

FEDERAL RESERVE BOARD

WASHINGTON

X-3415

May 24, 1922.

SUBJECT: Closing of books.

Dear Sir:

In the past it has been the policy of the Federal Reserve Banks to close their books on June 30 as well as on December 31 of each year, although the calendar year has been considered as the fiscal year. A number of the banks now find it necessary to set up substantial amounts as reserves against probable losses, and as it is not practicable to estimate with any fair degree of accuracy on June 30 the amount of such reserves which will be set aside on December 31, entries made on June 30 have to be reversed or materially modified when the books are finally closed for the year on December 31.

It is evident therefore that net results of operations cannot be accurately shown for each of the two 6-month periods. Accordingly the Federal Reserve Board requests that in the future the books of the Federal Reserve Banks be closed but once a year, that is, on December 31. This does not, however, affect the payment of the usual semi-annual dividend on June 30, and it is therefore requested that this letter be presented to the Board of Directors of your bank at an early date, so that their formal resolution in regard to payment of dividends for the first half of the present year may reach the Board not later than June 20, 1922.

Very truly yours,

G o v e r n o r .

LETTER SENT TO EACH CHAIRMAN
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