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ADDRESS REPLY TO
FEDERAL RESERVE BOARD

April 9, 1920.

St.974a

SUBJECT: Monthly report of deficiencies in reserves of member banks.

Dear Sir:

With a view to enabling the Board to follow more closely the extent to which member banks are allowing their reserves to fall below minimum requirements may we request that monthly reports be submitted in accordance with the enclosed form St.974.

Inasmuch as penalties are assessed against central reserve and reserve city banks on the basis of average deficiencies covering a weekly period it may not be practicable to give figures for calendar months, and accordingly the form calls for data relating to the four or five weekly periods ending within the calendar month covered by the report.

With reference to inquiry No.4 relating to the amount of deficiencies during the report period, may we request that you show the aggregate amount of deficiencies on which penalties were assessed during each of the weekly or semi-monthly periods.

To illustrate: Bank A, a reserve city bank, with net deposits and reserve balances as indicated in the following example, would have an aggregate deficiency of \$9,000 on which a penalty would be assessed.

	Net deposit liability on which reserve is computed	Amount of reserve required to be carried with F.R. Bank	Reserve balance with Federal Reserve Bank
Monday	\$800,000		\$79,000
Tuesday	750,000		78,000
Wednesday	775,000		77,000
Thursday	825,000		80,000
Friday	850,000		82,000
Saturday	875,000		85,000
Sunday (Saturday figures repeated)	875,000		85,000
	5,750,000	575,000	566,000

Aggregate deficiency on which penalty is assessed \$9,000

In figuring deficiencies the Bank should take into consideration reserves carried and required on Sundays and holidays, the figures for these days to be the same as shown for the business days immediately preceding. In arriving at average daily figures of reserve deficiencies, the Board will divide the aggregate deficiencies by the number of days in the calendar month in the case of country banks and by the 28 or 35 days, as the case may be, for central reserve and reserve city banks.

The introductory code word RULE should be followed by the number of weeks covered by the report for central reserve and reserve city banks and the date representing the final day of the period, thus for example, "Rule 4, January 26," indicates report rendered for a four-

week period ending January 26 in the case of central reserve and reserve city banks, and for the month of January for country banks.

It is requested that reports be transmitted by wire covering the months of January, February and March as soon as practicable after receipt of this letter and that reports for subsequent months be telegraphed as soon as possible after the end of each month. In order that reports may not be delayed pending final determination of penalties, it is desired that reports be submitted on the basis of original penalty assessments.

Very truly yours,

Assistant Secretary.

(Copy of this letter sent to Chairman of each Federal Reserve Bank.)

DEFICIENCIES IN RESERVES OF MEMBER BANKS.

FEDERAL RESERVE BANK OF _____

(Date) _____

RULE - Report covering period of ___ weeks ending _____, 1920 for central reserve and reserve city banks, and the calendar month of _____ for country banks.

1. Total number of different (a) banks penalized on account of deficient reserves:
- | | | |
|---|-------------|-------|
| Banks located in F. R. bank and branch cities | <u>DAEK</u> | _____ |
| Other reserve city banks | <u>DELL</u> | _____ |
| Country banks | <u>DISK</u> | _____ |
2. Number of different (a) banks assessed penalties in excess of minimum rate:
- | | | |
|---|-------------|-------|
| Banks located in F. R. bank and branch cities | <u>DOME</u> | _____ |
| Other reserve city banks | <u>DUST</u> | _____ |
| Country banks | <u>DYKE</u> | _____ |
3. Maximum rate of penalty charged:
- | | | |
|---|-------------|---------|
| Banks located in F. R. bank and branch cities | <u>DALE</u> | _____ % |
| Other reserve city banks | <u>DEEM</u> | _____ % |
| Country banks | <u>DIRE</u> | _____ % |
4. Aggregate deficiencies on which penalties were assessed during report period: (See paragraph 3 of Board's letter, St. 974a, dated April 9, 1920.)

	Banks located in F. R. Bank and Branch Cities	Other Reserve City Banks
First week	\$ _____	\$ _____
Second week	_____	_____
Third week	_____	_____
Fourth week	_____	_____
Fifth week	_____	_____
Total	<u>DOTE</u> _____	<u>DUNN</u> _____

Country banks:

First half of month	\$ _____
Second half of month	_____
Total	<u>DYNE</u> _____

(a) No bank to be counted more than once no matter how many times penalized during report period.

NOTE: Data to be telegraphed to Federal Reserve Board at the earliest practicable date after end of each month, followed by mail report.