

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON

March 7, 1936

B-1144

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



SUBJECT: Federal Reserve Bank Stock Certificates.

Dear Sir:

In view of the provisions of the Banking Act of 1935, it will be necessary to amend the plates from which Federal Reserve bank stock certificates are printed in order to make provision for the signature of the President or a Vice-President of the Federal Reserve bank in lieu of the signature of the Governor. In the circumstances, the form of certificates issued by the Federal Reserve banks has been examined with the view of determining whether any other changes should be made at the same time.

The form of certificate now used at eight of the Federal Reserve banks is identical except for the name of the Federal Reserve bank and district, which changes are made in a single plate at the Bureau of Engraving and Printing without the requirement of a plate for each of the banks. The certificate in use at one bank differs from that in use at the majority of banks only in that it provides for the signature of the "Secretary" instead of the "Cashier". The certificates in use at two other banks differ from the one in use at the majority of banks in that the words "paid up" are used instead of "paid" in referring to the 50 percent

payment on the par value, etc., and the phrase "and is liable to further assessments aggregating not more than 50 percent of its par value" is omitted. The certificate of one of these banks provides for the signature of the Secretary and the other for the signature of the Cashier. The remaining bank issues non-negotiable receipts in lieu of stock certificates.

The differences in the form of certificates now issued by the Federal Reserve banks are not of major importance and it appears to the Board that a uniform certificate might well be adopted. It also appears to the Board that it should be sufficient to have the certificates signed by the President or a Vice-President and by the Secretary, instead of also requiring the counter-signature of the Federal Reserve agent, since Federal Reserve bank stock is not transferable and cannot be hypothecated and the certificate is merely formal evidence that the member bank has made the required payment on its subscription to Federal Reserve bank stock. The Board would like to have any comments that your bank may wish to make on these proposals, together with suggestions for any additional changes that may appear desirable. In order to expedite consideration of the matter, there is inclosed a draft of a proposed revised form of certificate. It will be noted that the revised form provides for the signature of the First Vice-President, but when the certificates are prepared this title may be changed as desired by the individual Reserve banks (without making separate plates). Furthermore, even if the title "First Vice-President" appears on all of the certificates, the word "First" can be stricken out when the certificate is signed by another Vice-President and the words "First" and "Vice" can be stricken out when it is signed by the President.

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Please advise the Board of the number of unissued certificates that you now have on hand and approximately how long the supply may be expected to last. If a uniform form of certificate is decided upon it will be desirable to cancel the existing supply of certificates and to issue certificates only on the new form. Please, therefore, also advise the Board of the number of certificates of the revised form that should be ordered, together with the serial numbers to be shown thereon.

Very truly yours,



L. P. Bethea,
Assistant Secretary.

Inclosure.

TO ALL FEDERAL RESERVE AGENTS.

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Suggested revised form of Federal Reserve bank stock certificate:

F E D E R A L R E S E R V E B A N K

of

Certificate
No. _____

Number of Shares

This is to certify that

is the owner of _____ shares of the par value of One Hundred Dollars (\$100) each, of the capital stock of the Federal Reserve Bank of _____, which shares of stock cannot be transferred or hypothecated. The stock represented by this certificate, issued in pursuance of the provisions of the Act of Congress, approved Dec. 23, 1913, known as the Federal Reserve Act, as amended, is paid up to the extent of fifty percent of its par value.

In Witness Whereof, the said Federal Reserve Bank of _____ has caused its corporate seal to be hereunto affixed and this certificate to be signed by its duly authorized officers this _____ day of _____ 19____.

Secretary

First Vice-President

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