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AND FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

July 19, 1917.

Dear Sir:-

With reference to Section 13 of the Federal Reserve Act as amended by the Act approved June 21, 1917, providing in part that

"Any Federal reserve bank * * * solely for the purpose of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national bank notes, Federal reserve notes, checks and drafts payable upon presentation, or maturing notes and bills: PROVIDED, Such nonmember bank or trust company maintains with the Federal reserve bank of its district a balance sufficient to offset the items in transit held for its account by the Federal reserve bank."

The Board has adopted an opinion of its counsel on this provision of the law, which takes the position that the Federal reserve banks should require nonmember banks desiring to make deposits with Federal reserve banks to maintain a substantial balance, sufficient to offset during time of transit checks or other items drawn against the depositing bank and presented by the Federal reserve bank for payment, as well as items received from the depositing bank.

This opinion will be published in full in the forthcoming issue of the Federal Reserve Bulletin.

Very truly yours,

Governor.