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ADDRESS REPLY TO
FEDERAL RESERVE BOARD

November 22, 1918.

X-1283.

SUBJECT: REFERENCE BY NON-MEMBER BANKS TO MAINTENANCE BY
THEM OF CLEARING ACCOUNTS WITH FEDERAL RESERVE BANKS.

Dear Sir:

The Board has had frequent inquiries as to the propriety of permitting non-member banks which maintain accounts with Federal Reserve banks for purposes of exchange or collection to make use of the expression "Clearing Member of the Federal Reserve Bank".

It would be improper to permit this, for the reason that the banks are not members, nor is the term "Clearing Member" authorized by the Act.

Any reference which may be made by a non-member bank to its account with the Federal Reserve bank should set forth the relation which actually exists, and if non-member depositing banks wish to call attention to the fact that they have accounts with the Federal Reserve banks for exchange and collection purposes, they may use this expression:

"Non-member Depositor of the Federal Reserve Bank,
through which checks on this bank are collectible."

This is a brief statement of fact and can not convey any misleading impression as to the bank's relation with the Federal Reserve bank.

This is a formal ruling which supersedes all informal rulings previously made on this subject.

Very truly yours,

Governor.