

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

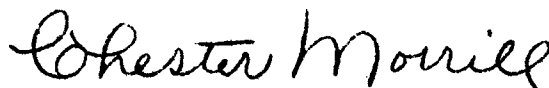
X-9474

January 31, 1936.

Dear Sir:

For your information and guidance, there is inclosed a copy of a letter sent to the Federal Reserve Agent at St. Louis, with respect to reports of deposits for reserve purposes rendered by member banks pursuant to the requirements of the Board's letter X-9397 of December 19, 1935.

Very truly yours,



Chester Morrill,
Secretary.

Inclosure.

TO ALL FEDERAL RESERVE AGENTS EXCEPT ST. LOUIS.

X-9474-a

January 31, 1936.

Mr. John S. Wood,
Federal Reserve Agent,
Federal Reserve Bank of St. Louis,
St. Louis, Missouri.

Dear Mr. Wood:

Receipt is acknowledged of your letter of January 17, from which it is noted that, in submitting semi-monthly reports of deposits for reserve purposes in accordance with the revised reserve formula outlined in the Board's letter X-9397 of December 19, 1935, a number of member banks showed allowable deductions but calculated their reserve requirements against gross demand deposits, while others merely reported gross deposits and also calculated their required reserves on the basis of gross deposits. It is noted further that in most cases no comment was made by the reporting member banks, but that one explained its action as follows:

"On account of our reserve balance being so much in excess of Federal Reserve requirements, and in order to save time in calculations, deductions are waived on this report."

The form prescribed by the Board in its letter X-9397 of December 19, 1935, for use by member banks in submitting current reports of deposits to Federal Reserve banks for reserve computation purposes contemplates that every member bank shall report the amount of its (1) gross demand deposits, (2) balances subject to immediate withdrawal due

from other banks, (3) cash items in process of collection, and (4) time deposits. Please, therefore, advise any member bank concerned that, regardless of whether or not it desires to have allowable deductions taken into consideration in the determination of its reserve requirements, the amount of each of the four items must be shown in the required report of deposits submitted pursuant to the Board's letter above referred to.

It might be well to call the attention of such banks to the fact that, in reports of deposits submitted for reserve computation purposes, cash items forwarded to a correspondent bank for collection and credit and charged to "due from banks" may be included in "balances subject to immediate withdrawal due from other banks", instead of in "cash items in process of collection". This suggestion is made because some member banks apparently are under the impression that they must keep a separate record of all cash items in process of collection, if they wish to deduct such items from gross demand deposits. This confusion has resulted partly from the requirements of the Federal Deposit Insurance Corporation that such a record must be kept if the bank wishes to deduct "float" in determining the amount of deposits subject to assessment for insurance purposes.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.