FEDERAL RESERVE BANK
OF NEW YORK

February 26, 1919.

DEDUCTIONS ALLOWED IN COMPUTING RESERVES OF MEMBER BANKS

To Member Banks in District No. 2:

The Federal Reserve Board has recently ruled, the Comptroller of the Currency concurring in the ruling, that in computing reserve, member banks may deduct the total of:

(a) Balances due from other banks;
(b) "Exchanges for clearing house";
(c) Checks on other banks in the same place;

from the total of:

(a) Balances due to other banks;
(b) Cashier's checks on own bank outstanding;
   (including Secretary's or Treasurer's checks in case of institutions where such officers sign)
(c) Certified checks outstanding.

In the new method of calculation, certified checks outstanding and cashier's checks outstanding are not to be included in deposits payable within thirty days but are to be added to balances due to other banks, and from the total thus obtained there may be subtracted the total of:

(a) Balances due from other banks, including items in process of collection with Federal reserve bank;
(b) Exchanges for clearing house;
(c) Checks on other banks in the same place.

Please note that this method of computation has been adopted by the Federal Reserve Board to be followed in determining balances to be maintained with the Federal Reserve Bank of New York.

For the convenience of member banks we append hereto copy of a revised form which should be used in calculating reserves under the new ruling.

Very truly yours,

PIERRE JAY,
Federal Reserve Agent.
COMPUTATION OF RESERVE TO BE CARRIED WITH THE
FEDERAL RESERVE BANK OF NEW YORK BY MEMBER BANKS.

DEMAND DEPOSITS

1. Deposits payable within thirty days, not including:
   (a) U. S. Government deposits
   (b) Certified checks outstanding
   (c) Cashier's checks outstanding
   \(\text{Total} \quad \$\) 

2. Balances due to banks other than Federal reserve banks 
   \(\$\) 

3. Cashier's checks outstanding 
   \(\$\) 

4. Certified checks outstanding 
   \(\$\) 

   \(\text{Less:} \quad \$\)

   (Deductions of the following items are permitted only from the total of items 2, 3 and 4. Should the total of items 5, 6, 7 and 8 exceed the total of items 2, 3 and 4, both groups must be omitted from the calculation)

5. Balances due from banks other than from reserve banks 
   \(\$\) 

6. Items with Federal reserve bank in process of collection 
   \(\$\) 

7. Exchanges for clearing house 
   \(\$\) 

8. Checks on other banks in the same place
   \(\$\) 

   \(\text{Total Deduction} \quad \$\) 

9. Net balance due to banks 
   \(\$\) 

10. TOTAL DEMAND DEPOSITS
    (Items 1 and 9) \(\$\) 

TIME DEPOSITS

11. Savings accounts (subject to not less than thirty days' notice before payment) \(\$\) 

12. Certificates of deposit (subject to not less than thirty days' notice before payment) \(\$\) 

13. Other deposits payable only after thirty days \(\$\) 

14. Postal Savings deposits \(\$\) 

15. TOTAL TIME DEPOSITS
    (Items 11, 12, 13 and 14) \(\$\) 

RESERVE REQUIRED

Banks in Central Reserve Cities thirteen, Reserve Cities ten, elsewhere seven per cent of Demand deposits (Item 10) \(\$\) 
Three per cent of time deposits (Item 15) \(\$\) 
Total reserve to be maintained with Federal Reserve Bank of New York \(\$\) 

February 26, 1919.