

FEDERAL RESERVE BANK OF NEW YORK
62 CEDAR STREET

NEW YORK, May 15, 1915.

TO THE CASHIER:

SIR:

CURRENCY SHIPMENTS

The amount of Federal reserve notes of this bank now outstanding is \$29,440,000, against which the bank has deposited with the Federal reserve agent \$181,300 commercial paper and \$29,258,700 gold.

A supply of these notes in denominations of \$5, \$10, \$20, \$50 and \$100 is kept on hand by this bank, and they have been issued, whenever desired, to member banks in this district. They will be shipped to member banks, on request, in such denominations as may be required, and the face amount, plus the cost of shipment, charged to the member bank's account. No rediscount is necessary in order to obtain a supply of notes, as they may be charged against balances in excess of the amount required for the reserve of the member bank.

In each instance, when ordering notes shipped, instructions should be given as to the method of shipment, *i. e.*, whether by express or registered mail. The cost of shipment by express to each member bank of this district will be advised on request, the cost of shipping notes of \$5 denomination being usually less by express than by registered mail. The cost of shipment by registered mail, fully insured, at present is approximately as follows:

No. of Bills	Denominations	Postage	Registry	Insurance	Total Cost
1000	5's	\$1.04	\$.10	\$.25	\$1.39
1000	10's	1.04	.10	.50	1.64
1000	20's	1.04	.10	1.00	2.10
1000	50's	1.04	.10	2.50	3.64
1000	100's	1.04	.10	5.00	6.14

Shipments of gold certificates, silver certificates and legal tender notes may be made to this bank either by express or registered mail for credit of the member bank's account or for exchange for Federal reserve notes.

Shipments of gold coin should be made by express, prepaid, and will be credited, less the allowance for any coin on which the abrasion exceeds the legal limit of tolerance, as ascertained by the New York Sub-Treasury.

Respectfully,

BENJ. STRONG, JR.,

Governor.

To the Cashier,

Dear Sir:

The enclosed circular letter, rules and requirements, and draft of resolution, explain in detail the plan for the intra-district collection of checks and drafts to be established by the Federal Reserve Bank of New York for the benefit of the member banks of this district.

I am sending a special letter to each member bank who is a member of the New York Clearing House Association, in order to explain the position of this bank with respect to the present functions of the Clearing House and our relations therewith.

It is not our intention at the present time to charge to your account any checks drawn on you that we may receive from other member banks joining the proposed system, but we will collect them as at present through the Clearing House. However, in order that we may accept any checks you may have for deposit with us, drawn on other member banks joining the collection system, and in order that there may be no exceptions or apparent discrimination between member banks, we hope that you will adopt the necessary resolution to become a member of the collection system and give us the authority to charge such items to your account. Of course, should it later appear advisable to adopt the practice of charging such items direct to the accounts of member banks who are members of the Clearing House system, such a change would only be made after conference with the banks involved and consultation of the wishes of the Clearing House Association.

Yours very truly,

Governor.

LHM/

FEDERAL RESERVE BANK
OF NEW YORK

May 17, 1915.

To the Cashier,

S i r :

In discussing the intra-district collection system with member banks, it is evident that some of them are under the impression that their acceptance of the plan will require them to keep large excess balances on deposit with this bank. Such is not the case, however. It will only be necessary for a member bank to forward each day's items drawn on other member banks which have joined the collection system to an amount sufficient to offset the checks presented against such member bank by other banks which have joined the system. Consequently, no considerable excess balances, figuring from the books of this bank, need be maintained.

To provide against the possible depletion of reserve balances by charges in excess of the items remitted, it is suggested that member banks joining the system may arrange with their reserve agents to make such regular transfers of funds as experience indicates are necessary to maintain their reserve balances.

On the other hand, upon request, or by standing order filed with this bank, such excess balances as may be built up by a surplus of credits over debits, may be transferred to your New York City reserve agent, thereby preventing unnecessary loss of interest on excess reserves.

Depositors of member banks joining the collection system, have the privilege of stamping their checks "Collectible at Par through the Federal Reserve Bank of New York," and may thus enable their customers to avoid the inconvenience or disadvantage of collection charges, as we are advised that checks drawn upon such member banks will be added to the "discretionary list" of the New York Clearing House Association.

It is believed that the proposed plan for collecting checks, developed along proper lines, and with the cooperation of our member banks, will ultimately afford a desired facility of which experience will demonstrate the advantages.

If you have reached a decision to join the collection system, prompt advice will be appreciated, in order that no unnecessary delay may be made in publishing the initial list of its members.

Respectfully yours,

Benjamin Strong, Jr.,

Governor.