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ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

October 2, 1916.

Dear Sir:

In answer to several inquiries as to the proper treatment of profit realized on sales of United States bonds, it is suggested that such profit be entered on the books and reported on Form 34 as an earning under the heading "Sundry profits", such items to be transferred, together with other earnings, to the Profit and Loss account at the periodical closing of the books. In this connection it is further suggested that no entries be made on the Profit and Loss account except at the time that the books are closed.

On the monthly statement of Earnings, Form 286 B, the total profits realized on the sales of United States securities should be reported under the separate head "Profit on United States Securities Sold".

Inasmuch as a number of the Reserve Banks have already transferred discount on United States bonds to the Earnings account, no objection will be made by the Board to a similar transfer being made by the other Federal Reserve Banks.

Very truly yours,

Secretary.