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FEDERAL RESERVE BOARD

WASHINGTON

X-3433

June 9, 1922.

SUBJECT: Revised Instructions regarding the Distribution of Reimbursable Fiscal Agency Expense.

Dear Sir:

Page 15 of schedule B of the Manual for Distribution of Expenses issued by the Federal Reserve Board's Committee on Economy and Efficiency provides for the deduction of the reimbursable expense from the several expense units under the Fiscal Agency function.

Beginning July 1, 1922, the Treasury Department will again reimburse Federal Reserve Banks for all expenses in connection with Fiscal Agency operations except certain items of overhead (Board's letters X-3396 and X-3432). This necessitates some modifications in the Manual for the Distribution of Expenses and Report Form, Schedule E.

At the time the original manual was approved the only expenses for which reimbursement was allowed were in connection with original issues and, therefore, appeared in connection with the Fiscal Agency function only. Under the new ruling, however, reimbursement will be made for a proportionate cost of a number of the service departments, such as files, protection, stenographic, etc. The Committee is chiefly interested in the gross operating costs of the several functions and expense units and it will not be necessary to make any deduction in connection with the reimbursable expenses, even under the Fiscal Agency function.

The reason for showing deductions originally was to make schedule E balance with form 96. As you will see now by reference to the recapitulation sheet of schedule E, this proof is arrived at by making the total of schedule E, which includes all expenses, balance with the total of forms 96, 97, and 97a.

You will find enclosed herewith several revised copies of page 15 of schedule B of the manual, which you will please have substituted for the original page. You will note the change in the introductory paragraph.

Very truly yours,

G o v e r n o r .

FISCAL AGENCY

(The expense of operating each separate unit of this function should include all expenses, whether or not reimbursed by the Treasury. Fiscal Agency expenses other than those shown under this function should be included in their respective expense units, regardless of whether or not the banks receive reimbursement.)

Administration

includes salaries of officers and any other employees assigned to the general administration of this function, and other expenses incidental thereto.

Original Issues

includes all expenses incident to the original issue of Government securities exclusive of savings securities.

Redemptions

includes all expenses incident to the redemption of Government securities exclusive of savings securities.

Exchanges and Conversions

includes all expenses incident to the following work:

- Exchange of coupon for registered,
- Exchange of registered for coupon,
- Exchange of temporary for permanent,
- Transfers of registered bonds,
- Exchange of denomination,
- Conversions.

Accounting

includes all expenses incident to the following work:

- General books
- Statements
- Reports

War Loan Deposit Accounts

includes all expenses incident to War Loan Deposits, making of calls and maintenance of records. (Does not include custody of collateral)

War Finance Corporation

includes all expenses incurred in connection with War Finance Corporation work except custody of securities and collateral.

Custody of Securities

includes all expenses incident to the holding of Government securities for Fiscal Agency work, as follows:

- Unissued securities (stock)
- War Loan Deposit collateral
- War Finance Corporation collateral.