

**FEDERAL RESERVE BANK
OF NEW YORK**

Circular No. 828, December 27, 1927
Reference to Circulars Nos. 123; 159;
207; 229; 623; 679; 728; 821

FEDERAL RESERVE BOARD REGULATIONS, SERIES OF 1928

Effective January 3, 1928

Reserves to be Reported Semiweekly by Certain Member Banks

To each Member Bank in the
Second Federal Reserve District:

At the request of the Federal Reserve Board this bank is sending to you under separate cover a copy of the new Federal Reserve Board Regulations, Series of 1928, applicable to member banks. This issue becomes effective on January 3, 1928. The changes which have been made are summarized in the Board's letter of transmittal accompanying the regulations.

Reserves of Certain Member Banks to be Computed Twice a Week

Your attention is invited to a number of changes in Regulation D with respect to reserves of member banks, particularly of certain member banks in New York City and in the City of Buffalo. Under the new method of computation, deficiencies in reserve balances of member banks located in the following territory will be computed on the basis of average daily net deposit balances covering *semiweekly periods*.

1. Banks in the Boroughs of Manhattan, Brooklyn, and The Bronx of the City of New York.
2. Banks in other Boroughs having branches in Manhattan.
3. Banks in the City of Buffalo.

All other member banks in the Second Federal Reserve District will for the present continue reporting on the same basis as heretofore.

The first period for which the computation will be made semiweekly will begin on Saturday, January 7, 1928, and will end on Tuesday, January 10, 1928; thereafter such semiweekly periods will terminate at the close of business on Tuesdays and Fridays.

Further Information Affecting Reserves

Attention is also directed to the following sections of the new Regulation D.

Section II Defining Deposits:

It should be noted that the term "Government deposits," (which are exempt from reserve requirements), is defined as including only deposits by the United States Government in designated depositories, and that it does not include deposits of public moneys by any other Government, or political subdivision, nor deposits by states, counties or municipalities whether secured or not.

*Section III, Paragraph b, on Deductions
Allowed in Computing Reserves:*

This section provides for the method of determining the amount of net deposits subject to reserve. For convenient reference, details are set forth in the form reprinted on the next page designed to make clear the method of dealing with the various kinds of deposits and deductions in arriving at net deposits subject to reserve.

*Section V Prohibiting Loans and Dividends
While Reserves are Deficient:*

This section points out that it is unlawful for any member bank, the reserves of which are at any time deficient, to make any new loans or to pay any dividends unless and until the total reserves required by law are fully restored, and that the payment of penalties for deficiencies in reserves does not exempt member banks from this prohibition of law. Also while penalties for deficiencies in reserves are as a matter of convenience computed on the basis of the average reserve balances for semiweekly, weekly or semimonthly periods, the prohibition of law applies nevertheless whenever reserves are deficient for one day or more, regardless of whether or not average reserve balances for the period are deficient.

Very truly yours,

GATES W. MCGARRAH,
Federal Reserve Agent.

FORM FOR THE COMPUTATION OF DEPOSITS SUBJECT TO RESERVE

By Banks, Members of the Federal Reserve System

DEMAND DEPOSITS

1. Deposits payable within thirty days not including U. S. Government Deposits and Items 2, 3, 4 and 5 \$.....
2. Balance due to Banks other than Federal Reserve Bank (include Foreign Banks) \$.....
3. Amount due to Federal Reserve Bank Deferred Credits \$.....
4. Officer's checks outstanding \$.....
5. Certified checks outstanding \$.....
6. Total of Items 2, 3, 4 and 5 \$.....

DEDUCTIONS

7. Balances due from banks other than Federal Reserve Bank and Foreign banks \$.....
8. Items with Federal Reserve Bank in process of collection \$.....
9. Exchanges for Clearing House \$.....
10. Checks on other banks in the same place \$.....
11. Total deductions Items 7, 8, 9 and 10 \$.....
12. **Net Balance due to banks** \$.....

Item 11 may be deducted only from item 6. Should item 11 exceed item 6 both figures must be disregarded, in which case item 13 will be the same as item 1.

13. **Total Net Demand Deposits** (Items 1 and 12) \$.....

TIME DEPOSITS

14. Savings accounts (subject to not less than thirty days' notice before payment) \$.....
15. Certificates of deposit (subject to not less than thirty days' notice before payment) \$.....
16. Other deposits payable only after thirty days \$.....
17. Postal Savings Deposits \$.....
18. **Total Time Deposits** (Items 14, 15, 16 and 17) \$.....