks Engaged in Making Security
Loans to Brokers:

We have received several inquiries with respect to the telegram from the Board of Governors of the Federal Reserve System regarding Amendment No. 4 to Regulation T and Amendment No. 5 to Regulation U, which was set forth in our mimeographed letter to you of July 7, 1945. Reference in the telegram to "omnibus accounts and loans" applies only to -

(a) special omnibus accounts under section 4(b) of Regulation T, and

(b) loans by a bank to a broker or dealer secured by securities which, according to written notice received by the bank from the broker or dealer pursuant to a rule of the Securities and Exchange Commission concerning the hypothecation of customers' securities (Rule X-8C-1 or Rule X-15C2-1), are securities carried for the account of one or more customers.

The telegram does not refer to any other type of account under Regulation T; nor does it refer to a loan by a bank to any person other than a broker or dealer or to a loan by a bank to a broker or dealer secured by securities carried for the account of the broker or dealer.

Allan Sproul,
President.

