

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1197]
[March 29, 1933]

Computation of Reserves

To each Member Bank in the Second Federal Reserve District:

We quote from the Federal Reserve Bulletin of November 1932, page 714, the following ruling of the Federal Reserve Board, with regard to classification by member banks of certificates of deposit payable to other banks within thirty days:

“The question has been presented to the Federal Reserve Board whether a certificate of deposit payable by one bank to another and due within thirty days should be classified as an amount ‘due to banks’ or as a demand deposit in preparing reports of condition and in computing the amount of reserve to be carried with the Federal reserve bank.

“Section 19 of the Federal reserve act, which prescribes the reserve requirements of member banks of the Federal reserve system, provides that ‘the net difference of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which required balances with Federal reserve banks shall be determined.’ It is the opinion of the Federal Reserve Board that an amount which will not become due and payable until a future date is not an amount ‘due’ within the meaning of this provision; and accordingly a certificate of deposit which will be due and payable to another bank within thirty days, but has not yet become due, may not properly be classified as an amount due to banks. Inasmuch as such a certificate is payable within thirty days, it constitutes a demand deposit under the provisions of the law and should be so classified by a member bank, both in preparing reports of condition and in computing the amount of its required reserve.”

In computing your reserve to be carried with this bank will you please be guided by the above ruling.

A revised form (Form B-15) has been prepared by the Federal Reserve Board for computation of reserve to be carried with the Federal reserve banks by member banks and for your convenience copy of this form is reprinted on the next page. This form supersedes the form which accompanied our Circular No. 902, dated February 1, 1929. A small supply of the new form is also enclosed and additional copies will be furnished on request.

GEORGE L. HARRISON,
Governor.

COMPUTATION OF RESERVE TO BE CARRIED WITH THE FEDERAL RESERVE BANK BY MEMBER BANKS

NET DEMAND DEPOSITS SUBJECT TO RESERVE

1. DEMAND DEPOSITS, except U. S. Government deposits and amounts "due to banks" \$ _____
(See Schedule K of the quarterly condition report for items constituting demand deposits.)

2. DUE TO BANKS:

(Items correspond with those in Schedule J of the quarterly condition report.)

- (a) Due to Federal reserve bank (deferred credits) . . . \$ _____
- (b) Due to other banks and trust companies in United States (Amounts subject to immediate withdrawal) _____
- (c) Due to banks in foreign countries (Amounts subject to immediate withdrawal) _____
- (d) Certified and cashier's or treasurer's checks, including dividend checks, outstanding _____
- (e) Letters of credit and travelers' checks sold for cash and outstanding _____
- (f) Total due to banks _____

LESS:

3. DUE FROM BANKS:

(Items correspond with items 4 to 8 in Schedule I of the quarterly condition report.)

- (a) Items with Federal reserve bank in process of collection _____
- (b) Due from banks (other than Federal reserve bank) and trust companies in United States (Amounts subject to immediate withdrawal) _____
- (c) Exchanges for clearing house and other checks on local banks _____
- (d) Balances payable in dollars due from foreign branches of other American banks (Amounts subject to immediate withdrawal) _____
- (e) Total due from banks _____

4. NET AMOUNT DUE TO BANKS (Item 2-f minus item 3-e) _____
(If "Total due from banks," item 3-e, exceeds "Total due to banks," item 2-f, no amount should be reported against item 4.)

5. NET DEMAND DEPOSITS SUBJECT TO RESERVE (Item 1 plus item 4) _____

TIME DEPOSITS

6. DEPOSITS payable after 30 days or subject to 30 days' or more notice, as defined in Federal Reserve Board Regulation D; and Postal Savings _____
(See Schedule L of the quarterly condition report for items constituting time deposits.)

RESERVE REQUIRED

ON NET DEMAND DEPOSITS (item 5 above): Banks in central reserve cities, 13 per cent; in reserve cities, 10 per cent; elsewhere, 7 per cent _____

ON TIME DEPOSITS (item 6 above): 3 per cent _____

TOTAL RESERVE TO BE MAINTAINED WITH FEDERAL RESERVE BANK _____