

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9751

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



November 27, 1936.

Dear Sir:

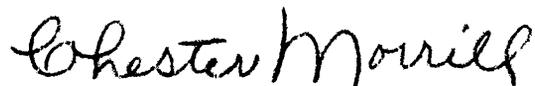
Replies received from all Federal Reserve banks to the Board's letter X-9719 of October 17, 1936, in regard to the suggestion that all shipments of Federal Reserve notes of other Federal Reserve banks be made in thousands of dollars and that the Federal Reserve note clearing be likewise made in thousands of dollars indicate that all Federal Reserve banks are either favorable to the proposal or have no objection to its adoption.

Since all Federal Reserve banks are agreeable to the change, and since its adoption would reduce the number of words transmitted over the main line leased wire system and branch lines and effect some saving in expenses, the Board has approved the change effective Tuesday, December 1, 1936. It is requested, therefore, effective as of that date that all shipments of Federal Reserve notes of other Federal Reserve banks to the bank of issue and to the Treasury be made in thousands of dollars, and effective as of the same date the Federal Reserve note settlement through the Inter-district Settlement Fund will also be made in thousands of dollars.

While a majority of the Federal Reserve banks favor or have no objection to the proposal that the transit clearing through the Inter-district Settlement Fund be made in even thousands of dollars instead of in dollars and cents as at present, reference to which was made in the Board's letter of September 2, 1936 (X-9685), some of the Federal Reserve banks are opposed to the suggested change. A number of banks stated that while the suggested change might effect some economy in the use of the telegraph wires this saving would be more than offset by the increased accounting necessary in carrying over from day to day the unsettled balances with the various Federal Reserve banks and branches. Some of the banks having branches using the timed wire service state that little or no saving of telegraphic expense would be effected as a result of making settlements in even thousands of dollars since the Inter-district Settlement wires are now transmitted in less than the three-minute period on which the timed wire service charge is based.

Since a number of the Federal Reserve banks are opposed to the suggestion that the transit clearing be made in even thousands of dollars it is thought that final decision on this matter should be deferred until after the matter has been considered by the Presidents' Conference.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill".

Chester Morrill,
Secretary.

TO ALL PRESIDENTS