

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 4853]
February 10, 1960]

RESERVES OF MEMBER BANKS

Revision of Operating Circular No. 2

To All Member Banks of the
Second Federal Reserve District:

Enclosed is a copy of our Operating Circular No. 2, Revised February 10, 1960, on reserves of member banks. The circular has been revised to reflect recent changes in Regulation D of the Board of Governors of the Federal Reserve System. The major change in the Regulation permits member banks to count part of their currency and coin ("vault cash") for reserve purposes; references to such currency and coin now appear in paragraphs 2, 4, and 5 of the revised operating circular. Other important changes in the revised operating circular are as follows:

Paragraph 7 (formerly 6) now provides that country member banks have a biweekly reserve computation period, but are required to file weekly reserve reports; formerly, country member banks had a semimonthly reserve computation period and were required to file semimonthly reserve reports.

Former subparagraph (b) of paragraph 9 (now paragraph 10) provided that a penalty for a deficiency in reserves may be waived *by this Bank* when the reserve computation period ends on a nonbusiness day, to the extent that inclusion of that day in the next reserve computation period would reduce or eliminate the deficiency. That subparagraph has been deleted because Section 204.3(a)(2) of Regulation D now provides that such nonbusiness day may, at the option of the *member bank*, be included in the next reserve computation period.

Paragraph 11 is new and contains a statement that member banks should continue to make reasonable efforts to hold and maintain their prescribed reserves from day to day, making allowance for unforeseen fluctuations in deposits and reserves.

Additional copies of the revised operating circular will be furnished upon request.

ALFRED HAYES,
President.