

FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

Bulletin No. 58
November 25, 1916

TRADE ACCEPTANCES - - DISCOUNT RATES

TO THE MEMBER BANKS OF DISTRICT NUMBER SEVEN:

A discount rate of $3\frac{1}{2}\%$ has this day been established on trade acceptances.

A trade acceptance as defined in Regulation B, Series of 1916, issued by the Federal Reserve Board, is -

"A bill of exchange drawn by the seller on the purchaser of goods sold, and accepted by such purchaser.

"To be eligible for purchase the bill must have arisen out of an actual commercial transaction, domestic or foreign; that is, it must be a bill which has been issued or drawn for agricultural, industrial, or commercial purposes or the proceeds of which have been used or are to be used for the purpose of producing, purchasing, carrying or marketing goods in one or more of the steps of the process of production, manufacture, or distribution. It must have a maturity at time of purchase of not more than ninety days, exclusive of days of grace.

" A Federal Reserve Bank shall take such steps as it deems necessary to satisfy itself as to the eligibility of the bill offered for purchase, unless it presents prima facie evidence thereof or bears a stamp or certificate affixed by the acceptor or drawer showing that it is a trade acceptance."

The current rates are as follows:

TRADE ACCEPTANCES

$3\frac{1}{2}\%$ for maturities: Within 90 days.

DISCOUNT RATES

$3\frac{1}{2}\%$ for maturities: Within 15 days
4 % for maturities: From 16 to 60 days
 $4\frac{1}{2}\%$ for maturities: From 61 to 90 days
5 % for maturities: From 91 days to 6 months.

Respectfully,

JAMES B. McDOUGAL

Governor.