

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7459

June 19, 1933.

SUBJECT: Basis for Issuance of Federal Reserve
Bank Stock.

Dear Sir:

One of the Federal Reserve Agents recently requested advice from the Federal Reserve Board as to whether a bank whose surplus is impaired by depreciation on securities, in applying for additional Federal Reserve Bank stock on the Board's Form 56, should make such application on the basis of the amount of its surplus as carried on its books or on the amount of its unimpaired surplus. He also inquired whether, in a case where the bank's capital stock is impaired, application for additional Federal Reserve Bank stock on the Board's Form 56 should be based on the amount of issued and paid in capital stock of the bank or on the amount of its unimpaired capital stock.

The Federal Reserve Agent was advised that, while any impairment in the capital stock or surplus of a bank should be corrected as soon as possible, the Board feels that for purposes of determining the amount of Federal Reserve Bank stock for which a bank should subscribe its application should be based on the amount of the issued

and paid in capital stock of the bank together with the amount at which its surplus is carried on the books of the bank rather than on the basis of the bank's unimpaired capital stock and surplus. Attention was called to the fact that the Board's Form 56 refers only to paid in capital stock and the Agent was advised that if in any case the surplus of the applying bank is impaired the word "unimpaired" after the word "surplus" in Form 56 may be crossed out. In this connection it was noted that it is contemplated that the word "unimpaired" as used in Form 56 will be omitted from that form when it is necessary to re-print the form.

Very truly yours,

Chester Morrill
Secretary

LETTER TO ALL FEDERAL RESERVE AGENTS EXCEPT PHILADELPHIA.