

FEDERAL RESERVE BOARD

326

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7629

October 5, 1933.

SUBJECT: Permission to Member Banks in Outlying
Districts of Reserve and Central Reserve
Cities to Carry Reduced Reserves.

Dear Sir:

The Board has recently reviewed its procedure relating to the granting of permission to member banks in outlying districts of central reserve and reserve cities to carry reduced reserves, as authorized by section 19 of the Federal Reserve Act, and has decided not to require (as provided in its letter X-3977 of February 26, 1924) that it shall be a condition precedent to the filing of an application by a member bank for reduction in its reserve requirements that the applicant shall 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.

As a matter of general policy, the Board is disposed to grant permission to any member bank located in an outlying district of a central reserve or reserve city, as defined in Regulation D, to carry reduced reserves, provided the character of its business is typical of banks located in and serving primarily outlying communities in such cities. In submitting the application of a member bank for permission to carry reduced reserves, however, a full statement should

be furnished of the facts upon which your board or executive committee bases its recommendation, with particular reference to the location of the bank and to the character of business conducted by it and by other banks located in the same general neighborhood.

In the review of the situation as of the end of each year, in accordance with the Board's letter X-4739 of December 4, 1926, it is requested that, in addition to such other data and comments as the agent may deem it desirable to submit, there be furnished the following information for each bank in lieu of that specified in the letter referred to:

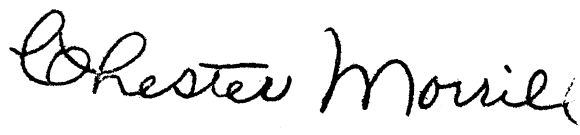
1. Net demand deposits*
2. Time deposits*
3. Bank deposits (items 2 and 3 of Schedule J, item 4 in Schedule K and item 2 in Schedule L, of call report)*
4. Total deposits*
5. Vault cash*
6. Amount of debits to individual deposit accounts for the four-week period ending on the last Wednesday in December for each bank that reports debit figures to the Federal reserve bank.
7. Whether there has been any change, since the previous annual review, in the general character of the bank's business.
8. Distance of the bank from what is generally regarded as the downtown business and financial district of the city.

* As of the last call date in the year.

It is also requested that in the annual review consideration be given to the question whether there has been such a change in the

district in which any bank having permission to carry reduced reserves is located that it might no longer be regarded as an outlying district, and that appropriate comment thereon be included in your letter to the Board.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill". The signature is written in dark ink and is positioned to the right of the typed name.

Chester Morrill,
Secretary.

TO ALL FEDERAL RESERVE AGENTS.