

quirement provided for under section 18 of the Federal Reserve Act at the end of this quarterly period ending June 30, 1916, and that it will not at this time require the Federal Reserve Banks to purchase any of those bonds which are offered for sale by member banks through the Treasurer of the United States under the provisions of section 18.

Be it further resolved, That the secretary be instructed to send a copy of this resolution to the various Federal Reserve Banks and to the member banks which have offered bonds for sale in order that they may be notified of the action of the Board in the premises.

Boston Bank Takes Over Clearing House.

The management and operation of the Boston Clearing House will, on July 15, be taken over by the Federal Reserve Bank of Boston. The Boston Clearing House Association was one of the first clearing associations to be established in this country and not only conducts a daily clearing of checks among its Boston members, but operates a so-called foreign department in which checks drawn upon all country banks throughout the New England States are daily assembled and forwarded for collection and remittance. This foreign department was established in 1900 and has proved most satisfactory and effective.

Similar systems for the collection of country checks have been established in several other cities of the country in connection with their clearing houses, and in many instances the foreign department of the Boston Association has been used to quite an extent as a model.

By the terms of the agreement which has been entered into between the Federal Reserve Bank of Boston and the Boston Clearing House Association the collection of all checks drawn upon New England banks outside of Boston will be entirely taken over by the Federal Reserve Bank, which will perform this service in the future under similar rules and regulations to those now in force.

With respect to the daily clearing of checks between the associated banks of Boston, however, the situation is slightly different. Al-

though the Federal Reserve Bank will take over the physical property of the association, assume the lease of its premises, and take into the employ of the bank the association's manager and clerks, the association will maintain its status of a voluntary organization with officers elected by its members.

In this latter capacity the association will continue to exercise its normal supervising functions over the conduct of its members, and it will further effect its own daily clearing of Boston checks, the Federal Reserve Bank furnishing for this purpose the clerical force, space, and equipment. The clearing balances once having been established, however, all settlements will be effected through the Federal Reserve Bank, as has been the practice in Boston since that bank was opened. The staff and equipment which the Federal Reserve Bank will thus acquire will be utilized by the bank in its clearing department to be established in connection with the country-wide collection and clearing system recently authorized by the Federal Reserve Board.

This taking over of the Boston Clearing House has closely followed and becomes a part of the movement to establish a collection and clearing system through the Federal Reserve Banks. The officers of the Federal Reserve Bank of Boston have been in negotiations with the officers of the Clearing House Association for some time, but it has neither been practical nor feasible to take the present step until the other Federal Reserve Banks were in a position to put into force an interdistrict system.

The Boston Clearing House will be taken over on the day set for putting into force the Federal Reserve clearing and collection system. The equipment which will be acquired, and the trained force which will be received will enable the Federal Reserve Bank of Boston to start its clearing department under most favorable conditions.

The cooperation of the Boston Clearing House Committee in this connection, as in many other particulars pertaining to the development of the Federal Reserve Bank of Boston, has been most helpful and beneficial.