

X-7365

Treasury Department
Office of the Secretary
Washington, March 11, 1933.

NOT FOR PUBLICATION

Confidential

TO THE TREASURER OF THE UNITED STATES:
THE COMPTROLLER OF THE CURRENCY:
THE FEDERAL RESERVE AGENTS:
THE FEDERAL RESERVE BANKS, and others concerned.

Pursuant to the authority vested in the Secretary of the Treasury by the sixth paragraph of Section 18 of the Federal Reserve Act, as amended by Section 401 of the Act of March 9, 1933, to prescribe regulations which shall govern the issuance, redemption, replacoment, retirement and destruction of circulating notes, which notes are hereinafter referred to as Federal reserve bank notes, authorized to be issued to Federal reserve banks under the provisions of such sixth paragraph of Section 18, as amended, and the release and substitution of security therefor, the following regulations are hereby prescribed:

1. The Federal Reserve Agent accredited to each Federal reserve bank is hereby authorized and required to act as the agent of the Treasurer of the United States or of the Comptroller of the Currency, or both, for the performance of any of the functions which the Treasurer or the Comptroller may be called upon to perform in carrying out the provisions of such sixth paragraph of Section 18, as amended. The term "Federal Reserve Agent" as used in this regulation shall be construed to mean the Federal Reserve Agent as Agent of the

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Treasurer of the United States or of the Comptroller of the Currency, or both, as the case may be.

2. In order to furnish suitable notes for circulation as provided in such sixth paragraph of Section 18, as amended, the Comptroller of the Currency is hereby authorized and directed to cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations and to have printed therefrom and numbered such quantities of Federal reserve bank notes in the denominations of \$5, \$10, \$20, \$50, and \$100 as may be necessary.

3. When such Federal reserve bank notes have been prepared they shall be deposited in the Treasury and held for the use of the Federal reserve banks subject to the order of the Comptroller of the Currency for their delivery, with the approval of the Federal Reserve Board, to the respective Federal Reserve Agents. The procedure shall be similar to that in effect with respect to Federal reserve notes.

4. Upon deposit with the Federal Reserve Agent of the security required by such sixth paragraph of Section 18, as amended, the Federal Reserve Agent may deliver Federal reserve bank notes to the Federal reserve bank to which he is accredited.

5. The Federal Reserve Agent shall require the Federal reserve bank at all times to maintain the full amount of collateral, as required by such sixth paragraph of Section 18,

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as amended, as security for Federal reserve bank notes issued to such Federal reserve bank.

6. Each Federal Reserve Agent shall hold in joint custody with the Federal reserve bank to which he is accredited all Federal reserve bank notes received by him and all collateral deposited by the Federal reserve bank to secure the Federal reserve bank notes issued under the provisions of such sixth paragraph of Section 18, as amended.

7. Each Federal Reserve Agent shall daily make a report to the Treasurer of the United States, the Comptroller of the Currency and the Federal Reserve Board, of the amount of Federal reserve bank notes issued to the Federal reserve bank and the collateral deposited as security therefor, classifying such collateral so as to show the amounts included therein of (1) direct obligations of the United States, and (2) notes, drafts, bills of exchange and bankers' acceptances, or in such other manner as may be required (a) by the Treasurer of the United States with the approval of the Secretary of the Treasury, or (b) by the Federal Reserve Board.

8. Any Federal reserve bank may at its discretion withdraw collateral deposited with the Federal Reserve Agent under the provisions of this regulation for the security of Federal reserve bank notes issued to it and substitute

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therefor other collateral of the kinds described in such sixth paragraph of Section 18, as amended; Provided, however, that the aggregate acceptable value of the collateral held by the Federal Reserve Agent shall not at any time be less than the amount required by such sixth paragraph of Section 18, as amended.

9. Each Federal Reserve Agent may at any time require the Federal reserve bank to which he is accredited to deposit additional security to the extent required to comply with the provisions of such sixth paragraph of Section 18, as amended; and if any Federal reserve bank shall fail to make such deposit of additional security, or if any such bank shall fail to redeem its Federal reserve bank notes on demand, the Federal Reserve Agent, when required by the Secretary of the Treasury, shall liquidate, in such manner as the Secretary of the Treasury may prescribe, the security, or any part thereof, which he holds under the provisions of such sixth paragraph of Section 18, as amended, and deposit the proceeds with the Treasurer of the United States for the redemption of Federal reserve bank notes issued to such bank.

10. Each Federal reserve bank shall at all times maintain on deposit in the Treasury of the United States, in lawful money of the United States, a sum equal to five per cent of its liability on Federal reserve bank notes

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in actual circulation or such other amount as may from time to time be required by the Treasurer of the United States, with the approval of the Secretary of the Treasury, to be held and used for the redemption of such notes.

These regulations shall become effective immediately and shall be subject to such changes or amendments as may from time to time be deemed advisable by the Secretary of the Treasury, and will be supplemented by other regulations specifically governing redemption, replacement, retirement and destruction of Federal reserve bank notes.

(Signed) W. H. WOODIN

Secretary of the Treasury.