

FEDERAL RESERVE BOARD**WASHINGTON**ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-9135

February 26, 1935

SUBJECT: Extension of Period during
which Direct Obligations of the United
States may be Offered and Accepted as
Collateral Security for Federal Reserve
Notes.

Dear Sir:

As you know, the second paragraph of section 16 of the Federal Reserve Act provides that until March 3, 1935, or until the expiration of such additional period not exceeding two years as the President may prescribe, the Federal Reserve Board may, should it deem it in the public interest, upon the affirmative vote of not less than a majority of its members, authorize the Federal reserve banks to offer, and the Federal reserve agents to accept, direct obligations of the United States as collateral security for Federal reserve notes. The Federal Reserve Board has heretofore granted such authority and, accordingly, direct obligations of the United States may now be offered and accepted as collateral security for Federal reserve notes.

You are advised that on February 14, 1935 the President signed a Proclamation extending for two years from March 3, 1935, the period within which the Federal Reserve Board may authorize the offer and acceptance of direct obligations of the United States as collateral security for Federal Reserve notes and, consequently, the authority heretofore

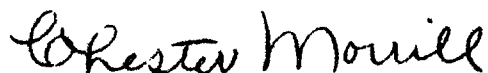
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granted by the Board to each Federal reserve bank to offer, and to the Federal reserve agent at each such bank to accept, direct obligations of the United States as collateral security for Federal reserve notes will not terminate on March 3, 1935, but will continue under the same conditions and limitations as now exist.

A copy of the President's Proclamation extending the period is inclosed herewith.

Very truly yours,



Chester Morrill,
Secretary.

Inclosure.

TO THE CHAIRMEN AND GOVERNORS OF ALL FEDERAL RESERVE BANKS.

X-9135-a

EXTENDING FOR TWO YEARS THE PERIOD WITHIN WHICH THE FEDERAL RESERVE BOARD MAY AUTHORIZE THE FEDERAL RESERVE BANKS TO OFFER, AND THE FEDERAL RESERVE AGENTS TO ACCEPT, DIRECT OBLIGATIONS OF THE UNITED STATES AS COLLATERAL SECURITY FOR FEDERAL RESERVE NOTES

By the President of the United States of America

A PROCLAMATION

WHEREAS the second paragraph of section 16 of the Federal Reserve Act (38 Stat. 265), as amended by the act of March 6, 1934 (48 Stat. 398), provides:

"Any Federal Reserve bank may make application to the local Federal Reserve agent for such amount of the Federal Reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal Reserve agent of collateral in amount equal to the sum of the Federal Reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section 13 of this Act, or bills of exchange indorsed by a member bank of any Federal Reserve district and purchased under the provisions of section 14 of this Act, or bankers' acceptances purchased under the provisions of said section 14, or gold certificates: Provided, however, That until March 3, 1935, or until the expiration of such additional period not exceeding two years as the President may prescribe, the Federal Reserve Board may, should it deem it in the public interest, upon the affirmative vote of not less than a majority of its members, authorize the Federal Reserve banks to offer, and the Federal Reserve agents to accept, as such collateral security, direct obligations of the United States * * *."

AND WHEREAS it is deemed advisable that the authority of the Federal Reserve Board to authorize the Federal Reserve banks to offer, and the Federal Reserve agents to accept, direct obligations of the United States as collateral security for Federal Reserve notes issued to the Federal Reserve banks be continued for an additional period after

March 3, 1935:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority conferred upon me by the aforesaid section 16 of the Federal Reserve Act, as amended, do hereby proclaim, declare, and prescribe an additional period of two years from and after March 3, 1935, during which the Federal Reserve Board may, should it deem it in the public interest, upon the affirmative vote of not less than a majority of its members, authorize the Federal Reserve banks to offer, and the Federal Reserve agents to accept, direct obligations of the United States as collateral security for Federal Reserve notes issued to the Federal Reserve banks under the provisions of the aforesaid section.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE at the City of Washington this 14th day of February, in the year of our Lord nineteen hundred and thirty-five, and of the Independence of the United States of America the
(Seal) one hundred and fifty-ninth.

FRANKLIN D ROOSEVELT

By the President:

CORDELL HULL

Secretary of State.

(No. 2117)

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