

## FEDERAL RESERVE BOARD

WASHINGTON

September 25, 1922.

X-3525

SUBJECT: Reinvestment of Proceeds of Maturing Government Securities.

Dear Sir:

For your information, there is quoted below the text of a letter received this morning from the Under Secretary of the Treasury which is self-explanatory:

"I gather from the statement of the Federal Reserve Board as to the condition of the Federal Reserve Banks at the close of business September 20, 1922, that up to that date the Federal Reserve Banks generally had not made any reinvestments of the proceeds of their September 15th maturities. It seems to me that it would be helpful to the general situation if the Federal Reserve Banks concerned would continue to follow this policy. I notice in this connection that the Federal Reserve Banks' basic holdings of bills purchased in the open market has increased within the past few months from a relatively insignificant amount to about \$200,000,000. This, I assume, should reduce the pressure to invest in Government securities for the purpose of making expenses and dividends."

Yours very truly,

Vice Governor.

GOVERNORS OF ALL F. R. BANKS  
COPIESTO CHAIRMEN.