

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 4987]
January 12, 1961

LIMITATIONS ON COIN DISTRIBUTIONS

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

A marked increase in public demand for coin resulted in some coin shortages during 1960 and caused us to resort to rationing cents during the year and nickels and quarters at the year-end. Among the factors contributing to this situation has been the increased interest in coin collecting and the practices of wholesale and retail coin dealers in obtaining inventories of uncirculated coin from banks for sale to collectors. Already, in anticipation of the release by Federal Reserve Banks of newly minted 1961 coinage to banks, coin dealers are offering, at premium prices, mint-sealed bags and bank-wrapped rolls of several denominations of 1961 coins, particularly cents and nickels.

As a result of these developments and to avoid aggravating the problem of coin shortages in 1961, we wish to emphasize the principles followed by the Federal Reserve Banks in supplying coin to the banking system. The Federal Reserve Banks obtain supplies of new coin from the Bureau of the Mint in the available quantities needed by the banking system to meet the demands of the business community for coin as a medium of exchange. In paying out coin, the Federal Reserve Banks do so without regard to the year or place of mint and without regard to whether the coin is new or circulated. The Federal Reserve Banks do not undertake to supply coin for special purposes, such as coin collecting.

For the reasons stated, we ask for your cooperation in screening requests of your customers to make certain that the coin you order from us is for the needs of business as a medium of exchange. The practice of the Mint in supplying proof coins, and of the Treasurer's Office (Cash Division), Washington, D. C., in supplying a reasonable quantity of uncirculated sets of all coins produced during the calendar year should provide ample service to coin collectors.

ALFRED HAYES,
President.