

Washington, D. C.,  
August 9, 1917.

RULES GOVERNING  
CUSTODY OF GOLD, LAWFUL MONEY, AND FEDERAL RESERVE NOTES  
HELD BY FEDERAL RESERVE AGENT.

These funds should be kept in safes, preferably with two locks each with a different combination, one in the control of the Federal Reserve Agent and his representative and the other in the control of the officers of the bank. As the Federal Reserve Bank is jointly liable for the safe keeping of funds, a joint record should be kept of all transactions.

CUSTODY OF PAPER PLEDGED AS COLLATERAL SECURITY.

While the law does not require the joint custody of the commercial paper and other eligible securities pledged as collateral for Federal reserve notes, it is desirable that such collateral also be held in this manner. In this case there would be no objection to having the Federal Reserve Agent designate a senior employe in the discount or credit department as his representative, and to the bank's appointing a similar representative to act as joint custodians of paper pledged.

AUDIT.

Whenever possible, it would be well to have the auditor of the bank maintain a continuous audit of the gold, lawful money and Federal reserve notes held in joint custody. At least once in each two months a complete examination should be made of the accounts of the Federal Reserve Agent and a copy of the report sent to the Federal Reserve Board.

W. P. G. HARDING  
Governor.

SHERMAN P. ALLEN  
Assistant Secretary.