

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 4468]
May 21, 1957

CENTRAL RESERVE AND RESERVE CITIES

— Amendment to Rule Governing Classification

— Miami, Florida, Classified a Reserve City, Effective May 15, 1958

To all Member Banks in the
Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has amended its rule for the classification of central reserve and reserve cities. Under the amendment, the designation of any city as an *additional* reserve city because it qualifies for designation as such under the average-aggregate-deposit standard set forth in paragraph (2) of subsection (b) of the rule, shall not become effective until after one year, or such longer period as the Board may determine, from the date as of which such designation would be effective under paragraph (4) of subsection (b) of the rule in the absence of the amendment. The text of the amendment is as follows:

Effective as of March 1, 1957, paragraph (4) of subsection (b) of the rule of the Board of Governors of the Federal Reserve System entitled "Classification of Central Reserve and Reserve Cities" published at pages 41 and 42 of the 1948 Federal Reserve Bulletin, is hereby amended by changing the period at the end thereof to a colon and adding after the colon the following new language:

Provided, that the designation of any city as an *additional* reserve city under this paragraph (4) because it meets the standard prescribed in paragraph (2) above, shall not become effective until after one year, or such longer period as the Board of Governors may determine, from the date as of which such designation would be effective in the absence of this proviso.

Currently effective provisions of the Board's rule, as amended, are printed on the reverse side of this circular.

Under the rule as amended, the Board of Governors has determined from the official call reports of condition in the two-year period ending June 30, 1956, that the city of Miami, Florida, falls within the scope of paragraph (2) of subsection (b) of the Board's rule, and has classified that city as a reserve city, effective May 15, 1958. The names of the other reserve cities, as classified under the Board's rule, are set forth in our Circular No. 4430, dated February 26, 1957.

A copy of the amendment to the Board's rule and of the action relating to the city of Miami will be published in early issues of the *Federal Reserve Bulletin* and the *Federal Register*.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.

CLASSIFICATION OF CENTRAL RESERVE AND RESERVE CITIES

(a) *Central reserve cities.* The cities of New York and Chicago are hereby classified (and continued) as central reserve cities.

(b) *Reserve cities.* (1) The city of Washington, D. C., and every city except New York and Chicago in which there is situated a Federal Reserve Bank or a branch of a Federal Reserve Bank are hereby classified (and continued) as reserve cities.

(2) The following are also classified as reserve cities: (A) Every city in which, on the dates of official call reports of condition in the two years ended June 30, 1947, member banks of the Federal Reserve System, exclusive of their offices in other cities, held an aggregate amount of demand deposits owing to banks equal, on the average, to one-third of one per cent or more of the aggregate amount of demand deposits owing to banks by all member banks of the Federal Reserve System; and (B) Every city in which, on the dates of official call reports of condition in the two years ended June 30, 1947, member banks of the Federal Reserve System, exclusive of their offices in other cities, held an aggregate amount of demand deposits owing to banks equal, on the average, to one-fourth of one per cent or more of the aggregate amount of demand deposits owing to banks by all member banks of the Federal Reserve System and also equal, on the average, to 33 $\frac{1}{3}$ per cent or more of the aggregate amount of all demand deposits held by the member banks in such city.

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(3) The Board of Governors of the Federal Reserve System, prior to March 1, 1948, will also designate (and continue) as a reserve city any city now classified as a reserve city (although not within the scope of paragraphs (1) or (2) above) if a written request for the continuance of such city as a reserve city is

received by the Federal Reserve Bank of the District in which the city is located on or before February 16, 1948 from every member bank which has its head office or a branch in such city (exclusive of any member bank in an outlying district of such city permitted by the Board of Governors to maintain reduced reserves) together with a certified copy of a resolution of the board of directors of such member bank duly authorizing such request.

(4) Effective as of March 1 of each third year after March 1, 1948, the Board of Governors (a) will continue as reserve cities or designate as additional reserve cities all cities then falling within the scope of paragraph (1) above and all cities which then meet the standard prescribed in paragraph (2) above based upon official call reports of condition in the two-year period ending on June 30 of the year preceding such third year; and (b) will terminate the designation as reserve cities of all other cities, except that the Board will continue the designation as a reserve city of any city which then has the designation of a reserve city and does not then fall within the scope of paragraph (1) or of paragraph (2) based upon the new two-year period, if a request for the continuance of such designation is made by every member bank (as specified in paragraph (3) above) in such city and, together with a certified copy of a resolution of the bank's board of directors authorizing such request, is received by the Federal Reserve Bank of the District not later than the 15th day of February of such third year: *Provided*, that the designation of any city as an *additional* reserve city under this paragraph (4) because it meets the standard prescribed in paragraph (2) above, shall not become effective until after one year, or such longer period as the Board of Governors may determine, from the date as of which such designation would be effective in the absence of this proviso.

[Effective March 1, 1948. Proviso in paragraph (4) added by amendment effective March 1, 1957.]