

FEDERAL RESERVE BANK OF CHICAGO

DISTRICT No. 7

Chicago, November 18, 1914.

TO THE MEMBER BANKS OF DISTRICT NUMBER SEVEN:

Many letters have been received from member banks inquiring as to the character of paper which will be accepted here for rediscount and also as to the manner of procedure. In response to these inquiries we have directed the attention of member banks to Circular No. 13, issued by the Federal Reserve Board at Washington, also to the several regulations accompanying same, wherein full information is to be found.

With a view to simplifying matters to some extent, I am now pleased to inform you that this bank is in readiness to receive from its member banks for rediscount, Notes and Bills representing the highest class, most liquid, short time paper which you may have available, arising from actual commercial transactions, proceeds of which have been used, or are to be used, for agricultural, commercial or industrial purposes. On the contrary, we cannot accept paper representing fixed investments in lands, plants, machinery, etc., nor paper given for carrying securities such as stocks and bonds--or paper which, in any sense, can be construed as having been given for speculative purposes.

For the present and until further notice, paper which you offer for rediscount must be accompanied by a written statement from an officer to the effect that to the best of his knowledge and belief all Notes and Bills submitted are eligible under the requirements. Moreover to facilitate matters it is suggested that you furnish information which will indicate the financial strength of the makers. Such a statement will for the present answer all purposes.

Notes and Bills offered for rediscount should be endorsed by member banks in the following manner:

"(Name of Member Bank)
Demand, notice and protest waived
-----" (Authorized Signature)

All paper offered for rediscount must be free from any endorsement which might impair or restrict the negotiability of the instrument.

As a matter of interest you are informed that at the close of business this date, initial reserve deposits received from 806 banks amounted to \$37,683,502.83.

As indicated in former bulletins, it is the desire of our directors and officers to serve you in every way possible, in order that every benefit intended by the Federal Reserve Act may be fully realized.

Very respectfully,

JAMES B. McDOUGAL
Governor.

Bulletin No. 14