Bulletin No. 41.

Subject: PURCHASE OF UNITED STATES GOVERNMENT BONDS

FEDERAL RESERVE BANK OF CHICAGO
79 WEST MONROE STREET

CHICAGO, February 26, 1916.

TO THE MEMBER BANKS OF
DISTRICT NUMBER SEVEN:

Under Section 18 of the Federal Reserve Act the Federal Reserve Board may, at its discretion, require Federal reserve banks to purchase up to an amount not exceeding $25,000,000 in any one year, United States Government bonds which have the circulation privilege, offered for sale by member banks of the Federal Reserve System. Such purchases if made will be at quarterly periods. The first quarterly period at which such authority may be exercised by the Board will be March 31st, 1916.

In the meantime this bank is authorized by the Federal Reserve Act to purchase such United States Government bonds in the open market from member banks or others, and, under the ruling of the Board, bonds so purchased will offset any bonds which it might otherwise be required to purchase from member banks, under the Act, as before set forth.

For the purpose of giving member banks of this district an opportunity to realize upon part of their Government bonds at once, should they so desire, we now advise them that we are prepared to purchase at par and accrued interest $3,100,000 United States Government two per cent bonds actually owned by the member banks of this district on February 26th, 1916, whether now securing circulation or not. This amount represents approximately the pro rata share of the $25,000,000 of bonds which may be allotted to this bank for the whole year should the Federal Reserve Board exercise its authority under the Act.

Should the offerings received from member banks in response to this letter exceed the stipulated amount of $3,100,000, purchases will be pro rated in accordance with the amount offered. Payment will be made by arrangement with each bank.

Offers of bonds will be received up to March 15th, 1916, but will not be acted upon until after the close of business on that day, when each bank will be notified of the amount accepted.

In offering bonds please use the accompanying form.

Respectfully,

JAMES B. MCDougAL
Governor.
APPLICATION TO SELL UNITED STATES BONDS

To the Federal Reserve Bank of Chicago:

In behalf of the ______________ National Bank of ____________________________,

I hereby offer to sell to you for its account, at par and accrued interest, United States 2% Bonds, now owned by the said Bank, as listed below, this offer to remain good until March 15, 1916, in accordance with the terms of your circular letter of February 26, 1916:

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<th>Numbers</th>
<th>Rate of Interest</th>
<th>Maturity</th>
<th>Amount</th>
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Total Amount

Respectfully,

________________________________________, Cashier,

________________________________________, National Bank of ____________________________

(ACCOMPANYING BULLETIN NO. 41)