

FEDERAL RESERVE BANK  
OF DALLAS

Circular No. 47.

June 27, 1917.

REDUCTION IN RESERVE REQUIREMENTS

TO THE MEMBER BANK ADDRESSED:

Your attention is directed to the accompanying copy of a letter from the Federal Reserve Board to this bank relating to the amendment to the Act establishing new reserves to be maintained with Federal Reserve Banks. The amendment went into effect upon the signing of the bill by the President on the night of June 20, 1917.

It is of very great importance that member banks in establishing the new reserve required should do so as far as possible from their own vaults in order to avoid disturbance of the money situation. Particular attention is called to that portion of the letter from the Federal Reserve Board referring to this.

At the same time it is of equal importance to transmit to the Federal Reserve Bank at once the gold and gold certificates which members can spare from their own vaults which may be required to establish the legal reserve.

This Bank will undertake to pay transportation charges upon gold certificates and gold coin SENT TO IT BETWEEN NOW AND JULY 10 FOR THE PURPOSE OF BUILDING UP RESERVES TO THE REQUIRED AMOUNT, and gold coin will be received for this purpose at its face value unless mutilated.

Under the Act as it now stands no member bank is required to carry any specified amount or quality of cash in vault as reserve. THE ONLY LEGAL RESERVE IS THAT MAINTAINED IN THE FEDERAL RESERVE BANK, and it should be borne in mind that if your collected balance in the Federal Reserve Bank, according to its books, is deficient your reserve is impaired.

Currency of any description will, therefore, now serve the ordinary purposes of all member banks, and only such amounts need be carried in vaults or tills as experience has proved to be necessary for daily operation.

Subscriptions to Liberty Bonds were very heavy in this district, and it is evident that heavy demands will be made upon the Federal Reserve Bank for loans in effecting payment of subscriptions.

Member banks are therefore urged in their own interest and in the interests of the district and country to build up the gold reserve in the Federal Reserve Bank and use for currency purposes Federal Reserve notes.

Circular No. 44, under date of November 22, 1916, on the subject of "Concentration of Gold," is in no way superseded by the above, except that there is now no required vault reserve.

Very respectfully,

R. L. VAN ZANDT,

Governor.