

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON



R-967
ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 17, 1942

Dear Sir:

The Board of Governors has amended its Regulation A, Discounts for and Advances to Member Banks by Federal Reserve Banks, effective March 20, 1942, by changing subsection (b) of section 2 of Regulation A to read as follows:

(b) Advances on Government obligations. - Any Federal Reserve Bank may make advances, under authority of section 13 of the Federal Reserve Act, to any of its member banks for periods not exceeding ninety days⁶ on the promissory note of such member bank secured by direct obligations of the United States, and for periods not exceeding fifteen days on the promissory note of such member bank secured (1) by the deposit or pledge of debentures or other such obligations of Federal Intermediate Credit banks having maturities of not exceeding six months from the date of the advance, or (2) by the deposit or pledge of Federal Farm Mortgage Corporation bonds issued under the Federal Farm Mortgage Corporation Act and guaranteed both as to principal and interest by the United States, or (3) by the deposit or pledge of Home Owners' Loan Corporation bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and guaranteed both as to principal and interest by the United States.

6/ The eighth paragraph of section 13 of the Federal Reserve Act authorizes advances to member banks for periods not exceeding fifteen days secured by bonds, notes, certificates of indebtedness, or Treasury bills of the United States. However, the last paragraph of section 13 authorizes any Federal Reserve Bank to make advances for periods not exceeding ninety days "to any individual, partnership or corporation" on the promissory notes of such individual, partnership or corporation secured by "direct obligations of the United States"; and the term "corporation" includes an incorporated bank.

FOR VICTORY



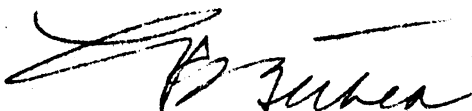
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This amendment makes no change of substance in the Regulation. Its sole purpose is to rephrase the above paragraph of the Regulation in order to make it clear that under the law the Federal Reserve Banks are authorized to make advances to their member banks for periods not exceeding 90 days on the promissory notes of such member banks secured by direct obligations of the United States.

It will be appreciated if you will bring this amendment to the attention of all member banks in your district. There is enclosed herewith a copy of a press statement regarding this amendment which will be released by the Board for publication in the morning newspapers of March 20, 1942.

Very truly yours,



L. P. Bethea,
Assistant Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Statement for the Press

For release in morning newspapers
of Friday, March 20, 1942.

March 19, 1942

The Board of Governors of the Federal Reserve System has adopted an amendment to its Regulation A, Discounts for and Advances to Member Banks by Federal Reserve Banks, effective March 20, 1942. This amendment makes no change of substance in the Regulation. Its sole purpose is to rephrase one paragraph of the Regulation in order to make it clear that under the law the Federal Reserve Banks are authorized to make advances to their member banks for periods not exceeding 90 days on the promissory notes of such member banks secured by direct obligations of the United States.