TO THE MEMBER BANK ADDRESSED:

There is enclosed a supply of Form B-62, "Report of Net Deposits," for use commencing the first period in January, 1924. Any of the forms now in use which are on hand should be destroyed after the last report for this year has been rendered. A formula for calculating demand and time deposits on which member banks are required to carry a reserve appears on the reverse side of the new form, and it is suggested this formula be followed in detail in preparing reports of net deposits.

From a recent analysis of reports of net deposits it was found that a great many banks were not thoroughly familiar with the manner in which such reports should be prepared and, as a matter of information, the items which were most often reported incorrectly are listed below:

UNPAID DIVIDENDS. This item should be reported as a demand deposit.

DIFFERENCE BETWEEN "DUE TO" BANKS AND "DUE FROM" BANKS. This should be added to demand deposits when the total "Due to" banks is in excess of the total "Due from" banks. Should the aggregate amount "Due from" banks exceed the aggregate amount "Due to" banks, both amounts must be omitted from the calculation.

CERTIFICATES OF DEPOSIT HAVING LESS THAN THIRTY DAYS TO RUN. These should be reported as demand deposits.

CASHIER'S CHECKS. These should be taken into consideration only in the total "Due to" banks and should not be otherwise reported as demand deposits.

Section 19 of the Federal Reserve Act provides, in part, as follows:

"Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all postal savings deposits."