

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1581]
August 28, 1935

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

*To all Member Banks in the
Second Federal Reserve District:*

For your information and at the request of the Board of Governors of the Federal Reserve System you are advised that under the provisions of Section 19 of the Federal Reserve Act, as amended by Section 324 of the Banking Act of 1935, member banks are required, beginning with August 24, 1935, to maintain the same reserves against deposits of public moneys by the United States as they are required to maintain against other deposits; also, in determining the amount of net demand deposits subject to reserve, member banks may deduct from gross demand deposits the amounts of (1) balances subject to immediate withdrawal due from other banks (except Federal Reserve banks, private banks and foreign banks) and (2) cash items in process of collection payable immediately upon presentation in the United States. The reports of deposits which you render to the Federal Reserve Bank of New York for the purpose of enabling the Federal Reserve Bank of New York to compute your required reserves should be prepared on the new basis.

In accordance with instructions received from the Board of Governors of the Federal Reserve System our form previously in use for the calculation of reserves (F. R. Board Form B-15 February, 1933) has been revised and a copy of the new form (Form B-15 August, 1935) is enclosed for your immediate use. An additional supply of the new form will be available at a later date.

J. H. CASE,
Federal Reserve Agent.

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

NET DEMAND DEPOSITS SUBJECT TO RESERVE

1. GROSS DEMAND DEPOSITS, including United States Government deposits and amounts due to banks \$ _____
2. Balances subject to immediate withdrawal due from other banks (except Federal Reserve banks, private banks, and foreign banks) and cash items in process of collection payable immediately upon presentation in the United States \$ _____
3. NET DEMAND DEPOSITS SUBJECT TO RESERVE (Item 1 minus item 2) \$ _____

TIME DEPOSITS

4. 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 3 above): Banks in central reserve cities, 13 per cent; in reserve cities, 10 per cent; elsewhere, 7 per cent \$ _____

ON TIME DEPOSITS (item 4 above): 3 per cent \$ _____

TOTAL RESERVE TO BE MAINTAINED WITH FEDERAL RESERVE BANK \$ _____

**FEDERAL RESERVE BANK
OF NEW YORK**

August 28, 1935.

REPORTS CONCERNING TRANSACTIONS
IN FOREIGN EXCHANGE

To All Persons, Other Than Banks, Bankers, Brokers and Dealers in Securities,
Required to Make Reports of Transactions in Foreign Exchange on Foreign
Exchange Forms C 1 and C 2 of the Treasury Department:

In our circular No. 1474, dated November 13, 1934, we transmitted the text of the regulations issued by the Secretary of the Treasury, dated November 12, 1934, and the instructions of the Federal Reserve Bank of New York issued thereunder, which, in effect, among other things, required all persons subject to the provisions of Article 3 of such regulations and having their principal places of business in the United States in the Second Federal Reserve District, other than banks, bankers, brokers and dealers in securities, to furnish monthly reports to the Federal Reserve Bank of New York in regard to transactions in foreign exchange, transfers of credit and the export of coin and currency.

We now wish to advise you that the Treasury Department recently approved a proposal that all persons in the Second Federal Reserve District heretofore required to furnish monthly reports of the kind above mentioned, hereafter be required to furnish such reports only at quarterly intervals. Consequently, after such persons have furnished reports as of the close of business on July 31, 1935, no further reports need be furnished at monthly intervals, but, instead, reports in regard to transactions in foreign exchange, transfers of credit and the export of coin and currency on Treasury Department Forms C 1 and C 2 will be required as of the close of business on September 30, 1935, and thereafter at quarterly intervals as of the close of business on the last day of December, March, June and September.

GEORGE L. HARRISON,
Governor.

FEDERAL RESERVE BANK
OF NEW YORK

August 29, 1935.

To the Banking Institution Addressed:

At the request of the Narodni Banka Ceskoslovenska, Prague, Czechoslovakia, we are quoting in the attached enclosure extracts from a letter received from that bank under date of August 9, 1935, which deals with shipments of Czechoslovakian bank notes into Czechoslovakia.

W. R. Burgess,
Deputy Governor.

Enclosure.

Extracts from Letter Dated August 9, 1935, Received by
Federal Reserve Bank of New York from
Narodni Banka Ceskoslovenska,
Prague, Czechoslovakia.

"We beg to send you for your information the following extract of a telegraphic reply dispatched to a foreign bank:

'..... Shipments of our bank notes from foreign countries not forbidden but payments for Czechoslovak exports should be effected in foreign exchange or free Czechoslovens that is not in our bank notes stop Payments in Czechoslovak bank notes via /a country/ not welcome as we are sure they would be effected in one thousand Kronen pieces that are being illegally smuggled to foreign countries and especially

In amplification of the above we beg to point out that according to our foreign exchange regulations Czechoslovak exporters are obliged to surrender the proceeds of their exports in free Czechoslovak crowns or in foreign currency and find it difficult to refuse payments in Czechoslovak bank notes coming in from abroad. Since, however, by far the greatest percentage of the bank notes thus repatriated consists of denominations of Kc1000 it may be easily understood that these bank notes were exported by illegal means, inasmuch as the amount of money that may be freely exported is just Kc 1000 and as it is conceivable that no traveller would export only 1 bank note of the denomination of Kc 1000, but that he would rather take with him bank notes of smaller denominations. On our part, we do not raise any objections to re-importation of such bank notes of smaller denominations and their utilization as cover of exports of merchandise does not meet according to our practice nowadays exercised with any difficulties."