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# FEDERAL RESERVE BOARD

WASHINGTON

June 8, 1922.

X-3432

SUBJECT: Claims for Fiscal Agency Reimbursement.

Dear Sir:

On May 8, 1922 the Board sent to all Federal Reserve Banks its letter (X-3396) on the subject of reimbursement by the Treasury Department of fiscal agency expenses incurred by the Federal Reserve Banks. The Board is in receipt today of a letter from the Under Secretary of the Treasury, sent by direction of the Secretary, in which a statement is made that from replies received from several Federal Reserve Banks there appears to be some misunderstanding as to the extent of reimbursement and a more explicit explanation is made. For your information and guidance there is quoted the following from the Treasury's letter to which reference has just been made:

"It is contemplated that beginning July 1, 1922, the Treasury Department will reimburse the Federal Reserve Banks for all direct expenses necessarily incurred in the performance of any fiscal agency functions which do not involve their depository functions and which do not directly involve their accounts with the Treasurer of the United States. Such reimbursement will include all direct expenses such as personal services, supplies, printing, stationery, etc., but will not include any indirect expenses such as salaries of general officers or expenses of operation of buildings owned and occupied by a Federal Reserve Bank.

"In other words, fiscal agency expenses for which reimbursement may be claimed embrace all additional expenses incurred by Federal Reserve Banks on account of the issue, transfer or exchange of any bonds, notes, certificates or Treasury savings securities issued by the Treasury Department, but will not include expenses incident to the paying of Government warrants or checks or interest coupons or the redemption of matured securities for the account of the Treasurer of the United States, nor will it include any expenses arising in connection with the handling of depository accounts, or in connection with any currency or coin transactions, (except as provided in the coin or currency regulations)."

The Board advises all Federal Reserve Banks that their claims for reimbursement should be made in strict accordance with the terms of the foregoing quotation.

Very truly yours,

G o v e r n o r .