

FEDERAL RESERVE BANK OF CHICAGO  
DISTRICT No. 7

Chicago, November 6th, 1914.

TO THE MEMBER BANKS OF DISTRICT NUMBER SEVEN:

It seems that a number of member banks are under the impression that it is obligatory upon the Federal Reserve Bank to receive from member banks as Reserves, one-half of each installment in the form of eligible paper as described in Section 14, Federal Reserve Act.

You are respectfully advised that this is optional on the part of the Federal Reserve Bank - and that the Federal Reserve Board at Washington has adopted the policy that it will insist upon the first transfer of Reserves being made in cash.

The Board of Directors of the Federal Reserve Bank of Chicago, at a meeting held on November fifth, passed upon this matter and ruled that all the reserve deposits to be made on November sixteenth shall be in lawful money - that is - money that may be counted as reserve in vault by national banks, and that the bank will not rediscount for any member bank to provide for any portion of its first reserve deposit.

Your attention is hereby called to Circular No. 10 issued by the Federal Reserve Board at Washington, and it is hoped that you will make shipments covering your reserve deposit from your own vaults and in gold or gold certificates as far as practicable.

Very respectfully,

JAMES B. McDOUGAL,

Governor.

Bulletin No. 5.