

FEDERAL RESERVE BOARD

WASHINGTON

March 23, 1934.
B-957.ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

Dear Sir:

Regulation No. 7, issued by the Secretary of the Treasury on March 6, 1933, authorized banking institutions to create special trust accounts for the receipt of new deposits subject to withdrawal on demand without any restriction or limitations, provided such deposits were kept separately in cash or on deposit in the Federal Reserve banks or invested in obligations of the United States. The same regulation also authorized the Federal Reserve banks to open special accounts on their books for member banks and temporarily for nonmember banks and to receive for credit in such accounts the proceeds of any special trust deposits held by such banking institutions.

In the Board's telegram TRANS 1682 of March 18, 1933, the Federal Reserve banks were advised that, in the consolidated press statement of condition of Federal Reserve banks, the items "Special deposits - member bank" and "Special deposits - nonmember bank" would be inserted immediately preceding item "Other deposits".

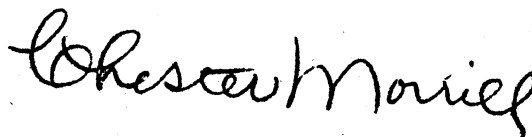
After careful consideration, the Board believes that there is now no good reason why the Federal Reserve banks should continue to accept from or carry special deposits for nonmember banks, regardless

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of whether such banks have been authorized to conduct normal operations or are still in the hands of conservators or similar state officials. Accordingly, you are requested to advise any nonmember banks in your district, for which such service is now performed, to make arrangements to liquidate their balances in special deposits with your bank not later than April 14, 1934.

Beginning April 14 all collected fund balances standing to the credit of non-licensed member banks should be included in item "Other deposits" on the daily balance sheet, form 34. The items "Special deposits - member bank" and "Special deposits - nonmember bank" will be eliminated from the published condition statement beginning April 18, and amounts of such deposits for the preceding week and for the corresponding week of the preceding year will be combined with "Other deposits" in the consolidated statement.

Very truly yours,



Chester Morrill,
Secretary.

COPY TO ALL GOVERNORS OF FEDERAL RESERVE BANKS*