

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-246

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 16, 1940

Dear Sir:

In accordance with letter X-7629 of October 5, 1933 (Loose-Leaf Service #6050) and letter X-4739 of December 4, 1926, the Federal Reserve Banks make a review as of the end of each year and furnish the Board with a report and recommendation covering member banks in the respective districts located in outlying sections of reserve and central reserve cities (except New York City) which have been granted permission to carry lower reserves on deposits than are required to be carried by other banks located in such cities. After the reports have been reviewed at the Board's offices, the Federal Reserve Banks are advised whether or not the Board concurs in their recommendations.

The annual reviews of these reports at the Board's offices have resulted in the revocation of permission to carry lower reserves in only one case, the revocation being due to the establishment of a branch of the bank in the downtown section of the city. In the circumstances, your reviews and the resulting reports and recommendations to the Board on this subject may hereafter be made at three-year intervals. The next regular review, accordingly, should be made as of December 31, 1942. In the interim, if a bank that has permission to carry reduced reserves establishes a downtown branch, or if there is brought to your attention a change in the character of its business which might warrant revocation of the permission to carry reduced reserves, the facts in the case should be brought to the Board's attention promptly with such recommendation as you may care to make.

Very truly yours,

A handwritten signature in dark ink, appearing to read "L. P. Bethea". The signature is fluid and cursive, with a long horizontal stroke at the end.

L. P. Bethea,
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS