

§ 413. Distinctive letter and serial number of notes; cancellation of notes unfit for circulation; accounting; apportionment of credit among Federal Reserve banks

Federal Reserve notes shall bear upon their faces a distinctive letter and serial number which shall be assigned by the Board of Governors of the Federal Reserve System to each Federal Reserve bank. Federal Reserve notes unfit for circulation shall be canceled, destroyed, and accounted for under procedures prescribed and at locations designated by the Secretary of the Treasury. Upon destruction of such notes, credit with respect thereto shall be apportioned among the twelve Federal Reserve banks as determined by the Board of Governors of the Federal Reserve System.

(Dec. 23, 1913, ch. 6, §16 (par.), 38 Stat. 266; June 21, 1917, ch. 32, §7, 40 Stat. 236; Jan. 30, 1934, ch. 6, §2(b)(3), (4), 48 Stat. 338; Aug. 23, 1935, ch. 614, title II, §203(a), 49 Stat. 704; June 12, 1945, ch. 186, §1(a), 59 Stat. 237; July 19, 1954, ch. 547, 68 Stat. 495; Pub. L. 89-3, §1, Mar. 3, 1965, 79 Stat. 5; Pub. L. 89-427, §3, May 20, 1966, 80 Stat. 161; Pub. L. 90-269, §3, Mar. 18, 1968, 82 Stat. 50.)

Editorial Notes

CODIFICATION

Section is comprised of third par. of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

AMENDMENTS

1968—Pub. L. 90-269 substituted requirement that Federal Reserve notes bear upon their faces a distinctive letter and serial number which shall be assigned by the Board of Governors to each Federal Reserve bank for former requirement that each Federal Reserve bank maintain reserves in gold certificates of not less than 25 percent against its Federal Reserve notes in actual circulation and former provisions respecting redemption by the Treasury of Federal Reserve notes.

1966—Pub. L. 89-427 substituted provisions that Federal Reserve notes unfit for circulation be canceled, destroyed, and accounted for under procedures prescribed and at locations designated by the Secretary of the Treasury and that credit with respect to the destruction of the notes be apportioned among the twelve Federal Reserve banks as determined by the Board of Governors of the Federal Reserve System for provisions that Federal Reserve notes unfit for circulation be returned by the Federal Reserve agents to the Comptroller of the Currency for cancellation and destruction.

1965—Pub. L. 89-3 struck out requirement that each Federal Reserve bank maintain reserves in gold certificates against deposit liabilities.

1954—Act July 19, 1954, which directed striking out “Whenever Federal reserve notes issued through one Federal Reserve bank shall be received by another Federal Reserve bank, they shall be promptly returned for credit or redemption to the Federal Reserve bank through which they were originally issued or, upon direction of such Federal Reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal Reserve bank shall pay out notes issued through another under penalty of a tax of 10 per centum upon the face value of notes so paid out.”, was executed, to reflect the probable intent of Congress, by striking out the third and fourth sentences, which read as follows: “Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank, they shall be promptly

returned for credit or redemption to the Federal reserve bank through which they were originally issued or, upon direction of such Federal reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out.”

1945—Act June 12, 1945, amended first sentence generally by striking out “or lawful money” after “reserves in gold certificates”, substituting “25 per centum” for “35 per centum” and “40 per centum”, respectively.

1934—Act Jan. 30, 1934, amended first, fifth, and sixth sentences.

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

Section 203(a) of Act Aug. 23, 1935, changed name of Federal Reserve Board to Board of Governors of the Federal Reserve System.

§ 414. Authority of Board of Governors respecting issuance of notes; interest; lien

The Board of Governors of the Federal Reserve System shall have the right, acting through the Federal Reserve agent, to grant in whole or in part, or to reject entirely the application of any Federal Reserve bank for Federal Reserve notes; but to the extent that such application may be granted the Board of Governors of the Federal Reserve System shall, through its local Federal Reserve agent, supply Federal Reserve notes to the banks so applying, and such bank shall be charged with the amount of the notes issued to it and shall pay such rate of interest as may be established by the Board of Governors of the Federal Reserve System on only that amount of such notes which equals the total amount of its outstanding Federal Reserve notes less the amount of gold certificates held by the Federal Reserve agent as collateral security. Federal Reserve notes issued to any such bank shall, upon delivery, together with such notes of such Federal Reserve bank as may be issued under subchapter XIII¹ of this chapter upon security of United States 2 per centum Government bonds, become a first and paramount lien on all the assets of such bank.

(Dec. 23, 1913, ch. 6, §16 (par.), 38 Stat. 266; June 21, 1917, ch. 32, §7, 40 Stat. 237; Jan. 30, 1934, ch. 6, §2(b)(5), 48 Stat. 338; Aug. 23, 1935, ch. 614, title II, §203(a), 49 Stat. 704; June 12, 1945, ch. 186, §1(b), 59 Stat. 237; Pub. L. 90-269, §4, Mar. 18, 1968, 82 Stat. 50.)

Editorial Notes

REFERENCES IN TEXT

Subchapter XIII of this chapter, referred to in text, was in the original “section 18 of this Act”, meaning section 18 of act Dec. 23, 1913, ch. 6, 38 Stat. 251, known as the Federal Reserve Act. Section 18 of the act was classified generally to subchapter XIII (§441 et seq.) of this chapter.

CODIFICATION

Section is comprised of fourth par. of section 16 of act Dec. 23, 1913. For classification to this title of other pars. of section 16, see Codification note set out under section 411 of this title.

¹ See References in Text note below.