

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-3968  
February 12, 1924.

SUBJECT: Treatment of Bonds and Coupons in Process  
of Collection in Computing Reserves.

Dear Sir:

There is enclosed herewith for your information copy of a letter addressed by the Federal Reserve Board to one of the Federal Reserve Banks in reply to an inquiry as to whether bonds and coupons, which have been cashed by a bank for its customers and forwarded to a bank correspondent for collection, can be considered an amount due from banks and accordingly deducted from the amount due to banks, in accordance with the provisions of Section 19, regarding the computation of reserves.

Very truly yours,

Walter L. Eddy,  
Secretary.

TO ALL FEDERAL RESERVE AGENTS.

( C o p y )

X-3968a.

February 11th, 1924

Dear Sir:

Receipt is acknowledged of your letter of December 28th with further reference to the question whether bonds and coupons, which have been cashed by a bank for its customers and forwarded to a bank correspondent for collection, can be considered an amount due from banks and accordingly deducted from the amount due to banks, in accordance with the provisions of Section 19 regarding the computation of reserves.

The Board has considered this question and is of the opinion that such bonds and coupons, including those issued by national or State governments or by municipalities, may not properly be considered as constituting an amount due from other banks. Such bonds and coupons are not to be paid by banks but by firms, corporations or governments and they are, therefore, amounts due from such firms, corporations or governments rather than amounts due from banks. This is true even though these items have been forwarded to a correspondent bank for collection, because even in this case the correspondent bank is not the party primarily liable but acts merely as an agent in the transaction. Again in the case where Federal reserve banks act as fiscal agents of the United States in cashing bonds or coupons issued by the United States, the party primarily liable is the United States and the Federal reserve banks act only as agents. In the opinion of the Board, the words "amounts due \* \* \* from other banks" refer to items drawn against or payable out of balances held by such other banks and not to any items drawn upon firms, corporations or governments for which other banks act merely as collecting agents. Bonds and coupons forwarded for collection, therefore, should not be deducted from due to bank balances in computing reserves of member banks.

Where, however, such bonds and coupons have actually been collected and the proceeds have been credited to the account of the forwarding bank the amount thereof may be counted as part of the balance due from the collecting bank to the forwarding bank, and may be deducted from due to bank balances in computing the reserves of the forwarding bank.

Very truly yours,

Edmund Platt,  
Vice Governor.

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-3969  
February 14, 1924.

SUBJECT: EXPENSE MAIN LINE, Leased Wire System,  
January, 1924.

Dear Sir:

Enclosed herewith you will find two mimeograph statements, X-3969-a and X-3969-b, covering in detail operations of the main line, Leased Wire System, during the month of January, 1924.

Please credit the amount payable by your bank in the general account, Treasurer, U. S., on your books, and issue C/D Form 1, National Banks, for account of "Salaries and Expenses, Federal Reserve Board, Special Fund", Leased Wire System, sending duplicate C/D to Federal Reserve Board.

Very truly yours,

Fiscal Agent.

(Enclosures)

TO GOVERNORS OF ALL BANKS