

FEDERAL RESERVE BANK
OF NEW YORK

April 5, 1919

RESERVES

TO STATE BANKS AND TRUST COMPANIES IN NEW YORK STATE:

The New York State Banking Law has recently been amended to provide that if any bank or trust company shall have become a member of the Federal Reserve Bank it "**shall maintain such reserves with such federal reserve bank as are required by the federal reserve act, and so long as it complies with the requirements of such federal reserve act with reference to reserves, shall be exempt from the preceding provisions of this section.**" The preceding provisions of the section referred to are those prescribing the reserves which state banks and trust companies shall maintain. The effect of this amendment, therefore, is to exempt state banks and trust companies which are members of the Federal Reserve System from the reserve requirements of the State Law.

The reserve requirements of the Federal Reserve Act for member banks in the Second Federal Reserve District are as follows:

NEW YORK CITY:	Against Demand Deposits	Against Time Deposits
Borough of Manhattan.....	13%	3%
Boroughs of Brooklyn and Bronx.....	10	3
BUFFALO and ALBANY ("Reserve Cities").....	10	3
ELSEWHERE.....	7	3

This amendment

- (a) reduces the percentage of reserve which a state institution, becoming a member of the Federal Reserve System, is required to carry, and
- (b) makes it no longer necessary for such institutions to carry a required percentage of their deposits in cash in vault, but leaves them free to carry only such cash as their business requires.

PIERRE JAY,
Chairman.