

FEDERAL RESERVE BOARD

WASHINGTON

X-3398

May 8, 1922.

SUBJECT: Transfers to Five Per Cent Redemption
Fund Accounts of National Banks.

Dear Sir:

Practically all deposits for credit of national banks in the Five Per Cent Redemption Fund against national bank note circulation are made through the Federal Reserve Banks and Branches. The Treasury Department has advised the Board that it is desirable that funds deposited by national banks with Federal Reserve Banks and Branches for credit in the national banks' Five Per Cent Redemption Fund accounts should be covered into the Five Per Cent Redemption Fund against national bank note circulation on the day they are received by the Federal Reserve Banks and Branches. Under the present procedure this is impossible and a new procedure has, therefore, been suggested and has the approval of the Treasury Department and the Federal Reserve Board.

Commencing with June 1, 1922, each Federal Reserve Bank and Branch will wire direct to the Treasurer of the United States, National Bank Redemption Agency, Washington, at the close of business each day the total amount deposited with it by national banks for transfer to the Treasurer of the United States for credit in their Five Per Cent Redemption Fund accounts and in the same telegram will authorize the Treasurer of the United States to charge the given total to the Federal Reserve Bank's (head office) Five Per Cent Redemption Fund account against Federal Reserve notes and request him to cover a like amount into the Five Per Cent Redemption Fund against national bank notes. The necessary authority to authorize the Treasurer of the United States to charge the parent bank's Five Per Cent Redemption Fund account against Federal Reserve notes should be given to all branch banks. Each Federal Reserve Bank and Branch will mail direct to the Treasurer of the United States, National Bank Redemption Agency, daily a schedule giving the names of national banks which have during the day deposited funds to be transferred to the Treasurer of the United States for credit in their Five Per Cent Redemption Fund accounts and the amount so deposited by each national bank named should also be indicated.

The following code word will be used by the Federal Reserve Banks and Branches in their telegrams to the Treasurer of the United States;

DURBAR Charge our (head office) Five Per Cent Redemption Fund account against Federal Reserve notes \$ _____ and cover like amount into Five Per Cent Redemption Fund against national bank notes. Upon receipt of schedule mailed you today please credit Five Per Cent Redemption Fund accounts of banks named in amounts indicated.

Upon receipt by the Treasurer of the United States of the above telegram from a Federal Reserve Bank, or a Branch or Branches thereof, the Treasurer will telegraph the Federal Reserve Bank as follows, using code word:

DUSKY Have today charged your Five Per Cent Redemption Fund account against Federal Reserve notes in the following amounts, in accordance with telegraphic requests of this date made by your bank and branches: (Name of city in which head office is located) \$ _____; (Name of city in which branch is located) \$ _____. Total amount charged has been covered into Five Per Cent Redemption Fund account against national bank notes. Upon receipt of schedules national banks named therein will be given credit.

Very truly yours,

G o v e r n o r .

TO GOVERNORS OF ALL
FEDERAL RESERVE BANKS.