

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 1003, October 24, 1930]
[Reference to Circular No. 902]

**Amendment to Regulation D Permitting Computation of Deficiencies in Reserves on the Basis of
Member Banks Deposits at Opening of Business Instead of Close of Business**

*To Each Member Bank in the
Second Federal Reserve District:*

For your information we quote below a letter from the Federal Reserve Board dated October 2, 1930, announcing an amendment to its Regulation D.

The Federal Reserve Board has amended subsection (a) of Section IV of its Regulation D so as to provide that, in computing penalties for deficiencies in reserves, the required reserve balance of each member bank at the close of business each day shall be based upon its net deposit balances at the opening of business, instead of the close of business, on the same day. No change, however, was made in the existing practice of computing such deficiencies on the basis of average daily net deposit balances covering semiweekly, weekly or semimonthly periods.

The amendment becomes effective as to each member bank at the beginning of the first reserve computation period of such member bank commencing after midnight on October 31, 1930.

Section IV (a) of the Regulation, as amended, reads as follows:

"SECTION IV. PENALTIES FOR DEFICIENCIES IN RESERVES

"Inasmuch as it is essential that the law with respect to the maintenance by member banks of the required minimum reserve balances be strictly complied with, the Federal Reserve Board, under authority vested in it by section 19 of the Federal reserve act, hereby prescribes the following rules governing penalties for deficiencies in reserves:

"(a) **Basic penalty.**

"(1) Deficiencies in reserve balances of member banks in cities where Federal reserve banks or branches thereof are located and in such other reserve cities as the Federal Reserve Board may designate from time to time will be computed on the basis of average daily net deposit balances covering semiweekly periods. Deficiencies in reserve balances of member banks in all other reserve cities will be computed on the basis of average daily net deposit balances covering weekly periods. Deficiencies in reserve balances of other member banks will be computed on the basis of average daily net deposit balances covering semimonthly periods.

"(2) In computing such deficiencies the required reserve balance of each member bank at the close of business each day shall be based upon its net deposit balances at the opening of business on the same day; and the semiweekly, weekly and semimonthly periods referred to in paragraph (1) hereof shall end at the close of business on days to be fixed by the Federal reserve banks with the approval of the Federal Reserve Board.

"(3) Penalties for such 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.

"(4) Such penalties shall be assessed at a basic rate of 2 per cent per annum above the Federal reserve bank discount rate on 90 day commercial paper, in effect on the first day of the calendar month in which the deficiencies occurred."

By Order of the Federal Reserve Board.

It is hoped that the change accomplished by the foregoing amendment to Regulation D, in the method of averaging daily net deposit balances, will be of advantage to member banks.

We enclose a small supply of the revised form for your use in reporting to this bank your net demand and time deposits for the periods commencing on and after November 1, 1930. We will furnish additional copies of this form upon request. No change is made in the method of computing net deposits subject to reserves, and F. R. Board Form St. 6059, a copy of which accompanied our Circular No. 902 of February 1, 1929, may still be used for this purpose.

GEORGE L. HARRISON,
Governor.

REPORT OF NET DEMAND AND TIME DEPOSITS

FOR WEEK ENDING FRIDAY _____

TO BUFFALO BRANCH

FEDERAL RESERVE BANK OF NEW YORK

REPORT FIGURES IN NEAREST EVEN HUNDRED AS AT OPENING OF BUSINESS ON DAY INDICATED. FOR SUNDAYS AND HOLIDAYS USE SAME FIGURES AS FOR FOLLOWING BUSINESS DAY.

FIRST PERIOD

| DATE | DAY | AMOUNT OF NET DEMAND DEPOSITS | | | AMOUNT OF TIME DEPOSITS | | |
|------|----------|-------------------------------|--|--|-------------------------|--|--|
| | SATURDAY | | | | | | |
| | SUNDAY | | | | | | |
| | MONDAY | | | | | | |
| | TUESDAY | | | | | | |
| | TOTAL | | | | | | |
| | AVERAGE | | | | | | |

RESERVE REQUIRED

10% OR 13% OF \$ _____ \$ _____
NET DEMAND DEPOSITS3% OF \$ _____ \$ _____
TIME DEPOSITSTOTAL { AVERAGE RESERVE REQUIRED TO
BE ON DEPOSIT WITH THE FEDERAL
RESERVE BANK OF NEW YORK \$ _____

SECOND PERIOD

| DATE | DAY | AMOUNT OF NET DEMAND DEPOSITS | | | AMOUNT OF TIME DEPOSITS | | |
|------|-----------|-------------------------------|--|--|-------------------------|--|--|
| | WEDNESDAY | | | | | | |
| | THURSDAY | | | | | | |
| | FRIDAY | | | | | | |
| | TOTAL | | | | | | |
| | AVERAGE | | | | | | |

RESERVE REQUIRED

10% OR 13% OF \$ _____ \$ _____
NET DEMAND DEPOSITS3% OF \$ _____ \$ _____
TIME DEPOSITSTOTAL { AVERAGE RESERVE REQUIRED TO
BE ON DEPOSIT WITH THE FEDERAL
RESERVE BANK OF NEW YORK \$ _____

I HEREBY CERTIFY THAT THE ABOVE STATEMENT IS CORRECT AND IN ACCORDANCE WITH THE BOOKS OF THIS BANK AND THAT THE FIGURES SHOWN ABOVE UNDER NET DEMAND DEPOSITS AND TIME DEPOSITS RESPECTIVELY HAVE BEEN COMPUTED IN ACCORDANCE WITH THE RULES AND REGULATIONS DESCRIBED BY THE FEDERAL RESERVE BOARD FOR THAT PURPOSE.

BUFFALO BRANCH

FEDERAL RESERVE BANK OF NEW YORK REPORT OF NET DEMAND AND TIME DEPOSITS

FOR HALF MONTH FROM _____ TO _____ 193__
(MONTH) (DAY) (MONTH) (DAY)

REPORT FIGURES IN NEAREST EVEN HUNDRED AS AT OPENING OF BUSINESS ON DAY INDICATED. FOR SUNDAYS AND HOLIDAYS USE SAME FIGURES AS FOR FOLLOWING BUSINESS DAY.

| DATE | AMOUNT OF NET DEMAND DEPOSITS | AMOUNT OF TIME DEPOSITS | | | |
|-----------------------------------|----------------------------------|----------------------------|--|--|--|
| 1 | 16 | | | | |
| 2 | 17 | | | | |
| 3 | 18 | | | | |
| 4 | 19 | | | | |
| 5 | 20 | | | | |
| 6 | 21 | | | | |
| 7 | 22 | | | | |
| 8 | 23 | | | | |
| 9 | 24 | | | | |
| 10 | 25 | | | | |
| 11 | 26 | | | | |
| 12 | 27 | | | | |
| 13 | 28 | | | | |
| 14 | 29 | | | | |
| 15 | 30 | | | | |
| | 31 | | | | |
| TOTAL | | | | | |
| AVERAGE FOR HALF MONTH | | | | | |

RESERVE REQUIRED

7% OF \$ _____ NET DEMAND DEPOSITS \$ _____

3% OF \$ _____ TIME DEPOSITS \$ _____

TOTAL { AVERAGE RESERVE REQUIRED TO
BE ON DEPOSIT WITH THE FEDERAL
RESERVE BANK OF NEW YORK \$ _____

I HEREBY CERTIFY THAT THE ABOVE STATEMENT IS CORRECT AND IN ACCORDANCE WITH THE RECORDS OF THIS BANK AND THAT THE FIGURES SHOWN ABOVE UNDER NET DEMAND AND TIME DEPOSITS RESPECTIVELY HAVE BEEN COMPUTED IN ACCORDANCE WITH THE FORM PRESCRIBED BY THE FEDERAL RESERVE BOARD FOR THAT PURPOSE.

REPORT OF NET DEMAND AND TIME DEPOSITS

FOR WEEK ENDING FRIDAY _____

TO ACCOUNTING DEPARTMENT

FEDERAL RESERVE BANK OF NEW YORK

REPORT FIGURES IN NEAREST EVEN HUNDRED AS AT OPENING OF BUSINESS ON DAY INDICATED. FOR SUNDAYS AND HOLIDAYS USE SAME FIGURES AS FOR FOLLOWING BUSINESS DAY.

FIRST PERIOD

| DATE | DAY | AMOUNT OF NET DEMAND DEPOSITS | | | | AMOUNT OF TIME DEPOSITS | | | |
|------|----------|-------------------------------|--|--|--|-------------------------|--|--|--|
| | SATURDAY | | | | | | | | |
| | SUNDAY | | | | | | | | |
| | MONDAY | | | | | | | | |
| | TUESDAY | | | | | | | | |
| | TOTAL | | | | | | | | |
| | AVERAGE | | | | | | | | |

RESERVE REQUIRED

10% OR 13% OF \$ _____ \$ _____
NET DEMAND DEPOSITS3% OF \$ _____ \$ _____
TIME DEPOSITSTOTAL { AVERAGE RESERVE REQUIRED TO
BE ON DEPOSIT WITH THE FEDERAL
RESERVE BANK OF NEW YORK \$ _____

SECOND PERIOD

| DATE | DAY | AMOUNT OF NET DEMAND DEPOSITS | | | | AMOUNT OF TIME DEPOSITS | | | |
|------|-----------|-------------------------------|--|--|--|-------------------------|--|--|--|
| | WEDNESDAY | | | | | | | | |
| | THURSDAY | | | | | | | | |
| | FRIDAY | | | | | | | | |
| | TOTAL | | | | | | | | |
| | AVERAGE | | | | | | | | |

RESERVE REQUIRED

10% OR 13% OF \$ _____ \$ _____
NET DEMAND DEPOSITS3% OF \$ _____ \$ _____
TIME DEPOSITSTOTAL { AVERAGE RESERVE REQUIRED TO
BE ON DEPOSIT WITH THE FEDERAL
RESERVE BANK OF NEW YORK \$ _____

I HEREBY CERTIFY THAT THE ABOVE STATEMENT IS CORRECT AND IN ACCORDANCE WITH THE BOOKS OF THIS BANK AND THAT THE FIGURES SHOWN ABOVE UNDER NET DEMAND DEPOSITS AND TIME DEPOSITS RESPECTIVELY HAVE BEEN COMPUTED IN ACCORDANCE WITH THE METHODS PRESCRIBED BY THE FEDERAL RESERVE BOARD FOR THAT PURPOSE.

ACCOUNTING DEPARTMENT

RESERVE BALANCE SECTION

FEDERAL RESERVE BANK OF NEW YORK REPORT OF NET DEMAND AND TIME DEPOSITS

FOR HALF MONTH FROM _____ TO _____ 193__
(MONTH) (DAY) (MONTH) (DAY)

REPORT FIGURES IN NEAREST EVEN HUNDRED AS AT OPENING OF BUSINESS ON DAY INDICATED. FOR SUNDAYS AND HOLIDAYS USE SAME FIGURES AS FOR FOLLOWING BUSINESS DAY.

| DATE | AMOUNT OF NET DEMAND DEPOSITS | AMOUNT OF TIME DEPOSITS |
|---------------------------|----------------------------------|----------------------------|
| 1 | 16 | |
| 2 | 17 | |
| 3 | 18 | |
| 4 | 19 | |
| 5 | 20 | |
| 6 | 21 | |
| 7 | 22 | |
| 8 | 23 | |
| 9 | 24 | |
| 10 | 25 | |
| 11 | 26 | |
| 12 | 27 | |
| 13 | 28 | |
| 14 | 29 | |
| 15 | 30 | |
| | 31 | |
| TOTAL | | |
| AVERAGE FOR HALF MONTH | | |

RESERVE REQUIRED

| | | |
|----------------|---|----------|
| 7% OF \$ _____ | NET DEMAND DEPOSITS | \$ _____ |
| 3% OF \$ _____ | TIME DEPOSITS | \$ _____ |
| TOTAL { | AVERAGE RESERVE REQUIRED TO BE ON DEPOSIT WITH THE FEDERAL RESERVE BANK OF NEW YORK | \$ _____ |

I HEREBY CERTIFY THAT THE ABOVE STATEMENT IS CORRECT AND IN ACCORDANCE WITH THE BYLAWS OF THIS BANK AND THAT THE FIGURES SHOWN ABOVE UNDER NET DEMAND DEPOSITS AND TIME DEPOSITS RESPECTIVELY HAVE BEEN COMPUTED IN ACCORDANCE WITH THE FORM PRESCRIBED BY THE FEDERAL RESERVE BOARD FOR THAT PURPOSE.