FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States

[Circular No. 5004
March 1, 1961]

OFFERING OF TWO SERIES OF TREASURY BILLS

$1,100,000,000 of 91-Day Bills, Additional Amount, Series Dated Dec. 8, 1960, Due June 8, 1961 (To Be Issued March 9, 1961)

$500,000,000 of 182-Day Bills, Dated March 9, 1961, Due September 7, 1961

To All Incorporated Banks and Trust Companies, and Others Concerned, in the Second Federal Reserve District:

Following is the text of a notice issued by the Treasury Department, released for publication today at 4 p.m., Eastern Standard time:

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,600,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing March 9, 1961, in the amount of $1,600,724,000, as follows:

91-day bills (to maturity date) to be issued March 9, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated December 8, 1960, and to mature June 8, 1961, originally issued in the amount of $500,235,000, the additional and original bills to be freely interchangeable.

182-day bills, for $500,000,000, or thereabouts, to be dated March 9, 1961, and to mature September 7, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Standard time, Monday, March 6, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated December 8, 1960, (91 days remaining until maturity date on June 8, 1961) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on March 9, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 9, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454(b) and 1221(5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

This Bank will receive tenders for both series up to 1:30 p.m., Eastern Standard time, Monday, March 6, 1961, at the Securities Department of its Head Office and at its Buffalo Branch. Tender forms for the respective series are enclosed. Please use the appropriate forms to submit tenders and return them in an envelope marked "Tender for Treasury Bills." Tenders may be submitted by telegraph, subject to written confirmation; they may not be submitted by telephone. *Payment for the Treasury bills cannot be made by credit through the Treasury Tax and Loan Account. Settlement must be made in cash or other immediately available funds or in maturing Treasury bills.*

Results of the last offering of Treasury bills (91-day bills to be issued March 2, 1961, representing an additional amount of bills dated December 1, 1960, and maturing June 1, 1961; and 182-day bills dated March 2, 1961, maturing August 31, 1961) are shown on the reverse side of this circular.

ALFRED HAYES,
President.

(OVER)

RESULTS OF LAST OFFERING OF TREASURY BILLS (TWO SERIES TO BE ISSUED MARCH 2, 1961)

Range of Accepted Competitive Bids

	91-Day Treasury Bills Maturing June 1, 1961		182-Day Treasury Bills Maturing August 31, 1961	
	Price	*Approx. equiv. annual rate*	*Price*	*Approx. equiv. annual rate*
High	99.352 [a]	2.564%	98.612 [b]	2.745%
Low	99.342	2.603%	98.590	2.789%
Average	99.344	2.594% [1]	98.595	2.779% [1]

[a] Excepting two tenders totaling $500,000.

[b] Excepting one tender of $200,000.

[1] On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.65 percent for the 91-day bills, and 2.86 percent for the 182-day bills. Interest rates on bills are quoted in terms of bank discount, with the return related to the face amount of the bills payable at maturity rather than the amount invested, and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

(82 percent of the amount of 91-day bills bid for at the low price was accepted.)

(19 percent of the amount of 182-day bills bid for at the low price was accepted.)

Total Tenders Applied for and Accepted (By Federal Reserve Districts)

	91-Day Treasury Bills Maturing June 1, 1961		182-Day Treasury Bills Maturing August 31, 1961	
District	*Applied for*	*Accepted*	*Applied for*	*Accepted*
Boston	$ 23,461,000	$ 10,203,000	$ 7,594,000	$ 7,594,000
New York	1,581,767,000	683,495,000	876,147,000	393,567,000
Philadelphia	24,869,000	9,869,000	7,169,000	2,169,000
Cleveland	30,561,000	18,517,000	35,037,000	14,886,000
Richmond	14,185,000	14,131,000	1,187,000	1,062,000
Atlanta	32,636,000	26,986,000	4,291,000	4,091,000
Chicago	216,200,000	135,365,000	64,260,000	34,855,000
St. Louis	16,580,000	15,080,000	5,517,000	4,529,000
Minneapolis	15,600,000	9,582,000	4,310,000	1,210,000
Kansas City	37,867,000	25,831,000	7,057,000	5,857,000
Dallas	14,258,000	14,195,000	2,860,000	2,860,000
San Francisco	75,096,000	37,584,000	37,870,000	27,410,000
Total	$2,083,080,000	$1,000,838,000 [c]	$1,053,299,000	$500,090,000 [d]

[c] Includes $201,804,000 noncompetitive tenders accepted at the average price of 99.344.

[d] Includes $43,674,000 noncompetitive tenders accepted at the average price of 98.595.

AT 5004

FEDERAL RESERVE BANK OF NEW YORK

DIRECTORY

February 1961

SECOND FEDERAL RESERVE DISTRICT

Head Office • 33 Liberty Street
Federal Reserve P. O. Station
New York 45, N. Y.

REctor 2-5700

Branch • 160 Delaware Avenue
Buffalo 5, N. Y.

TL 4-7562

FEDERAL RESERVE BANK OF NEW YORK

February 15, 1961

To Banks and Trust Companies
in the Second Federal Reserve District:

This Directory shows the functional organization of the Bank, its departments, most of its divisions, and the principal operations they perform. The Directory also shows the officers, division chiefs, and certain senior staff members of our organization. New appointments of officers and changes in their titles will be announced currently in supplements to, or revisions of, our Operating Circular No. 1, "Authorized Signatures."

The use of this Directory will enable you to direct your communications to the proper officers of this Bank and to the departments and divisions under their supervision.

We will be pleased to furnish additional copies upon request.

ALFRED HAYES,
President.

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NOTE: *The lettered Regulations referred to in this Directory are Regulations of the Board of Governors of the Federal Reserve System.*

ALFRED HAYES, *President*
WILLIAM F. TREIBER, *First Vice President*

★

HEAD OFFICE

Administrative Services

HERBERT H. KIMBALL, *Vice President*
NORMAN P. DAVIS, *Assistant Vice President*
LAWRENCE E. QUACKENBUSH, *Assistant Vice President*

ACCOUNTING DEPARTMENT — DONALD C. NILES, *Manager*

Accounting Division • JAMES F. SULLIVAN, *Chief*
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PLANNING DEPARTMENT — EVERETT B. POST, *Manager*

Emergency Planning Division

Relocation Office Division

Planning Division • LOUIS J. CONROY, *Chief*

Purchasing Division • FREDERICK W. FORBERG, *Purchasing Agent*

SERVICE DEPARTMENT — ARTHUR H. NOA, *Manager*

Post Office Division • JOSEPH L. TUMINELLI, *Chief*
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Protection Division • GEORGE H. TUSVELD, *Chief*

Telephone Section • MRS. MILDRED M. CAREW, *Chief Operator*

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DONALD J. CAMERON, *General Auditor*

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Bank Supervision and Relations

HOWARD D. CROSSE, *Vice President*
FRED W. PIDERIT, JR., *Assistant Vice President*

BANK EXAMINATIONS DEPARTMENT JOHN F. PIERCE, *Chief Examiner*
JOHN P. RINGEN, *Manager*

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• WILLIAM A. ANTTILA, *Special Representative*
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• ADAM R. DICK, *Special Representative*
• MICHAEL W. FLYNN, *Special Representative*
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JOHN P. JENSEN, *Assistant Vice President*
ANGUS A. MACINNES, JR., *Assistant Vice President*

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FRANKLIN E. PETERSON, *Manager*

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GEORGE C. SMITH, *Manager*

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◆ ELMER L. GADEN, *Chief*
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Horace L. Sanford, *Vice President*
Peter P. Lang, *Adviser*
Thomas O. Waage, *Assistant Vice President*

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JOHN J. CLARKE, *Assistant General Counsel*
EDWARD G. GUY, *Assistant General Counsel*
WILLIAM H. BRAUN, JR., *Assistant Counsel*
ROBERT J. CROWLEY, *Assistant Counsel*
THOMAS C. SLOANE, *Assistant Counsel*
THOMAS M. TIMLEN, JR., *Assistant Counsel*
ROBERT YOUNG, JR., *Assistant Counsel*

Loans and Credits

HAROLD A. BILBY, *Vice President*

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Employees' Activities • Ruth Ann Tyler, *Director*

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PUBLIC INFORMATION DEPARTMENT

Paul Meek, *Manager*

Public Information Division • Bruce K. MacLaury, *Chief*
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George Garvy, *Adviser*
Robert G. Link, *Assistant Vice President*

MARKET STATISTICS DEPARTMENT MADELINE H. McWHINNEY, *Manager*

◆ IRVING AUERBACH, *Chief*
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RESEARCH DEPARTMENT

PETER FOUSEK, *Senior Economist*
FRED H. KLOPSTOCK, *Manager*
FRANK W. SCHIFF, *Manager*

Balance of Payments Division ◆ HASKELL P. WALD, *Chief*
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Foreign exchange reports on United States Treasury forms

Domestic Research Division ◆ PETER D. STERNLIGHT, *Chief*
Collection and analysis of data on District and United States economic conditions
Collection and analysis of data on money market and United States Government finance
Special studies on monetary and credit policy problems

Financial and Trade Statistics Division ◆ ALBERT M. WOJNILOWER, *Chief*
Current and special tabulations and analyses of domestic banking and other financial and retail trade statistics

Foreign Research Division ◆ FRANCIS H. SCHOTT, *Chief*
Analysis of monetary and economic conditions in foreign countries and of international economic and financial developments

Reference Library ◆ JANET BOGARDUS, *Chief Librarian*
Acquisition, processing, and circulation of library materials in fields of banking, economics, and finance
Daily *Newspaper Review*
Reference services providing factual information and assembling material on specific subjects

Secretary's Office

WILLIAM H. BRAUN, JR., *Secretary*
THOMAS M. TIMLEN, JR., *Assistant Secretary*

Circulars Division ◆ JOSEPH WISNOVSKY, *Chief*
Bank circulars

★

BUFFALO BRANCH

INSLEY B. SMITH, *Vice President*
HAROLD M. WESSEL, *Assistant Vice President*
GEORGE J. DOLL, *Cashier*

Accounting, Check, Personnel, and Protection

GEORGE J. DOLL, *Cashier*

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Branch Auditing • JOHN W. COUGHLIN, *Branch Auditor*
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JOHN T. KEANE, *Assistant Cashier*

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Building Operating Division • GEORGE R. BOSS, *Building Superintendent*

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JOHN T. KEANE, *Assistant Cashier*

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DIRECTORS

Term expires December 31

PHILIP D. REED, *Chairman, and Federal Reserve Agent* 1962
(Class C director—appointed by Board of Governors)
Former Chairman of the Board, General Electric Company, New York, N. Y.

JAMES DECAMP WISE, *Deputy Chairman* 1961
(Class C director—appointed by Board of Governors)
Chairman of the Board, Bigelow-Sanford Carpet Company, Inc., New York, N. Y.

HENRY C. ALEXANDER *(Class A director—elected by Group 1 banks)* 1961
Chairman of the Board, Morgan Guaranty Trust Company of New York, New York, N. Y.

CÉSAR J. BERTHEAU *(Class A director—elected by Group 2 banks)* 1962
Chairman of the Board, Peoples Trust Company of Bergen County, Hackensack, N. J.

EVERETT N. CASE *(Class C Director—appointed by Board of Governors)* 1963
President, Colgate University, Hamilton, N. Y.

KENNETH H. HANNAN *(Class B director—elected by Group 2 banks)* 1962
Executive Vice President, Union Carbide Corporation, New York, N. Y.

AUGUSTUS C. LONG *(Class B director—elected by Group 3 banks)* 1963
Chairman, Board of Directors, Texaco Inc., New York, N. Y.

A. LEONARD MOTT *(Class A director—elected by Group 3 banks)* 1963
President, The First National Bank of Moravia, Moravia, N. Y.

B. EARL PUCKETT *(Class B director—elected by Group 1 banks)* 1961
Chairman of the Board, Allied Stores Corporation, New York, N. Y.

DIRECTORS—BUFFALO BRANCH

WHITWORTH FERGUSON, *Chairman* 1961
President, Ferguson Electric Construction Co., Inc., Buffalo, N. Y.

HOWARD N. DONOVAN 1962
President, Bank of Jamestown, Jamestown, N. Y.

THOMAS E. LAMONT 1963
Farmer, Albion, Orleans County, N. Y.

RAYMOND E. OLSON 1962
President, Taylor Instrument Companies, Rochester, N. Y.

JOHN W. REMINGTON 1961
President, Lincoln Rochester Trust Company, Rochester, N. Y.

ANSON F. SHERMAN 1961
President, The Citizens Central Bank, Arcade, N. Y.

FRANCIS A. SMITH 1963
President, The Marine Trust Company of Western New York, Buffalo, N. Y.

MEMBER OF FEDERAL ADVISORY COUNCIL—1961

GEORGE A. MURPHY 1961
Chairman of the Board, Irving Trust Company, New York, N. Y.

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Assistant Secretary

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Foreign Department

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KARL L. EGE, *Assistant General Auditor*

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Assistant Cashier

JOHN T. KEANE
Assistant Cashier

M. MONROE MYERS
Assistant Cashier

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AT 5004a

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

March 1, 1961

Progress Report on MICR Program

To All Banks in the Second
Federal Reserve District:

Enclosed is a copy of a press statement, with accompanying tables, showing the results of a nationwide survey of the extent to which commercial banks are encoding transit number-routing symbol information on checks in magnetic ink characters, in accordance with the Magnetic Ink Character Recognition program of the American Bankers Association. Also enclosed are copies of two tables showing in greater detail the progress made by banks in this District.

One of the Second District tables, showing a breakdown by counties of all banking offices to which checks are sent by this Bank for payment, indicates that all such offices in 13 of the 75 counties, and some in each of the other counties, have begun to encode their checks. The other Second District table indicates that substantially all banks with deposits of $100 million or more have begun encoding and that a large number of banks in lower deposit categories have also begun.

Banks in the Second District are making good progress in encoding their checks with magnetic ink characters. We would like to take this opportunity to commend those banks which already have started to encode their checks and to express our hope that in the months ahead additional banks will participate in the MICR program by redesigning their check forms to include their transit number-routing symbol in magnetic ink characters as recommended by the American Bankers Association. All banks are urged to solicit the cooperation in the MICR program of their customers who order the printing of their own check forms.

ALFRED HAYES,
President.

Encs.

FEDERAL RESERVE BANK OF NEW YORK

STATEMENT FOR THE PRESS

FOR RELEASE: MONDAY, FEBRUARY 27, 1961

Over half the country's banks and branches have begun to prepare their checks for handling by electronic check sorting equipment, according to a survey recently completed by the 12 Federal Reserve Banks and their 24 branches. One check in five already bears the magnetic ink characters that were devised by the American Bankers Association to instruct the high-speed equipment how to sort the check to the bank on which it is drawn.

The Federal Reserve survey analyzed the checks sent for collection by the 36 Federal Reserve offices to 15,665 banks and branches throughout the United States. Of these, 8,243 banking offices have begun to encode the ABA routing number in E-13B type in magnetic ink on the lower edge of checks, as prescribed by the Bank Management Commission of the American Bankers Association. About 2.3 million of the 11.8 million items handled on an average day by the Reserve Banks bore the new characters.

The survey revealed that 64 per cent of the banks located in the 36 cities with a Federal Reserve office and 52 per cent of banks elsewhere have begun redesigning and encoding their checks. Banks in the middle Atlantic, New England, Great Lakes, and Far Western States have made the greatest progress.

The Philadelphia and San Francisco Reserve Districts led the nation with 86 per cent and 70 per cent, respectively, of their banking offices represented with encoded checks. Among the 50 states, Pennsylvania and California were in the lead with encoded checks being sent for collection to 85 per cent of their banking offices.

(M O R E)

Commercial banks in the San Francisco Reserve District had the highest proportion of checks encoded with the new numerals. Some 42 per cent of checks drawn on banks in the District were encoded, compared with 33 per cent in the Philadelphia Reserve District. As to states, almost half of all checks drawn on California banks were encoded, while one-third of the Pennsylvania checks were encoded.

Check encoding appears to have moved ahead rapidly in recent months, although this is the first survey which confirms the extent of the progress made. Similar surveys will be conducted periodically in the future to evaluate the further growth of the magnetic ink program.

The attached tables give information on the encoding of checks in the 12 Federal Reserve Districts and in each of the 50 states.

# # # # # #

ENCODING SURVEY BY FEDERAL RESERVE DISTRICTS

February 1961

District		No. of Banking Offices in Survey	No. of Banking Offices Encoding	Per Cent Encoding	Total Daily Average Check Volume Sent to All Banking Offices	Encoded Check Volume	Per Cent Encoded
1. Boston	City	9	7	77.8	151,000	22,000	14.6
	Country	562	311	55.3	873,000	167,000	19.1
	Total	571	318	55.7	1,024,000	189,000	18.5
2. New York	City	98	36	36.7	958,900	127,600	13.3
	Country	856	617	72.1	1,148,500	282,300	24.6
	Total	954	653	68.4	2,107,400	409,900	19.5
3. Philadelphia	City	21	16	76.2	182,700	91,500	50.1
	Country	702	605	86.2	443,400	116,200	26.2
	Total	723	621	85.9	626,100	207,700	33.2
4. Cleveland	City	34	25	73.5	213,000	62,000	29.1
	Country	1,186	820	69.1	643,000	112,000	17.4
	Total	1,220	845	69.3	856,000	174,000	20.3
5. Richmond	City	26	17	65.4	103,000	32,000	31.1
	Country	1,035	612	59.1	535,000	78,000	14.6
	Total	1,061	629	59.3	638,000	110,000	17.2
6. Atlanta	City	47	27	57.4	146,100	26,900	18.4
	Country	838	295	35.2	618,500	56,600	9.2
	Total	885	322	36.4	764,600	83,500	10.9
7. Chicago	City	91	76	83.5	330,200	39,600	12.1
	Country	2,682	1,474	55.0	1,366,700	213,300	15.6
	Total	2,773	1,550	55.9	1,696,900	252,900	14.9
8. St. Louis	City	89	31	34.8	131,200	11,600	8.8
	Country	1,170	265	22.6	457,000	21,900	4.8
	Total	1,259	296	23.5	588,200	33,500	5.7
9. Minneapolis	City	62	38	61.3	136,000	19,500	14.3
	Country	706	325	46.0	245,700	23,200	9.4
	Total	768	363	47.3	381,700	42,700	11.2
10. Kansas City	City	75	40	53.3	148,400	17,100	11.5
	Country	1,737	265	15.3	666,200	18,300	2.7
	Total	1,812	305	16.8	814,600	35,400	4.3
11. Dallas	City	63	44	69.8	106,700	19,824	18.6
	Country	1,070	537	50.2	485,600	37,900	7.8
	Total	1,133	581	51.3	592,300	57,724	9.7
12. San Francisco	City	149	130	87.2	174,700	68,500	39.2
	Country	2,357	1,630	69.2	1,486,200	623,300	41.9
	Total	2,506	1,760	70.2	1,660,900	691,800	41.6
Total	City	764	487	63.7	2,781,900	538,124	19.3
	Country	14,901	7,756	52.1	8,968,800	1,750,000	19.5
	Total	15,665	8,243	52.6	11,750,700	2,288,124	19.5

ENCODING SURVEY BY STATES

February 1961

	No. of Banking Offices in Survey	Per Cent Encoding	Total Daily Average Check Volume Sent to All Banking Offices	Per Cent Encoded
Alabama	180	21.1	115,600	8.2
Alaska	37	5.4	8,400	10.7
Arkansas	147	19.7	63,200	3.0
Arizona	164	37.8	23,700	20.3
California	1,443	84.6	1,121,900	48.6
Colorado	163	33.7	101,500	13.8
Connecticut	140	62.9	270,200	29.1
Delaware	41	80.5	24,900	41.0
Florida	262	55.7	261,000	11.9
Georgia	134	29.9	184,000	11.4
Hawaii	72	0.0	5,900	0.0
Idaho	103	55.3	39,900	13.3
Illinois	964	57.3	878,400	13.8
Indiana	543	59.1	265,200	13.4
Iowa	749	46.3	174,700	8.4
Kansas	597	13.4	262,000	1.9
Kentucky	381	32.8	163,000	7.4
Louisiana	108	45.4	78,600	6.9
Maine	97	34.0	75,000	6.7
Maryland	175	78.3	178,000	25.3
Massachusetts	204	57.3	593,000	18.0
Michigan	466	56.0	413,800	20.1
Minnesota	296	56.4	225,100	13.1
Mississippi	68	42.6	42,000	18.1
Missouri	585	14.0	348,900	3.9
Montana	121	33.1	49,300	6.1
Nebraska	420	16.2	121,000	3.3
Nevada	41	48.8	15,900	41.5
New Hampshire	66	81.1	65,000	13.8
New Jersey	310	67.1	622,000	23.3
New Mexico	78	32.1	23,100	5.2
New York	702	70.7	1,523,100	18.0
North Carolina	239	46.0	126,000	9.5
North Dakota	58	55.2	25,700	10.1
Ohio	705	69.1	573,000	18.0
Oklahoma	382	15.2	172,600	5.9
Oregon	245	73.1	113,500	25.4
Pennsylvania	927	84.9	700,300	33.0
Rhode Island	24	29.2	43,000	18.6
South Carolina	122	23.0	42,000	9.5
South Dakota	104	36.5	36,700	8.7
Tennessee	251	26.3	149,000	7.0
Texas	997	52.8	560,100	10.0
Utah	91	30.8	91,100	7.8
Vermont	69	65.2	54,000	9.3
Virginia	356	62.6	190,000	17.4
Washington	354	58.2	242,600	38.5
West Virginia	182	78.6	82,000	14.6
Wisconsin	636	43.7	175,800	7.8
Wyoming	55	25.5	7,000	1.4
District of Columbia	11	54.5	29,000	17.2
Total	15,665	52.6	11,750,700	19.5

SECOND DISTRICT ENCODING SURVEY BY DEPOSIT SIZE

February 1961

	No. of Banks	No. of Banks Encoding	Per Cent Encoding
New York			
Group I	270	205	75.9
Group II	63	54	85.7
Group III	22	18	81.8
Group IV	39	35	89.7
Unclassified 1/	44	0	.0
Total	438	312	71.2
New Jersey			
Group I	90	54	60.0
Group II	54	31	57.4
Group III	12	8	66.6
Group IV	12	12	100.0
Total	168	105	62.5
Connecticut			
Group I	5	3	60.0
Group II	3	3	100.0
Group III	0	0	.0
Group IV	4	4	100.0
Total	12	10	83.3
Virgin Islands and Puerto Rico			
Group I	4	0	.0
Group II	1	0	.0
Group III	1	0	.0
Group IV	2	2	100.0
Total	8	2	25.0
Total Second District	626	429	68.5

Legend

Group I - deposits under $15 million.
Group II - deposits from $15 million to $50 million.
Group III - deposits from $50 million to $100 million.
Group IV - deposits $100 million and over.

1/ Certain foreign banking agencies, corporations, and insurance companies whose drafts are collectible through the City Collection Department of the New York Clearing House or the Manhattan, Bronx and Brooklyn Collection Arrangement.

SECOND DISTRICT ENCODING SURVEY BY COUNTIES

February 1961

	Banking Offices to Which Checks are Sent by FRBNY	Per Cent Encoding	Total Daily Average Check Volume Sent to All Banking Offices	Per Cent Encoded
New York City				
Bronx	0	0	0	0
Kings	6	33.3	3,600	1.9
New York	81*	29.6	872,380	12.4
Queens	3	66.7	11,265	43.4
Richmond	1	100.0	2,719	2.0
Total	91	31.8	889,964	12.7
New York State				
Albany	5	100.0	19,183	13.4
Allegany	15	80.0	3,107	12.9
Broome	9	88.9	11,951	19.1
Cattaraugus	14	100.0	4,182	20.8
Cayuga	8	87.5	4,770	14.7
Chautauqua	16	87.5	4,462	17.0
Chemung	4	100.0	4,721	35.5
Chenango	5	80.0	3,325	16.3
Clinton	4	75.0	3,662	15.2
Columbia	4	25.0	2,341	9.4
Cortland	5	100.0	2,463	35.9
Delaware	13	53.8	6,118	6.8
Dutchess	14	92.9	21,459	30.1
Erie	39	100.0	45,605	31.6
Essex	5	60.0	1,711	10.6
Franklin	5	80.0	1,909	11.1
Fulton	7	57.1	3,901	6.8
Genesee	8	87.5	2,170	10.2
Greene	5	80.0	3,733	27.1
Hamilton	1	100.0	290	4.5
Herkimer	11	81.8	3,974	26.3
Jefferson	14	42.9	4,575	8.5
Lewis	6	50.0	1,999	2.6
Livingston	6	83.3	2,141	27.5
Madison	7	85.7	3,210	23.2
Monroe	9	88.9	8,942	11.5
Montgomery	7	100.0	4,413	19.8
Nassau	58	60.3	126,246	34.1
Niagara	12	91.7	4,952	29.4
Oneida	14	71.4	12,768	27.4
Onondaga	15	73.3	25,686	14.3
Ontario	7	100.0	3,394	22.2
Orange	20	85.0	18,805	19.0
Orleans	4	75.0	806	28.4
Oswego	9	44.4	5,418	4.6

* Includes forty-two foreign banking agencies, corporations, and insurance companies whose drafts are collectible through the City Collection Department of the New York Clearing House.

(Over)

	Banking Offices to Which Checks are Sent by FRBNY	Per Cent Encoding	Total Daily Average Check Volume Sent to All Banking Offices	Per Cent Encoded
New York State (Cont'd)				
Otsego	12	66.7	5,195	12.1
Putnam	4	75.0	3,390	17.1
Rensselaer	6	83.3	5,372	19.7
Rockland	9	55.6	11,168	7.7
St. Lawrence	18	55.6	9,762	11.0
Saratoga	6	50.0	3,975	12.8
Schenectady	5	100.0	7,489	8.7
Schoharie	3	66.7	1,254	24.2
Schuyler	4	100.0	915	31.3
Seneca	5	40.0	1,475	8.2
Steuben	14	85.7	6,220	19.7
Suffolk	43	69.8	52,879	17.7
Sullivan	12	91.7	5,855	25.6
Tioga	7	57.1	2,881	35.9
Tompkins	5	60.0	7,174	6.3
Ulster	16	93.8	16,221	27.6
Warren	8	50.0	4,299	13.6
Washington	8	62.5	3,618	7.9
Wayne	11	90.9	5,225	15.6
Westchester	18	83.3	97,815	39.7
Wyoming	10	80.0	1,702	31.2
Yates	2	100.0	799	5.9
Total	611	76.4	633,075	25.4
Total New York City and State	702	70.7	1,523,039	18.0
New Jersey				
Bergen	46	77.8	79,788	27.0
Essex	28	42.9	99,661	15.4
Hudson	13	61.5	68,087	19.1
Hunterdon	9	77.8	5,705	14.4
Middlesex	24	50.0	43,025	14.9
Monmouth	21	33.3	23,823	5.1
Morris	11	63.6	35,189	39.5
Passaic	7	85.7	36,008	38.4
Somerset	8	62.5	14,300	16.9
Sussex	6	50.0	6,165	4.4
Union	25	68.0	84,057	27.2
Warren	10	100.0	7,636	10.3
Total	208	62.5	503,444	22.3
Connecticut				
Fairfield	29	86.2	76,200	30.9
Virgin Islands & Puerto Rico	15	13.3	4,680	2.2
Total Second District	954	68.4	2,107,363	19.5

At 5004B

FEDERAL RESERVE BANK OF NEW YORK

March 3, 1961

RESERVES OF MEMBER BANKS

Proposed Amendments to Regulation D

To All Member Banks of the
Second Federal Reserve District:

The Board of Governors of the Federal Reserve System is considering proposed amendments to its Regulation D, Reserves of Member Banks. These amendments would provide a new basis for classifying reserve cities, and indicate the factors that are considered by the Board in passing upon applications by individual member banks in reserve and central reserve cities for permission to carry "country-bank" reserves.

The notice of the proposed rule making, as transmitted by the Board of Governors for publication in the Federal Register, appears on the reverse side. The notice states that the Board of Governors will consider any relevant data, views, or arguments that may be received in writing not later than April 1, 1961. Any comments you may have should be sent to this Bank, for transmittal to the Board of Governors.

ALFRED HAYES,
President.

(OVER)

FEDERAL RESERVE SYSTEM

[12 CFR Part 204]

[Reg. D]

RESERVES OF MEMBER BANKS

Notice of Proposed Rule Making

The Board of Governors of the Federal Reserve System is considering amending Part 204 [Regulation D] for the following purposes: (1) to provide a new basis for classifying reserve cities that would supersede the basis adopted by the Board in 1947, and (2) at the same time to set forth the factors that will be considered by the Board in passing upon applications by individual member banks in reserve or central reserve cities for permission to maintain reserves prescribed for banks not located in reserve or central reserve cities. The proposed amendments are designed to implement the purposes of section 19 of the Federal Reserve Act as amended by the Act of July 28, 1959 (73 Stat. 263).

If the proposed amendments are adopted, the effect would be to classify as reserve cities, in addition to cities in which there are Federal Reserve Banks or branches of Federal Reserve Banks, every city in which, during 1960, (1) all member banks had aggregate average demand deposits equal to 2/5 of one per cent ($487 million) or more of the United States total of demand deposits of all member banks of the Federal Reserve System, or (2) one member bank had average demand deposits equal to ¼ of one per cent ($304 million) or more of the United States total, or (3) all member banks had aggregate average inter-bank demand deposits equal to 2/5 of one per cent ($53 million) or more of the United States total of such deposits. As a result, (1) the following existing reserve cities, in addition to Federal Reserve Bank and Reserve Bank branch cities (except New York and Chicago until July 28, 1962) would be continued as reserve cities: Columbus, Ohio; Des Moines, Iowa; Ft. Worth, Texas; Indianapolis, Indiana; Miami, Florida; Milwaukee, Wisconsin; National City (National Stock Yards), Illinois; St. Paul, Minnesota; Tulsa, Oklahoma; and Washington, D. C.; (2) the following existing reserve cities would be discontinued as reserve cities effective June 1, 1961, unless requests for their continuance as such are granted by the Board as provided in the proposed amendments: Kansas City, Kansas; Pueblo, Colorado; Toledo, Ohio; Topeka, Kansas; and Wichita, Kansas; and (3) the following cities would be designated as additional reserve cities effective June 1, 1962: Albany, New York; Hartford, Connecticut; Newark, New Jersey; Phoenix, Arizona; Savannah, Georgia; and Winston-Salem, North Carolina. Individual member banks in newly designated reserve cities, as well as banks in existing reserve or central reserve cities not heretofore granted such permission, would be entitled to apply to the Board for permission to carry country-bank reserves, in which event such applications would be considered in the light of the factors stated in the proposed amendments.

The proposed amendments would read as follows:

1. Subparagraph (2) of paragraph (a) of section 204.2 is amended to read as follows:

(2) Notwithstanding the provisions of subparagraph (1) of this paragraph, a member bank located in a central reserve city or in a reserve city may hold and maintain the reserve balances which are in effect for member banks not located in reserve or central reserve cities if, upon application to the Board of Governors, the Board grants permission for the holding and maintaining of such lower reserve balances after consideration of all factors relating to the character of such bank's business, including, but not limited to, the amount of such member bank's total assets, the amount of its total deposits, the amount of its total demand deposits, the amount of its demand deposits owing to banks, the nature of its depositors and borrowers, the rate of activity of its demand deposits, the amount and frequency of its borrowings from its Federal Reserve Bank or other lenders, its geographical location within the city, and its competitive position with relation to other banks in the city. Any such permission shall be subject to revocation by the Board at any time in the light of changed circumstances, and all such grants of permission may be subject to annual review by the Board.

2. Part 204 is amended by inserting after section 204.3 thereof a new section to read as follows:

Section 204.4 Classification of cities for reserve purposes

(a) Effective June 1, 1961, except as otherwise provided in paragraph (c) hereof, the following cities shall be classified as reserve cities:

(1) Every city (except New York and Chicago until July 28, 1962) in which there is situated a Federal Reserve Bank or a branch of a Federal Reserve Bank.

(2) Every city in which the aggregate average daily amount of the total demand deposits (including such deposits held at both in-town and out-of-town offices) of all member banks of the Federal Reserve System which had their head offices in such city on January 1, 1961, was equal, during the calendar year 1960, to 2/5 of one per cent or more of the aggregate average daily amount of demand deposits held by all member banks of the Federal Reserve System.

(3) Every city in which there was situated on January 1, 1961, the head office of a member bank which, during the calendar year 1960, had an aggregate average daily amount of total demand deposits (including such deposits held at both in-town and out-of-town offices) equal to ¼ of one per cent or more of the aggregate average daily amount of demand deposits held by all member banks of the Federal Reserve System.

(4) Every city in which the aggregate average daily amount of the demand deposits owing to banks (including such deposits held at both in-town and out-of-town offices) of all member banks of the Federal Reserve System which had their head offices in such city on January 1, 1961, was equal, during the calendar year 1960, to 2/5 of one per cent or more of the aggregate average daily amount of demand deposits owing to banks held by all member banks of the Federal Reserve System.

(5) Any city classified as a reserve city on January 1, 1961, but not falling within the scope of subparagraphs (2), (3), or (4) above, if a written request for the continuance of such city as a reserve city (together with a certified copy of a resolution of the board of directors of such member bank duly authorizing such request) is received on or before May 15, 1961, by the Federal Reserve Bank of the district in which the city is located from at least one member bank which has its head office in such city, and if such request is granted by the Board of Governors.

(b) Effective as of June 1, 1964, and as of June 1 of each third year after June 1, 1964, the Board of Governors will continue previously made reserve city classifications, designate additional cities as reserve cities, and terminate reserve city classifications of cities previously designated as such, in accordance with the standards set forth in paragraph (a) above; except that (1) such action will be based upon deposits of member banks which had their head offices in such cities on January 1, 1964, or on January 1 of each third year after 1964, (2) average daily deposit amounts will be computed for the calendar year preceding such action, and (3) requests for continuance of reserve city designations as provided in subparagraph (5) of paragraph (a) will be considered if received by the Federal Reserve Bank of the appropriate district not later than one month prior to the effective date of such action.

(c) Notwithstanding other provisions of this section, the classification of any city as an additional reserve city pursuant to either paragraph (a) or paragraph (b) shall not become effective until one year after the date as of which its classification would otherwise be effective under such paragraphs or until after such longer period as the Board may prescribe.

3. Effective June 1, 1961, subparagraph (b) of section 204.51 of Part 204, relating to classification of reserve cities, and sections 204.52 and 204.53 are revoked.

4. Effective July 28, 1962, subparagraph (a) of section 204.51, relating to classification of central reserve cities, is revoked.

This notice is published pursuant to section 4 of the Administrative Procedure Act and section 2 of the rules of procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.2). Authority to amend this Part is contained in sections 11(e), 11(i), and 19 of the Federal Reserve Act as amended (12 U.S.C. 248(e), (i), 461, 462, 462b).

To aid in the consideration of the foregoing matter, the Board will consider any relevant data, views, or arguments that may be received in writing not later than April 1, 1961. Although such material may be sent directly to the Board, it is preferable that it be sent to the Federal Reserve Bank of the appropriate district for transmittal to the Board.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[SEAL] MERRITT SHERMAN,
Secretary.