

Washington, June 10, 1915.

SUGGESTED FORM OF JOINT REGULATION OF THE
TREASURY DEPARTMENT AND THE FEDERAL RESERVE BOARD

1. Federal Reserve Agents in making requisitions for Federal reserve notes to meet applications of Federal Reserve Banks, shall use form 45. (This paragraph is a substitute for paragraphs 1 to 4 of the draft of May 6th).

2. A Federal Reserve Bank in making application for an issue of Federal reserve notes shall accompany the application with a tender of the requisite collateral, using for this purpose form BD 21-1. (Substitute for paragraph 5).

3. The Federal Reserve Agent shall receipt for all collateral accepted by him as fulfilling the requirements of Section 13 of the Federal Reserve Act and the Regulations of the Federal Reserve Board made pursuant thereto, using for this purpose the appropriate form (either BD 21-2 or BD 22-2), and shall promptly notify the Federal Reserve Board of the collateral accepted, using for this purpose the appropriate form (either BD 21-3 or BD 22-3); and shall, furthermore, report to the Federal Reserve Board each day all notes issued to and withdrawn by said bank, using form FRA 5. (Substitute for paragraphs 6 and 9).

4. Upon receipt of the said collateral and upon being satisfied that the bank has the required gold reserve to protect its notes, and has, furthermore taken appropriate steps to transmit to the Treasurer of the United States the requisite gold redemption fund, at present fixed at five per cent, he will issue Federal reserve notes to said bank, and immediately notify the Treasurer of the United States of said issue on form supplied for this purpose. (Substitute for paragraph 7. Cf. paragraph 26 below).

5. If at any time the Federal Reserve Agent deems it necessary to require changes in either the amount or the character of collateral deposited to secure notes, he shall call upon the Federal Reserve Bank for additional or new collateral to be added to or substituted for that which is deemed unsatisfactory, issuing receipt therefor on the appropriate form (either BD 21-2 or BD 22-2), and shall notify the Federal Reserve Board by telegraph followed by confirmation on the appropriate form (either BD 21-3 or BD 22-3). (Substitute for paragraph 8).

6. A Federal Reserve Bank may reduce its circulation by depositing its notes with the Federal Reserve Agent, it may reduce its liability on account of outstanding notes by depositing with the Federal Reserve Agent gold, gold certificates, or lawful money to the amount of such notes to be retired less a ratable proportion of the amount of money standing to its credit in the redemption fund of the Treasurer of the United States. In either case a proportionate amount of the collateral deposited by the bank shall be returned to it by the Federal Reserve Agent. Forms BD 28-1,2,3, will be used. (Substitute for paragraph 10).

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7. The Federal Reserve Board will maintain a record of the amounts of notes of the several denominations in the reserve stock in the Treasury of the United States, of the amounts issued through Federal Reserve Agents to their respective banks, and of the amounts of fit and unfit notes at all times in the possession of each Agent. (Substitute for paragraph 23.)

8. The Secretary of the Treasury, through the Bureau of Engraving and Printing or otherwise, will notify the Comptroller of the Currency and the Federal Reserve Board at the end of each month of all Federal reserve notes printed and on hand available for shipment and also of the shipments made to Federal Reserve Agents. (Substitute for paragraph 24.)

9. The Comptroller of the Currency at the end of each month will notify the Secretary of the Treasury (Division of Loans and Currency) and the Federal Reserve Board of all orders issued by him to the Treasury for the delivery of Federal reserve notes to Federal Reserve Agents. (This is a new paragraph).

Wm. G. McADOO,
Secretary of the Treasury.

CHARLES S. HAMLIN,
Governor, Federal Reserve Board.