

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

S-201  
Reg. D-13

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



January 24, 1940

Dear Sir:

Under date of April 11, 1938 the Board furnished each Federal Reserve bank a copy of a letter (S-89) which had previously been sent to the Chief Examiner of one of the Federal Reserve banks, to the effect that pledged "balances due from banks" do not constitute "Balances due from other banks (except Federal Reserve banks and foreign banks)" within the meaning of the tenth paragraph of Section 19 of the Federal Reserve Act. The Board's letter also stated that in condition reports such pledged balances should be reported in "Other Assets".

This question has again been considered, and you are advised that such balances should hereafter be included with "Other balances with banks in the United States (including private banks and American branches of foreign banks)", item 4 of Schedule D in condition reports. Such balances, as you know, may not be deducted from demand deposits in determining the amount of net demand deposits subject to reserve. Pledged time balances on deposit with banks should also be included in item 4 of Schedule D. Member banks should be advised to this effect if a question is raised as to the manner in which pledged balances should be reflected in condition reports. It is understood that the office of the Comptroller of the Currency will advise national banks to the same effect when such questions are raised.

Very truly yours,

A handwritten signature in dark ink, appearing to read "L. P. Bethea", written over a horizontal line.

L. P. Bethea,  
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS