

FEDERAL RESERVE BOARD

WASHINGTON

January 17, 1927.
St. 5236

**ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD**

SUBJECT: Relationship of Federal reserve banks to clearing house associations or other associations (clearing arrangements) for the clearing of checks.

Dear Sir:

In order that there may be available in the Board's files a comprehensive statement of the relationship of each Federal reserve bank and branch to the local clearing house association, and other associations (clearing arrangements) for the clearing of checks, it is requested that you kindly furnish the Board with the following information:

Federal reserve bank and branch cities.

1. (a) Is the Federal reserve bank or branch a member of the local clearing house association, and if so -
 (b) What dues is it required to pay per annum.
 (c) What fines is it subject to.
 (d) Does it have any vote in the management of the association.
2. (a) Is the local clearing conducted by the clearing house association.
 (b) Does the Federal reserve bank or branch exercise the functions of a clearing house for local banks.
 (c) If conducted by the clearing house association, does the Federal reserve bank or branch participate regularly in the clearing.
 (d) If conducted by the Federal reserve bank or branch, when was this function taken over, and what functions are still performed by the clearing house association.
3. (a) To what extent are items assorted or bundled when presented in the clearing.
 (b) Are items sorted according to drawee banks when such banks are not members of the clearing house association but clear through members, or are they sorted according to the names of the clearing-house member banks through which the items are payable.
 (c) Are items drawn on branches of clearing house banks sorted separately for each branch.
4. (a) How many of the local banks are members of the clearing house but not of the Federal Reserve System.
 (b) How many of the local banks are members of the Federal Reserve System but not of the clearing house, and how does the Federal reserve bank or branch collect items drawn on such banks.

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- (c) How many of the local banks are not members either of the clearing house or of the Federal Reserve System, and how does the Federal reserve bank or branch collect items drawn on such banks.
- (d) What items, other than those drawn on local banks, are collected through the local clearing.
5. (a) Is the settlement for daily clearings made on the books of the Federal reserve bank or branch, and if so, is this done by making both debit and credit entries for the gross amount of checks presented and received, or by a debit or credit entry for the net balance in the settlement.
- (b) Does the Reserve bank receive checks from clearing house banks in payment of debit balances.
- (c) If the settlement for the daily clearings is made by check, by whom are the checks drawn.
6. Is the local clearing house association housed in the Federal reserve bank or branch building, and if so, what annual rental is received.

Outside of Federal reserve bank and branch cities.

Arrangements have been made in certain cases whereby banks located in a given city, county, or group of cities or counties, settle for checks drawn on one another by debit and credit entries on the books of the Federal reserve bank. Please advise the Board --

1. The name of each city, county, or group, if any, in your district in which such special clearing arrangements have been made, state when the plan was put into effect, and describe briefly the nature of the arrangements, setting forth particularly
- (a) the extent to which the Federal reserve bank is called upon to handle the items or transactions,
- (b) the number of member banks of the Federal reserve system (located in the city, county, or group) which participate in the arrangement, and the number which do not participate,
- (c) the number of nonmember banks of the Federal reserve system (located in the city, county, or group) which participate in the arrangement, and the number which do not participate.

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If any clearing arrangements other than those of the kinds specified above are in effect at your bank, or if there is any additional information on this subject that may be of interest to the Board, please advise us fully in regard thereto in your reply to the questions enumerated above. It will also be appreciated if you will advise us as of January 1 of each year what changes, if any, were made in your clearing arrangements during the preceding year.

Very truly yours,

Walter L. Eddy,
Secretary.

TO AGENTS OF ALL FEDERAL RESERVE BANKS X