

FEDERAL RESERVE BOARD

WASHINGTON

X-6363

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

August 16, 1929.

SUBJECT: Classification of certain items in
computing reserves of member banks.

Dear Sir:

The Federal Reserve Board, as you were advised in the Board's letter of June 25, 1929, (X-6337) has been requested to pass upon the question whether in the preparation of reserve reports of member banks cash items for which credit has been given to the depositor and which have been forwarded to out-of-town banks for collection by placing in the mail, but which have not been charged to the account of such out-of-town correspondent banks, may be included in balances "due from" banks. In this connection, attention was called to an apparent discrepancy between the provisions of Section III(b) of the Federal Reserve Board's Regulation D and the instructions accompanying the Board's form of condition report, Form 105(a).

After carefully considering the question presented in the light of the replies to the Board's letter of June 25, received from all of the Federal reserve banks, the Board is of the opinion that there is no valid practical reason for the requirement that cash items which have been forwarded to out-of-town banks for collection should be charged to the account of such banks before being permitted to be classified as "due from" bank balances. You are accordingly advised that the Board will waive the requirement contained in Section III(b) of its Regulation D, that such items be "charged to the account of correspondent banks" and permit items of this kind to be classified as balances "due from" banks, although they have not been charged to the account of correspondent banks. It is understood, of course, that the Board's decision in this matter applies to cash items only.

By order of the Federal Reserve Board.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.