

FEDERAL RESERVE BANK
OF NEW YORK

Bill Department

[Circular No. 355
March 28, 1921.]

Bankers Acceptances
Evidences of Eligibility

*To each Bank, Trust Company and Other Accepting Banker
in the Second Federal Reserve District:*

We desire to direct your attention to the provisions of Subdivision (d) of Section B of Federal Reserve Board Regulation A, Series of 1920, with respect to the evidences of eligibility of bankers acceptances for purchase or discount by Federal Reserve Banks required by said regulation. It provides:

“A Federal Reserve Bank must be satisfied, either by reference to the acceptance itself, or otherwise, that it is eligible for rediscount. The bill itself should be drawn so as to evidence the character of the underlying transaction, but if it is not so drawn, evidence of eligibility may consist of a stamp or certificate affixed by the acceptor in form satisfactory to the Federal Reserve Bank.”

The following forms of the certificates referred to have been approved by the Federal Reserve Board and all Federal Reserve Banks:

<i>Underlying Transaction</i>	<i>Form of Certificate</i>
Domestic Shipments:	<p>“At time of acceptance, this bill was accompanied by shipping documents evidencing the domestic shipment of (name of commodity) from (point of shipment) to (place of destination).</p> <p style="text-align: right;">(Name of Acceptor)”</p>
Import and Export Transactions:	<p>“This acceptance arises out of a transaction involving } <i>importation</i> { of (name of commodity) from (point of shipment) to (place of destination). } <i>exportation</i> {</p> <p style="text-align: right;">(Name of Acceptor)”</p>
Warehouse Secured Credit:	<p>“This bill was secured at the time of acceptance by independent warehouse, terminal, or other similar receipt conveying security title to (name of readily marketable staple) stored in (country where stored) and the acceptor will remain secured throughout the life of the bill.</p> <p style="text-align: right;">(Name of Acceptor)”</p>

We would, therefore, suggest that you adopt these three forms of certificate and use the appropriate one to evidence the eligibility of any bill accepted by you which is not drawn in such terms as will disclose on the face of the bill all of the information as to the character of the underlying transaction that is indicated in the appropriate form of certificate quoted above.

It should be observed that the Regulations, Series of 1920, require evidence of eligibility on bills accepted by national banks as well as other member banks, nonmember banks, and bankers.

Very truly yours,

BENJ. STRONG,

Governor