

The Federal Reserve Board has received letters from banks desirous of disposing through the Treasury of the United States of United States 2% bonds belonging to them.

Section 18 of the Federal Reserve Act provides -

"After two years from the passage of this Act . . . . any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve Board may, in its discretion, require the Federal Reserve Banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made."

This provision will not become effective until December 23, 1915. The end of the first quarterly period following that date is December 31, 1915. In order to comply with the terms of the statute, applications would have to be filed with the Treasurer ten days before this time, or by December 21, 1915. In other words, the application would have to be filed at a time when this particular provision of the Act is not in operation.

The Board has now determined that it will not undertake to require banks to purchase any bonds for the retirement of circulation prior to the end of the quarterly period closing March 31, 1916. It will, however, permit banks to begin filing applications as soon as they see fit, notwithstanding that assignments will not be made until the date already indicated.

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