

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 4129]
July 23, 1954]

Notes of Other Federal Reserve Banks

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

On July 19, 1954, Section 16 of the Federal Reserve Act was amended by Public Law 514. Federal Reserve Banks may now pay out Federal Reserve notes issued by other Federal Reserve Banks, a practice hitherto prohibited under penalty of a tax.

In the past, all Federal Reserve notes in our currency shipments to you have been notes of this Bank (so-called 2-B notes); you will now receive notes of other Federal Reserve Banks (1-A, 3-C, 4-D, etc.). We estimate that such notes will average a small proportion, probably less than 10 per cent, of the value of our total shipments, although there may be seasonal fluctuations above or below this percentage.

As the press has reported, the change in the law and in Federal Reserve practice will effect significant operating economies.

ALLAN SPROUL,
President.