

FEDERAL RESERVE BANK  
OF DALLAS

October 24, 1958

REVISION OF REPORTS OF DEPOSITS

**To the Member Bank Addressed:**

We enclose a copy of our Bulletin No. 4, dated November 1, 1958, relating to reports of deposits. It supersedes Bulletin No. 4, dated July 1, 1947, and our circular letter of October 20, 1949, relating to the waiver, in certain circumstances, of penalties for deficient reserves. It will be noted that the information given in the circular letter is now incorporated in the bulletin.

The bulletin now provides that member banks will furnish, in addition to figures relating to deposits, a separate listing of U. S. Government demand deposits and a report of currency and coin on hand, and in transit if carried in the bank's assets. We enclose a supply of new forms to be used in reporting deposits for reserve purposes and in supplying the additional information. Please destroy all of the old forms now on hand to prevent their inadvertent use at some future date.

The new form should be used for the reserve computation period beginning November 1, 1958, and ending November 15, 1958, and thereafter. Your cooperation in placing this new form into use as requested will be greatly appreciated.

The member bank should acknowledge receipt of the new bulletin, on the enclosed postal card, and substitute it for the superseded bulletin and letter in its ring binder.

Yours very truly,

Watrous H. Irons

President

## **REPORTS OF DEPOSITS**

To the Member Banks of the  
Eleventh Federal Reserve District:

Unless otherwise stated, all references to the Federal Reserve Bank of Dallas 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 the various classes of deposits. 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, and its time deposits. In addition, member banks are requested to furnish information with respect to "Currency and Coin" and "U. S. Government Demand Deposits." All figures should be reported in thousands of dollars.

In preparing the report of deposits subject to reserve requirements, the amounts inserted opposite each date must represent the balances at the opening of business on that date. Accordingly, balances for Sunday and Monday will be identical and will be those at the close of business on Saturday. If Saturday is a nonbusiness day balances for Saturday, Sunday and Monday will be identical and will be those at the close of Friday. Balances reported for a holiday will be those at the close of the preceding business day, and they will be repeated for the next business day.

### COMPUTATION OF RESERVES

To determine the amount of reserves required, the formula outlined on Page 4 of this bulletin should be followed. As indicated by parenthetical references, the various items in the formula correspond to certain items and schedules in the call reports of condition. Please note that gross demand deposits are to be divided into (a) demand deposits of banks, and (b) other demand deposits, and should include all of the demand deposit liabilities that would be shown in Schedule E of the call reports of condition. It will be observed that at the top of each column of the form provided for reporting deposits subject to reserve requirements, there is inserted a reference to the corresponding items and schedules in the call reports of condition.

### ADDITIONAL INFORMATION

The form provided for the reporting of deposits subject to reserve requirements includes columns for reporting certain memorandum information. In the column captioned "Currency and Coin," the balances reported should include all currency and coin owned and held in the bank, and all currency and coin in transit if included in the reporting bank's assets. In the column captioned "U. S. Government Demand Deposits," the balances reported should include, among other such deposits, balances in the Treasury Tax and Loan Account and in the Series E Bond Account. Please note that U. S. Government Demand Deposits are also reportable as a part of "Other Demand Deposits" in the second column of the form. The report form indicates the corresponding items and schedules in the call reports of condition.

### PENALTIES FOR DEFICIENCIES IN RESERVES

Penalties for deficiencies will be assessed monthly on the basis of average daily deficiencies during each of the reserve computation periods ending 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 cent per annum above the 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 computation period ends.

### WAIVER OF PENALTIES

The Board of Governors has given the Federal Reserve banks authority, in their discretion, to waive the assessment of penalties for deficiencies in the reserves of member banks under the following circumstances:

- (1) When a member bank is deficient in reserves during any reserve computation period, the penalty for the deficiency may be waived to the extent that the deficiency is offset by excess reserves during the immediately following reserve computation period, provided that such deficiency does not exceed two per cent of the member bank's required reserve.

- (2) When a member bank is deficient in reserves during a reserve computation period which ends on a nonbusiness day of the member bank or of its Federal Reserve bank, the penalty for the deficiency may be waived to the extent that the inclusion of that day in the next reserve computation period would reduce or eliminate the deficiency. (If the period in which the deficiency occurs ends with two or more nonbusiness days, they may all be included in the next reserve computation period.)

With respect to paragraph (2) above the Federal Reserve Bank will make any necessary adjustment or revision of the reports for periods ending on nonbusiness days and for the next succeeding period. No change is necessary in the reporting procedure of the member bank.

These rules have been adopted with the definite objective of reducing the number of occasions on which member banks might otherwise incur deficient reserve penalties. However, the law contemplates that member banks should make reasonable efforts to hold and maintain the prescribed reserve balances *from day to day*, making allowance for unforeseen fluctuations in deposits and reserves, even though penalties are assessed on daily average deficiencies over prescribed periods.

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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,

Watrous H. Irons

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<sup>1</sup> (opening of business) - - - - - \$ \_\_\_\_\_  
(Corresponds to items 4 and 5 in Schedule E of call reports of condition)
- (b) Other demand deposits (opening of business) - - - - - \_\_\_\_\_ \$ \_\_\_\_\_  
(Corresponds to items 1, 2, 3, and 6 in Schedule E of call reports 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) (opening of business) - - .....  
(Corresponds to item 1 in Schedule D of call reports 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)<sup>1</sup> (opening of business) \_\_\_\_\_  
(Corresponds to item 2 in Schedule D of call reports of condition)

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

**4. TIME DEPOSITS (opening of business) - - - - - \_\_\_\_\_**  
(See Schedule F of call reports of condition for items constituting time deposits)

**5. RESERVE REQUIRED<sup>2</sup>:**

- (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 - - - - - \_\_\_\_\_

**MEMORANDA**

- (a) Currency and coin (opening of business) - - - - - \_\_\_\_\_  
(Corresponds to item 6 in Schedule D of call reports of condition — include currency and coin in transit if included in assets)
- (b) U. S. Government demand deposits (opening of business) - - - - - \_\_\_\_\_

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

<sup>2</sup>For current required reserve percentages, see latest supplement to Regulation D.