

[General & Res. Division has not enclosed]
2-11-14

CIRCULAR No. 4.

(112,31)

FEDERAL RESERVE BANK OF NEW YORK
62 CEDAR STREET

NEW YORK, November 11th, 1914.

TO THE CASHIER:

SIR:

Pending the announcement by the Secretary of the Treasury of the establishment of this Bank, which we are officially informed will be made on November 16th, 1914, and in accordance with the provisions of Section 19 of the Federal Reserve Act relative to the maintenance of reserves, you are advised that this Bank will be prepared to receive such reserves on November 16th, 1914, at its banking office, No. 62 Cedar Street, New York City.

The amount of reserves which the Act (Section 19) requires to be maintained must be calculated upon your deposits in conformity with the method prescribed by the Comptroller of the Currency, and the initial calculation should be based on such deposits at the commencement of business November 16th, 1914. That part of the reserves of member banks which is to be kept in the Federal Reserve Bank for the first period according to the classification of the cities as defined by Law is as follows:

Banks located in the Central Reserve City of New York.....	7/18ths
“ “ “ Reserve Cities.....	3/15ths
“ “ elsewhere in District No. 2.....	2/12ths

These fractions indicate only the minimum amount of reserve which is to be kept on deposit in this Bank. It is recommended to the member banks that they transfer at the time of making the deposit of their required reserve, as large a part of their optional reserve as may be convenient. If this plan is adopted, much trouble will be avoided in making daily transfers to and from the account resulting from fluctuating deposits. Member banks are privileged to draw at pleasure against their excess and optional reserve balances. Forms for use in checking against these balances are in process of preparation and will be sent to you prior to November 16th, 1914, together with the necessary instructions, so that the account will be established upon a practical basis.

The large member banks in this city have, in deference to the suggestion of the Federal Reserve Board as expressed in its Circular No. 10 which has been sent to all member banks,

signified their intention of transferring their reserves in gold coin or gold certificates of large denominations from their own vaults. In order to facilitate the physical handling of the amount of money involved, it is earnestly hoped that all member banks will, as far as practicable, deposit large certificates out of their vault reserves. Packages of currency containing notes of small denominations will be received "subject to count." Deposits of gold coin will be received subject to weighing and examination, and all light weight coins will be accepted at their bullion value. Should you decide to deposit gold coin, please ship it direct to the Assistant Treasurer of the United States at New York, for the credit of your account with this Bank.

The express charges on shipments of money representing the transfer of reserves will be assumed by this Bank, but to avoid delays each remitting bank is requested to prepay the charges on such shipments and render a statement of the amount disbursed, on or after December 15th, 1914, at which time it will be placed to the credit of its account.

As the statute permits member banks to keep on deposit more than their exact minimum reserves, it is requested that banks depositing currency send only packages containing multiples of \$1,000.

In accordance with the provisions of Section 19 of the Act, member banks are notified that this Bank will receive from them as reserves eligible paper (as described in Section 14) to an amount to be later determined. Member banks desiring to rediscount paper as a part of their reserve deposits, are asked to indicate the probable amounts desired when transmitting their cash deposits.

A circular on this subject announcing the rate of discount established, and the nature of the endorsements required, together with a form of application blank, will soon be issued.

Enclosure ✓ Form letters are enclosed herewith to be used in transmitting the initial cash deposit.

Respectfully,

BENJ. STRONG, JR.,

Governor.