

## (INTERPRETATION OF BANKING ACT OF 1933)

Copies to be sent to all Federal Reserve Banks.

August 4, 1933.

Mr. W. S. Johns, Acting Governor,  
Federal Reserve Bank of Atlanta,  
Atlanta, Georgia.

Dear Mr. Johns:

Reference is made to your letter of July 26, 1933, in which you make inquiry with regard to the effect of section 9 of the Banking Act of 1933, which amends the eighth paragraph of section 13 of the Federal Reserve Act, as amended.

You point out that section 28 of the Emergency Farm Mortgage Act of May 12, 1933 amended the eighth paragraph of section 13 of the Federal Reserve Act so as to authorize Federal reserve banks to accept Federal farm loan bonds as security for advances to member banks on their promissory notes under the authority of that paragraph; you refer to the fact that the eighth paragraph of section 13, as amended and reenacted by section 9 of the Banking Act of 1933, approved June 16, 1933, omits the reference to Federal farm loan bonds; and you state that, in the opinion of your General Counsel, such omission amounts to a repeal of the authority to accept such bonds as security for such notes. In view of the numerous inquiries which you have received you request a ruling on this point.

The Board concurs in the view expressed by your General Counsel on this subject.

Very truly yours,

(Signed) Chester Morrill,  
Secretary.