

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-4221

December 19, 1924.

SUBJECT: Determination of Outlying District for Purpose of Reserve Reduction.

Dear Sir:

You are hereby advised that the Federal Reserve Board has approved the following recommendation of the recent conference of Federal Reserve Agents:

"That the Federal Reserve Board in determining whether a member bank located in an outlying district of a reserve or central reserve city should be permitted to carry reduced reserves as provided in Section 19, Federal Reserve Act, should be guided in each instance by the results of an analysis of the character of the business of the applicant member bank or of all the banks of the neighborhood group showing a proportion of -

- (1) Balances due other banks
- (2) Balances of corporations
- (3) Public deposits
- (4) Cash in vaults."

You are further advised that the Federal Reserve Board has ruled that a bank applying for a reduction in reserves under the provisions of Section 19 must have been a member of the Federal Reserve System and in operation as such for a period of at least one year prior to the date of such application.

Very truly yours,

Walter L. Eddy,
Secretary.

TO ALL FEDERAL RESERVE AGENTS