

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 6303]
March 13, 1969]

**Maximum Amounts of Deposits
in Treasury Tax and Loan Accounts**

*To All Incorporated Banks and Trust Companies in the Second Federal Reserve District,
Puerto Rico, the Virgin Islands, and the Panama Canal Zone:*

In our Circular No. 4976, dated December 16, 1960, we advised banks and trust companies of a change in Treasury Department procedures regarding limitations on the amounts that may be held by a Special Depository of Public Moneys in its Treasury Tax and Loan Account. Such limitation was set at an amount not in excess of 30 percent of the bank's total deposits, exclusive of the balance in the tax and loan account, or 100 percent of its capital and surplus, whichever was greater. Every bank in this District that qualified as a Special Depository to maintain a tax and loan account has on file with this Bank an application and resolution of its directors under which a maximum dollar amount has been fixed on the balance that may be held in its tax and loan account. Such maximum has been fixed by the bank's directors within the limits of the Treasury's formula.

The Treasury Department has recently removed the limitation established in 1960 and has left to the individual Federal Reserve Banks the responsibility for determining appropriate deposit limitations for the banks and trust companies in their respective Districts. If you consider it necessary to change the maximum amount set forth in your existing qualification form, you may do so by applying to this Bank. Forms to be used for this purpose may be obtained from our Government Bond and Safekeeping Department (Extension 8140). We should like to point out that it has been our experience in this District that very few banks, even at peak deposit periods, approach the limits now authorized for their tax and loan accounts. Accordingly, in most cases there would appear to be no need to requalify for a new maximum limitation. If you do not file a new application, your current limitation will continue in effect. In any event, the maximum amount that may be held in a tax and loan account is, of course, limited to the collateral value of the securities pledged as collateral.

The new forms that will be used hereafter for qualification as a Special Depository will incorporate provisions on employment discrimination pursuant to the President's Executive Order 11246. Treasury regulations, dated January 1, 1969, issued pursuant to such Executive Order were recently sent to all Special Depositories.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.