

FEDERAL RESERVE BANK
OF NEW YORK

(Superseded by
amendment to
Circular No. 74
reference to 207)

NEW YORK, June 25, 1917.

TO THE CASHIER,

SIR:

RESERVE REQUIREMENTS UNDER THE AMENDMENT OF JUNE 21, 1917.

The amended provisions of the Federal Reserve Act now in effect governing the reserve to be maintained by banks which are members of the Federal Reserve System, are as follows:

"SEC. 19. 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.

"Every bank, banking association, or trust company, which is or which becomes a member of any Federal reserve bank, shall establish and maintain reserve balances with its Federal reserve bank as follows:

"(a) If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than seven per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits."

You will note that the entire legal reserve of a member bank is now to be maintained on deposit with the Federal reserve bank, and there is no requirement of law as to the amount or kind of currency to be held by a member bank in its own vault. Consequently, the amount to be so held is left to the discretion of each member bank and may consist of Federal reserve notes or other currency.

Member banks in New York City are requested to increase their reserve deposits with the Federal Reserve Bank of New York to an amount equal to thirteen per centum of their net demand deposits and three per centum of time deposits not later than June 27th.

Member banks outside New York City are requested to increase their reserve deposits with the Federal Reserve Bank of New York to seven per centum of net demand deposits and three per centum of time deposits for country banks and ten per centum of net demand deposits and three per centum of time deposits for reserve city banks, not later than July 15th.

It is suggested that the necessary increase in deposits may be made gradually between now and the above date by the shipment of any form of gold coin or currency other than national bank notes. For this purpose shipments of gold coin by express, and of gold certificates or properly sorted lawful money and Federal reserve notes can be made in accordance with the terms of our Circular No. 54, all at our expense.

Failure to maintain the additional reserve required by the amended Act to be on deposit with this bank, will not be penalized until after July 15th.

Respectfully,

BENJ. STRONG,
Governor.

FEDERAL RESERVE BANK
OF NEW YORK

New York, June 30, 1917

Dear Sirs:

On December 31, 1916, a dividend was paid by this bank for the period from November 2, 1914, to April 1, 1915. The board of directors of this bank has declared a second payment on account of accumulated dividends, payable June 30, 1917, at the rate of 6% per annum for the period from April 1, 1915, to December 31, 1915, both dates inclusive, except that in the case of capital stock payments made prior to the due date of May 3, 1915, the period has been calculated from such due date.

We enclose check for \$ _____, the amount of dividend due your bank.

Respectfully,

BENJ. STRONG,

Governor.

FEDERAL RESERVE BANK
OF NEW YORK

AUGUST 1, 1917.

DEAR SIRS:

The Secretary of the Treasury announces to-day for subscription through Federal reserve banks at par, an offering of \$300,000,000 U. S. Treasury certificates of indebtedness.

The certificates will be dated August 9, 1917, and will mature November 15, 1917.

They will carry interest at the rate of 3½%, payable from date of issue with the principal at maturity.

Interest will be computed for the exact number of days elapsed on the basis of 365 days to the year.

They will be issued in denominations of \$1,000, \$5,000, \$10,000 and \$100,000, payable to bearer.

They will be payable with accrued interest at maturity at the Treasury Department, Washington, D. C., or optional with holders, at the Federal reserve banks.

They are exempt both as to principal and interest from all taxation, except estate or inheritance taxes, imposed by authority of the United States or its possessions, or by any State or local taxing authority.

Subscriptions will be received by the Federal Reserve Bank of New York up to 3 o'clock p. m. on August 7, 1917, and the right is reserved to reject any subscription and to allot less than the amount of certificates applied for.

Payments for certificates allotted are to be made to the Federal Reserve Bank of New York on Thursday, August 9, 1917, the date of issue, and must reach the bank before 3 p. m.

Interim receipts will be issued if necessary, pending the delivery of definitive certificates.

Upon ten days' notice given in such manner as may be determined by the Secretary of the Treasury the series of \$300,000,000 certificates now offered may be redeemed as a whole at par and accrued interest, on or after the date set for the payment of the first instalment, payable after allotment, of the subscription price of any bonds offered for subscription by the United States hereafter and before the maturity of the certificates. The certificates of this series, whether or not

called for redemption, will be accepted at par, with an adjustment of accrued interest, if tendered on said instalment date as payment on the purchase price of any such bonds issued and allotted hereafter and before the maturity of the certificates.

It is highly desirable that banks, especially those outside of the large financial centers should subscribe liberally for these certificates. By so doing they will be in a position to anticipate the payments which they may be called upon to make on account of subscriptions to such further issues of U. S. Government bonds as may be offered and will thereby assist in stabilizing the money market.

Please use the enclosed subscription blanks in making your subscriptions, indicating denominations desired and other details.

Respectfully,

R. H. TREMAN,

Deputy Governor.

Dated at.....

.....1917

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FEDERAL RESERVE BANK OF NEW YORK,

NEW YORK, N. Y.

DEAR SIRs:

Pursuant to the terms stated in your letter of August 1, 1917, please enter our subscrip-
tion at par for \$.....United States 3½ per cent Temporary Loan dated
August 9, 1917, due November 15, 1917, which we agree to pay for at the Federal Reserve Bank
of New York on August 9, 1917.

Please be governed by the following instructions:

Issue the definitive certificates in the following denominations:

.....at \$ 1,000 \$.....

.....at 5,000

.....at 10,000

.....at 100,000

Total \$.....

Regarding disposition of temporary receipt (if any):

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Regarding disposition of definitive certificates:

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Regarding method of payment by us:

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Signed.....

Address.....