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## FEDERAL RESERVE BOARD

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ADDRESS REPLY TO  
 FEDERAL RESERVE BOARD

October 30, 1916.

S i r :

Inasmuch as the date when the next installment of reserves will be payable by member banks to Federal reserve banks is approaching, the Federal Reserve Board has directed the transmission of this letter for the purpose of securing uniform action with reference to such payments.

Section 19 of the Federal Reserve Act requires each member bank not in a reserve or central reserve city to keep

"in the Federal reserve bank of its district for a period of twelve months after said date two-twelfths, and for each succeeding six months an additional one-twelfth,"

of 12% of the aggregate amount of its demand deposits, and of 5% of its time deposits. Similar language is used with reference to the banks in reserve cities.

The "said date" referred to is the date officially announced by the Secretary of the Treasury for the establishment of a Federal reserve bank in any district. That date was November 16, 1914.

It therefore follows that on November 16, 1916, country banks and banks in reserve cities will be required to pay their Federal reserve bank an additional installment of reserves. The amount thus to be paid by them will be for country banks one-twelfth of 12 per centum of their demand deposits, as held on and after November 16, plus one-twelfth of 5 per centum of their time deposits; and for banks in reserve cities one-fifteenth of 15 per centum of their demand deposits, plus one-fifteenth of 5 per centum of their time deposits.

It is suggested that each Federal reserve bank call the attention of each member bank to the date upon which the transfer of reserves above referred to is due, and that it arrange such additional details with member banks as may seem desirable. The Board recommends that the member banks be called upon to pay their own express charges, unless there is some good reason why the

Federal reserve bank of the district thinks it best to bear these express charges itself. The form in which payment is to be made may be suggested by the Federal reserve bank in such circular or notice as it may send out, and it will be well to make some reference to the provision of the Act that any Federal reserve bank may receive from its member banks as reserves not exceeding one-half of each installment eligible paper as described in Section 13, properly endorsed and acceptable to the said reserve bank.

It may also be desirable to call attention to the fact that under the amendment to Section 11 of the Federal Reserve Act approved September 7, 1916, the Federal Reserve Board is authorized to permit member banks to carry in the Federal reserve banks of their respective districts any portion of their reserves now required by Section 19 to be held in their own vaults. The Board, under authority of this amendment, has already issued a ruling to the effect that such member banks may carry all or any part of such reserves in their respective Federal reserve banks.

Very truly yours,

Secretary.