

FEDERAL RESERVE BANK  
OF NEW YORK

Accounting Department

[Circular No. 679, June 30, 1925]  
[Reference to Circulars 207 and 229]

## Computation of Reserves

### Federal Reserve Board Rulings on Deductions of Balances Due from Foreign Branches of Domestic Banks

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To Each Member Bank in the  
Second Federal Reserve District:

The Federal Reserve Board has recently issued rulings affecting net demand deposits in the computation of member bank reserves and covering specifically the question of deducting the amount of balances, in either foreign currency or dollars *due from* foreign branches of domestic banks, from the amount of balances *due to* other banks.

#### From Branches of Other Banks

On the question whether a member bank in calculating its reserve requirements may deduct balances due from foreign branches of other domestic banks the Board rules as follows:

1. Balances payable in *foreign currency* due from a foreign branch of a domestic bank may not be deducted by a member bank in computing its reserve from balances due to other banks.
2. Balances payable in *dollars* due from a foreign branch of a domestic bank may be deducted by a member bank in computing its reserve from balances due to other banks.

#### From Member Bank's Own Branch

On the question whether a member bank in calculating its reserve requirements may deduct balances due from its own foreign branch, the Board rules as follows:

3. Balances payable either in dollars or in foreign currency due to a member bank from its own foreign branch may not be deducted from balances due to other banks by the member bank in computing its reserve.

Very truly yours,

BENJ. STRONG,  
Governor.