

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARDDecember 13, 1935.  
E-1120.

SUBJECT: 1936 edition of Form 34.

Dear Sir:

Inclosed is a proof copy of the 1936 edition of Form 34, daily "Balance Sheet of Federal Reserve Bank", as returned to the printer. Most of the changes made are self-explanatory.

It will be noted that the reserve block on the liability side of the revised form provides only for reserves for self-insurance and reserves for losses not elsewhere provided for. All reserves carried by the bank other than those for which specific provision has been made on Form 34 should be combined and shown against the caption "Reserves for losses not elsewhere provided for". Should any of the reserves reported against the caption "Reserves for losses not elsewhere provided for" have been set up for a specific purpose, the books of the bank should show the amount of each such reserve. Any reserves held against assets reported against the item "Claims account closed banks" should be shown as a deduction from the amount reported against such item and any losses charged off on such claims should be charged to such reserves.

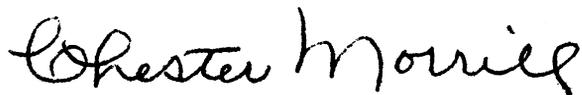
In order to obviate the necessity of carrying bills and securities among the earning assets of the bank for any extended period after both interest and principal have become due and unpaid, a new caption "Bills

and securities past due 3 months or more" has been added in the miscellaneous assets block. Any reserves set aside to take care of losses on bills and securities past due three months or more should be shown as a deduction from the amount of such bills and securities. The amount of industrial advances, if any, included in the item "Bills and securities past due 3 months or more" and the reserve deducted therefrom should be indicated in an appropriate footnote.

Losses on industrial advances and commitments should be charged to reserves, current earnings, or surplus in the following order: (a) to reserves set aside out of net earnings on industrial advances and commitments, (b) to current earnings on industrial advances and commitments, and (c) to surplus (Section 13b) in the proportion that the average daily amount of surplus (Section 13b) bears to the average daily amount of industrial advances and commitments outstanding and the balance to surplus (Section 7).

It will be noted that the "Primary, secondary and additional collateral and securities held" block on the reverse side of Form 34 has been simplified somewhat, with a view to eliminating some of the difficulties that have been experienced with the existing classification.

Very truly yours,



Chester Morrill,  
Secretary.

Inclasure.

COPY TO ALL GOVERNORS.