

**FEDERAL RESERVE BANK
OF DALLAS**

NUMBER 12.

March 5, 1915.

TO THE MEMBER BANK ADDRESSED:

No clearing relations have as yet been established between the several Reserve banks; consequently, balances between the Reserve Banks, credited by receiving checks upon each other, can only be settled by the shipment of gold or currency when demanded.

Many of our member banks have been drawing their drafts on this bank, sending them outside of the District for the purpose of creating exchange either for themselves or other banks.

Since the opening of this bank, the demand for northern and eastern exchange has been so great that the net balances have continuously run against the Federal Reserve Bank of Dallas, to partly offset which we have had to ship to other Federal Reserve Banks about three and one-half million dollars, and still have, at this date, a net balance against us of approximately two million dollars.

This has imposed a heavy expense upon this bank, and while, at this time, it is not our intention to charge the member banks on checks given on us to their customers in this district in the regular course of business against any excess balances they have over and above their reserve requirement, we take this occasion to notify our members that, after this date, checks drawn on this bank for the purpose of creating eastern and northern exchange, will be subject to a charge equal to the cost of shipment of currency to meet the balances created against us thereby.

From the experience we have had, we find the cost of each shipment to be on an average of about thirty cents per thousand dollars.

For the information of our member banks, we will state that similar action has been found necessary in many of the other districts outside of New York, and this charge, covering cost of transportation, has been authorized by the Federal Reserve Board.

OUR CIRCULAR LETTER NO 8, DATED JANUARY 13, 1915, INSOFAR AS IT RELATES TO NATIONAL BANK NOTES, IS HEREBY WITHDRAWN.

In other words, we will, upon further notice, receive deposits of national bank notes from our members to replenish depleted reserves or to create excess balances, which they can check against in the regular course of business. We cannot, however, receive silver coin, one and two dollar silver certificates, nor mutilated currency.

Very respectfully,

R. L. VAN ZANDT,

Acting Governor.