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ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

October 2, 1918.

X-1237

SUBJECT: PAYMENT BY FEDERAL RESERVE BANKS OF EXPENSE  
INCIDENT TO TRANSFERS OF CURRENCY TO AND  
FROM FEDERAL RESERVE BANKS.

Dear Sir:

Confirming telegram of even date, I beg to advise that the Board has authorized the inauguration at the earliest possible date of the plan outlined in its circular letter X-1216, under date of September 20th, with modifications as hereinafter indicated:

MEMBER BANKS: (a) Payment of all postage, expressage,  
(\* insurance, etc., incident to shipments  
of currency to and from member banks.

(b) Payment of charges on all telegrams received from or sent to member banks in connection with currency, exchange transfers, and deposit transactions.

NONMEMBER BANKS MAINTAINING CLEARING ACCOUNTS WITH FEDERAL RESERVE BANKS:

(a) Payment of postage, insurance and expressage in connection with shipments of currency in settlement of clearing balances.

NONMEMBER BANKS ON PAR LIST:

(a) All postage in connection with remittances made to cover collections (to be provided for by enclosing return stamped envelope).

(b) All expenses incident to shipments of currency to Federal Reserve banks in payment of items sent for collection.

(\* Currency does not include silver or subsidiary coin.

You will notice that paragraph (a) under 'MEMBER BANKS' 2 has been revised so as to omit, for the present at least, the payment of postage, expressage, insurance, etc. incident to shipments to and from member banks of 'collateral notes and bills for rediscount, and securities deposited as collateral to member bank promissory notes and notes rediscounted'. Paragraph (b) has been revised so as to omit the payment of charges on all telegrams in connection with 'loans'.

It is believed that payment by the reserve banks of these expenses will have the effect of more nearly equalizing the advantages offered member banks, and will also be helpful in our campaign for State member banks. The Board, of course, in adopting this plan, reserves the right to modify or rescind it at any time upon reasonable notice, should it be deemed advisable.

You were also advised in the telegram above referred to that the Federal Reserve Board appreciates the excellent results already attained by the Federal reserve banks in gathering gold from the banks in their respective districts and strongly urges that efforts be continued to the end that all available gold be mobilized in the Federal reserve banks. The Board authorizes you to absorb the abrasion and to pay all expenses incident to the shipment of gold to your bank and shipment of Federal reserve notes in exchange therefor.

Kindly acknowledge receipt of this letter and oblige,

Very truly yours,

Secretary.

The Governor,  
Federal Reserve Bank,