

FEDERAL RESERVE BOARD

WASHINGTON

X-4743

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

December 9, 1926

SUBJECT: Authority of Federal Reserve Banks to Receive Securities for Safekeeping from Federal Intermediate Credit Banks or Federal Land Banks.

Dear Sir:

The Federal Reserve Board has been requested to express an opinion on the question whether Federal reserve banks are authorized to accept securities for safekeeping from Farm Loan Registrars, from Federal Land Banks, or from Federal Intermediate Credit Banks. After a careful consideration of this question the Board reached the conclusion that Federal reserve banks may properly receive securities for safekeeping from Federal Intermediate Credit Banks but are without authority to do so for Federal Land Banks or Farm Loan Registrars.

The Agricultural Credits Act of 1923 provides that "Federal reserve banks are hereby authorized to act as depositories for and fiscal agents of any National Agricultural Credit Corporation or Federal Intermediate Credit Bank." It seems clear that under this provision of law, Federal reserve banks are authorized to accept deposits of funds or securities from Federal Intermediate Credit Banks.

No provision either in the Federal Reserve Act or the Farm Loan Act gives Federal reserve banks authority to receive deposits of securities from Farm Loan Registrars or from Federal Land Banks. Section 13 of the Farm Loan Act which authorizes Federal Land Banks to deposit securities and funds "with any member bank of the Federal Reserve System" seems clearly to contemplate that deposits of Federal Land Banks should be made in member banks of the Federal Reserve System rather than in Federal reserve banks. The Board is, therefore, of the opinion that Federal reserve banks have no authority to receive deposits of securities for safekeeping from Federal Land Banks or from Farm Loan Registrars.

By direction of the Federal Reserve Board.

Very truly yours,

Walter L. Eddy,
Secretary.