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FEDERAL RESERVE BOARD

H. PARKER WILLIS, SECRETARY
SHERMAN P. ALLEN, ASST. SECRETARY
AND FISCAL AGENT

WASHINGTON

ADDRESS REPLY TO
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FEDERAL RESERVE BOARD

July 10, 1915.

Federal Reserve Bank,

Gentlemen :

Beginning with the weekly settlement of July 15th, you are requested to include in your telegram of Wednesday evening the amounts of overdrawn balances in your accounts "Due to" other Federal Reserve Banks and also in your accounts "Due from" other Federal Reserve Banks. The overdrafts reported will be included in the weekly settlement, the figures given by the bank reporting an overdraft in its account "Due from" being used. This is to say, a bank which acknowledges an overdraft in its account with another bank arising from its having issued drafts or made transfers to amounts in excess of the balance created by its remittances to the second bank, will be charged at the settlement with the amount which it acknowledges owing in its "Due from" account. That will of course be in addition to the amount which it now reports "Due to" the second bank in the account arising from remittances received from the latter.

This plan, it is thought, will frequently eliminate the necessity of special transfers on the books of the Gold Settlement Fund and will at the same time continue the present practice of having charges made against the account of any bank with the fund only upon specific authorization from such bank. It is adopted as a tentative measure. The Board will be glad to have your views, or suggestions as regards the matter.

It is not to be understood, however, that the adoption of this plan is intended to do away with transfers between banks on the books of the Gold Settlement Fund. Such transfers should be made whenever occasion arises in which a transfer of this kind will facilitate the transaction of the Reserve Banks' exchange or investment business and where the nature of the transaction between the banks is such that an immediate transfer of funds should be made without waiting for the weekly settlement.

Respectfully,

Secretary.