

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDMarch 7, 1924.
X-3988SUBJECT: Proposed Amendment to Section 19 of Federal Reserve
Act regarding Reserves.

Dear Sir:

It has been proposed that the Federal Reserve Board recommend to Congress the enactment of an amendment to the Federal Reserve Act which will permit member banks to deduct "due from bank balances" from gross deposits in computing the reserves that they are required to carry with the Federal Reserve Banks. The text of the bill which it is proposed that the Board shall recommend to Congress is as follows:

"An Act to Amend Section 19 of the Federal
Reserve Act, As Amended.

"BE IT ENACTED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the eighth paragraph of Section 19 of the Federal Reserve Act, as amended by the Act of June 21, 1917, is amended to read as follows:

"In estimating the reserve balances required by this Act, member banks may deduct from the amount of their gross demand deposits the amounts of balances due from other banks, except Federal Reserve Banks and foreign banks, including in such balances, checks with Federal Reserve Banks in process of collection, checks on other banks in the same place, and exchanges for clearing house."

By direction of the Board, I have to request a full expression of your views as to the desirability of the proposed amendment.

Very truly yours,

Walter L. Eddy,
Secretary.

TO CHAIRMEN OF F. R. BANKS