

**FEDERAL RESERVE BANK  
OF DALLAS**

Dallas, Texas, February 24, 1944

**To the Member Banks of the  
Eleventh Federal Reserve District:**

There is enclosed a copy of our revised Bulletin No. 4, relating to reserve requirements of member banks which supersedes our bulletin of the same number dated April 14, 1942. The principal reason for the revision of this bulletin is to incorporate therein the provision of the amendment to Regulation D, issued by the Board of Governors of the Federal Reserve System, which became effective April 13, 1943. As you were previously advised, that amendment outlines the conditions under which a bank may, for reserve purposes, deduct from the amount of its gross demand deposits the amount in its War Loan deposit account, in addition to the amount of cash items in process of collection, and the balances due from other banks.

This revised bulletin should be inserted in the ring binder containing the current bulletins of this bank and the regulations of the Board of Governors of the Federal Reserve System in lieu of Bulletin No. 4, dated April 14, 1942.

Yours very truly,

**R. R. GILBERT**

President



## **RESERVE REQUIREMENTS**

To the Member Banks of the  
Eleventh Federal Reserve District :

Unless otherwise stated, all references to the Federal Reserve Bank of Dallas will include the head office and all of its branches.

Under Section 19 of the Federal Reserve Act, as amended, every member bank is required to establish and maintain a reserve balance as prescribed by the Board of Governors of the Federal Reserve System within the limitations set forth in the section mentioned. The percentages applicable to the various classes of banks will be found in the current supplement to Regulation D issued by the Board of Governors of the Federal Reserve System.

### **DEFINITIONS OF CLASSES OF DEPOSITS**

For the determination of reserve status and other purposes, the Board of Governors of the Federal Reserve System is authorized to define certain terms. The Board's definitions of the terms "Demand Deposits," "Gross Demand Deposits," "Savings Deposits," "Cash Items in Process of Collection," and "Net Demand Deposits" will be found in Regulation D.

### **REPORTS OF DEPOSITS AND RELATED FIGURES**

In order that the Federal Reserve bank may determine whether reserves have been maintained as required by law, each member bank is required to report on forms provided for that purpose, the amounts of its gross demand deposits (broken down into "demand deposits of banks" and "other demand deposits"), its balances subject to immediate withdrawal due from other banks, its cash items in process of collection, War Loan Deposits of the United States and its time deposits. All such figures should be reported in thousands of dollars.

In preparing the report, the amounts reflected opposite each date must represent the balances as shown by the books of the member bank at the opening of business on that date. The balances reported for Sunday must represent the balances at the close of business the preceding Saturday and such figures must be repeated for the Monday following. The balances reported for a holiday must represent the balances at the close of the preceding business day and the same figures must be repeated for the day following the holiday.

### **COMPUTATION OF RESERVES**

In determining the amount of required reserves, member banks are urged to follow the procedure set forth in the attached supplement. It will be noted that gross demand deposits are now divided into (a) demand deposits of banks

and (b) other demand deposits, and should include all demand deposit liabilities (broken down as indicated) set forth in Schedule E of the Report of Condition. For convenient reference, excerpts from the Report of Condition are reproduced on the attached supplement.

## STATUS OF DEPOSITS OF PUBLIC MONEYS OF THE UNITED STATES GOVERNMENT

### *War Loan Deposits*

As amended by the Act approved April 13, 1943, Section 19 of the Federal Reserve Act contains a provision to the effect that, until six months after the cessation of hostilities in the present war as determined by proclamation of the President or by concurrent resolution of the Congress, no deposit payable to the United States by any member bank arising solely as the result of subscriptions made by or through such member bank for United States Government securities issued under authority of the Second Liberty Bond Act, as amended, shall be subject to reserve requirements. Deposits of the proceeds of sales of Series E War Savings bonds, whether made in a Series E bond account or in a War Loan Deposit account, are likewise not subject to reserve requirements.

In submitting reports of deposits, member banks should include the amount of War Loan Deposits of the United States in "Other demand deposits" under "Gross demand deposits." By also reporting War Loan Deposits in the fifth column of the report, such deposits are eliminated from reserve requirements.

Member banks are required to maintain the same reserves against deposits of public moneys of the United States, other than War Loan Deposits, as they are required by Section 19 of the Federal Reserve Act to maintain against other deposits.

### PENALTIES FOR DEFICIENCIES IN RESERVES

Penalties for deficiencies in the reserve balance of a member bank will be assessed monthly covering deficiencies incurred during each of the reserve computation periods ended in the preceding calendar month.

The penalty for deficiencies in reserves has been fixed by the Board of Governors of the Federal Reserve System at a rate of 2% per annum above the Federal Reserve bank rate applicable to discounts of 90-day commercial paper for member banks in effect on the first day of the calendar month in which the deficiencies occurred.

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The right is reserved to withdraw, add to, or amend at any time, any of the provisions of this bulletin.

Respectfully,

R. R. GILBERT

President

### COMPUTATION OF RESERVE TO BE CARRIED WITH THE FEDERAL RESERVE BANK BY MEMBER BANKS

(For definitions of the terms gross demand deposits, deductions allowed in computing reserves, cash items in process of collection, net demand deposits and time deposits, see Regulation D of the Board of Governors of the Federal Reserve System.)

1. GROSS DEMAND DEPOSITS:

- (a) Demand deposits of Banks (1) - - - - - \$.....  
(Corresponds to items 4 and 5 in Schedule E of the official Report of Condition)
- (b) Other demand deposits - - - - - \$.....  
(Corresponds to items 1, 2, 3 and 6 in Schedule E of the official Report of Condition)

2. DEDUCTIONS ALLOWED IN COMPUTING RESERVES:

- (a) Cash items in process of collection, except to the extent included in item 2-b (including checks with Federal Reserve Banks in process of collection and checks on hand which will be presented for payment or forwarded for collection on the following business day) \$.....  
(Corresponds to item I in Schedule D of the official Report of Condition)
- (b) Balances subject to immediate withdrawal due from other banks (including cash items forwarded to a correspondent bank for collection and credit and charged to "Due from banks," but excluding balances due from Federal Reserve Banks, from foreign banks or branches thereof, from foreign branches of domestic banks, or from private banks) (1) .....  
(Corresponds to item 2 in Schedule D of the official Report of Condition)
- (c) War Loan Deposits of United States Government (2) - - - - - .....

3. NET DEMAND DEPOSITS (item 1 minus item 2) - - - - - .....

4. TIME DEPOSITS - - - - - .....

(See Schedule F of the official Report of Condition for items constituting time deposits)

5. RESERVE REQUIRED (3)

- (a) On net demand deposits (item 3 above):
  - Banks in central reserve cities, \_\_\_\_\_ per cent;
  - Banks in reserve cities, \_\_\_\_\_ per cent;
  - Banks located elsewhere, \_\_\_\_\_ per cent - - - - - .....
- (b) On time deposits (item 4 above); \_\_\_\_\_ per cent - - - - - .....
- (c) Total reserve to be maintained with Federal Reserve Bank - - - - - .....

(1) Reciprocal interbank demand deposits with banks in the United States, except private banks and American branches of foreign banks, must be reported net.

(2) Deposits arising from the sale of Series E War Savings Bonds by member banks qualified as issuing agents under Treasury Circular 657 are to be treated as War Loan Deposits of the United States, for the purpose of this report.

(3) For current required reserve percentages, see latest supplement to Regulation D.

EXCERPTS FROM OFFICIAL REPORT OF CONDITION

SCHEDULE D—CASH, BALANCES WITH OTHER BANKS, INCLUDING RESERVE BALANCE, AND CASH ITEMS IN PROCESS OF COLLECTION

1. Cash items in process of collection, including exchanges for clearing house	-	\$ .....
2. Demand balances, excluding reciprocal balances, with banks in the United States (except private banks and American branches of foreign banks)	- - -	.....
3. TOTAL of Items 1 and 2	- - - - -	\$ .....
4. Other balances with banks in the United States (including private banks and American branches of foreign banks)	- - - - -	.....
5. Balances with banks in foreign countries (including balances with foreign branches of other American banks)	- - - - -	.....
6. Currency and coin	- - - - -	.....
7. Reserve with Federal Reserve bank	- - - - -	.....
8. TOTAL of Items 3 to 7 (must agree with Item 6 of "Assets")	- - -	\$ .....

SCHEDULE E—DEMAND DEPOSITS

1. Deposits of individuals, partnerships, and corporations (must agree with Item 13 of "Liabilities")	- - - - -	\$ .....
2. Deposits of U. S. Government: War Loan and Series E Bond accounts	\$ .....	.....
Other	\$ .....	.....
3. Deposits of States and political subdivisions	- - - - -	.....
4. Deposits, excluding reciprocal balances, of banks in the United States (including private banks and American branches of foreign banks)	- - - - -	.....
5. Deposits of banks in foreign countries (including balances of foreign branches of other American banks)	- - - - -	.....
6. Certified and cashier's checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to Federal Reserve bank (transit account) (must agree with Item 18 of "Liabilities")	- - - - -	.....
7. TOTAL DEMAND DEPOSITS	- - - - -	\$ .....

SCHEDULE F—TIME DEPOSITS

1. Deposits of individuals, partnerships, and corporations (must agree with item 14 of "Liabilities")	- - - - -	\$ .....
2. Deposits of United States Government	\$ .....	.....
Postal savings deposits	\$ .....	.....
3. Deposits of States and political subdivisions	- - - - -	.....
4. Deposits of banks in the United States (including private banks and American branches of foreign banks)	- - - - -	.....
5. Deposits of banks in foreign countries (including balances of foreign branches of other American banks)	- - - - -	.....
6. TOTAL TIME DEPOSITS	- - - - -	\$ .....