

FEDERAL RESERVE BANK
OF DALLAS

Number 42.

October 24, 1916.

CHANGES IN RESERVE REQUIREMENTS

TO THE MEMBER BANK ADDRESSED:

Effective November 16, 1916, the permanent reserves required to be maintained by member banks with Federal Reserve Banks, under the provisions of Section 19 of the Federal Reserve Act, will be as follows.

BANKS LOCATED ELSEWHERE THAN IN CENTRAL RESERVE AND RESERVE CITIES--Five-twelfths of twelve per centum of their demand deposits plus five-twelfths of five per centum of their time deposits.

BANKS LOCATED IN RESERVE CITIES--Six-fifteenths of fifteen per centum of their demand deposits plus six-fifteenths of five per centum of their time deposits.

Deposits of gold or lawful money or Federal reserve notes, on shipments of which CHARGES MUST BE PREPAID, will be acceptable in the establishment of these reserves. GOLD COINS WHICH FALL BELOW THE LIMIT OF TOLERANCE WILL, HOWEVER, BE TAKEN AT BULLION VALUE ONLY, AND SHORTAGES IN WEIGHT WILL BE CHARGEABLE TO THE ACCOUNTS OF THE SENDING BANKS.

New York, Chicago and St. Louis exchange will also be acceptable for this purpose.

One-half of this installment may be paid in eligible paper which conforms to the terms of the Federal Reserve Act and the regulations of the Federal Reserve Board; such paper, however, must be submitted for discount on the regular application blanks of this bank, and sufficient time allowed for action on same by our Executive Committee.

Attention is again directed to the recent amendment to the Federal Reserve Act and the ruling of the Federal Reserve Board relative hereto, which allow member banks to carry any portion of, or, if desired, their entire vault reserves with the Federal Reserve Bank, and it is felt that in relieving the individual banks of the responsibility incident to the maintenance of large amounts of actual cash in excess of their actual needs, as well as in adding strength to and enlarging the capacity of their reserve bank, this provision is worthy of the consideration of our members.

Respectfully,

R. L. Van Zandt,