

FEDERAL RESERVE BOARD

123

WASHINGTON

X-6684

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

August 20, 1930.

Dear Sir:

I enclose for your information, (1) A copy of the official print of Regulation J as amended effective September 1, (2) A copy of a letter addressed by Governor Young to the Governors of all Federal reserve banks on August 14, calling attention to the importance of all Federal reserve banks amending their check collection circulars so as to conform to the amended regulation on September 1 or very shortly thereafter, and (3) A copy of a letter addressed by Governor Young to the Governors of all Federal reserve banks calling attention to the importance of responding promptly to letters addressed to them by the Treasury Department submitting for criticism and comment the proposed revision of Treasury Department Circular No. 176.

The Standing Committee on Collections is now completing its report on the revision of the uniform cash collection circular, and a copy of the tentative draft of the Committee's report has already been forwarded to the Governor of each Federal reserve bank for his advance information. As an ex-officio member of the Sub-Committee of Counsel appointed to collaborate with the Standing Committee on Collections, pursuant to a resolution of the Conference of Counsel, I have already approved the report of the Standing Committee on Collections. As soon as it is approved by all of the members of the Standing Committee on Collections and of the Sub-Committee of Counsel, the Governors of all Federal reserve banks will be notified and will be requested to express their approval or disapproval. It is hoped that all of

the Federal reserve banks will promptly approve this report, in order that the new circulars may be issued on September 1 or very shortly thereafter and may be as nearly uniform as possible. I believe, that the new uniform circular which has been prepared by the Standing Committee on Collections is a vast improvement over the old circular and should be entirely satisfactory to every Federal reserve bank. I know of no reason, therefore, why it should not be approved promptly by the Governor of every Federal reserve bank.

It is conceivable, however, that the Governors of the Federal reserve banks may be unable to agree upon the new uniform circular without discussing it at a Conference of Governors; and it now appears that no Conference of Governors will be held until very late in the Fall. If the approval of the new uniform circular is thus delayed until late in the Fall, some of the Federal reserve banks may desire to bring their circulars into conformity with the amended regulation without awaiting approval of the new uniform circular. In this event, three possible courses of action have suggested themselves to me; and I shall take the liberty of suggesting them to you in what appears to me to be the order of their desirability:

1. I do not know of any reason why any Federal reserve bank which desires to do so should not issue a new check collection circular in the form recommended by the Standing Committee on Collections without waiting for this form to be accepted as uniform by all Federal reserve banks.

2. A second alternative which could be adopted by any Federal reserve bank which might not approve of the uniform circular would be to re-issue its old circular amended so as, (a) to quote the provisions of Section V of Regulation J as amended in lieu of the provisions of the old regulation, and (b) to add to the provisions regarding availability of credit a proviso

similar to that incorporated in Section IV of Regulation J by the amendment.

3. If any Federal reserve bank is unwilling to issue a new check collection circular until after the uniform circular is approved by all Federal reserve banks, then, as a last alternative, I would suggest that it transmit to every member bank and nonmember clearing bank in its district a copy of the amended Regulation J together with a circular letter of transmittal calling attention to the fact that Regulation J has been amended and that Section V thereof supersedes Section V of the old regulation which is quoted in the Federal reserve bank's old check collection circular.

I am taking the liberty of suggesting all of these alternatives because the amended regulation will take effect very soon, and it seems to me to be very important for every Federal reserve bank to bring its check collection circular into conformity with the amended regulation either on September 1st or very shortly thereafter.

I assume that you will confer with the officers of your bank with regard to the proposed new uniform cash collection circular and also with regard to the proposed revision of the Treasury Department Circular No. 176; and I very respectfully suggest that you do everything in your power to facilitate prompt action by your bank with respect to both of these circulars.

With kindest regards, I am,

Cordially yours,

Walter Wyatt
General Counsel

Enclosures

Copy of letter sent to
Governors of all Federal reserve banks.

X-6684-a

August 14, 1930

Dear Governor:

In accordance with your request, _____ copies of Regulation J as amended, effective September 1, 1930, will be sent to you within the next few days; and you are requested to see that a copy thereof is furnished to every member bank and nonmember clearing bank in your district prior to September 1.

If possible, the check collection circulars of all the Federal reserve banks should be amended to conform to this revised regulation by September 1. The Board is informed that the Standing Committee on Collections has prepared a revision of the uniform provisions of the check collection circulars, but that it may be impossible to have these uniform provisions adopted by all Federal reserve banks before September 1. If it is impossible for your Federal reserve bank to revise its check collection circular before September 1, you are requested to advise all of your member banks and nonmember clearing banks before September 1 that Regulation J has been amended, effective September 1, and that Section V thereof, as amended, supersedes Section V of the old regulation, which is quoted in your check collection circular.

Very truly yours,

R. A. Young,
Governor.