

FEDERAL RESERVE BANK
OF CHICAGO

RELATING TO APPLICATIONS TO SELL U. S. BONDS

CHICAGO, January 18, 1917.

TO THE CASHIER,

DEAR SIR:

Section 18 of the Federal Reserve Act provides that any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account at par and accrued interest United States bonds securing circulation to be retired.

It seems appropriate at this time to issue blank forms for the use of member banks of this district in making applications during the year 1917, together with suggestions concerning the procedure to be followed. In making application member banks should bear in mind the following points:

1st: The only bonds that are eligible for sale in this manner are U. S. bonds which at the time of application are actually securing circulation of national bank notes to be retired.

2nd: The applications should be forwarded directly to the Treasurer of the United States, Washington, D. C.

3rd: The applications must be received by the Treasurer of the United States at least ten days before the end of the quarterly period at which the sale is desired to be made. Therefore for the quarter ending March 31, 1917, applications should be received by the Treasurer of the United States on or before March 21, 1917.

4th: It is optional with the Federal Reserve Board whether or not to require the Federal reserve banks to purchase the bonds offered for sale.

5th: If the Federal reserve banks are required by the Federal Reserve Board to purchase the bonds the price will necessarily be par and accrued interest.

6th: The aggregate amount of such bonds which the Federal reserve banks can be required or permitted to purchase is limited to \$25,000,000, in any one year, but this aggregate amount may furthermore be reduced by the amount of bonds bearing the circulation privilege purchased during the same year by the Federal reserve banks in the open market.

The Federal Reserve Board has announced that it will not require Federal reserve banks to purchase during the year 1917 more than \$15,000,000 of bonds offered for sale by member banks

RESOLUTION OF NATIONAL BANK AUTHORIZING APPLICATION FOR SALE OF UNITED STATES
BONDS AND RETIREMENT OF CIRCULATION SECURED THEREBY.

APPLICATION OF NATIONAL BANK FOR SALE OF UNITED STATES BONDS AND RETIREMENT OF
CIRCULATION SECURED THEREBY.

.....
(Title of bank.)

.....
(Address.)

.....
(Date.)

At a meeting of the Board of Directors of the..... Bank of
....., held at their banking house....., 191 , a quorum
being present, the following resolution was adopted:

"Resolved, That.....
..... (Name.)
the....., be and is hereby authorized to apply to the Treasurer of
..... (Title.)
the United States for the sale at par and accrued interest of United States registered bonds now held in
trust with the Treasurer of the United States as security for circulating notes, and for the retirement of
the circulating notes secured thereby, the bonds being as follows:

Loan of..... \$.....

Loan of..... \$.....

Loan of..... \$.....

or any portion thereof.

"Resolved, further, That the Treasurer of the United States, upon notice from the Federal Reserve
Board of the allotment to a Federal Reserve Bank of any or all of the bonds now offered for sale, is hereby
authorized to assign and transfer such bonds to the Federal Reserve Bank purchasing the same and to
deliver said bonds to the Secretary of the Treasury for reissue or other disposition as may be directed by
said Federal Reserve Bank."

I hereby certify that the above is a true extract from the minutes of said meeting.

(SEAL OF BANK.)

.....
Cashier, and Secretary of Board of Directors.

NOTE.—If the cashier is authorized to take the action indicated, this copy of the resolution must be
certified by some other officer.

APPLICATION OF NATIONAL BANK FOR SALE OF UNITED STATES BONDS AND RETIREMENT OF
CIRCULATION SECURED THEREBY.

(Title of bank.)

(Address.)

(Date.)

To the TREASURER OF THE UNITED STATES,
Washington, D. C.

SIR:

Pursuant to authority granted by resolution of the Board of Directors of the.....
National Bank of..... on, 191 , a certified copy
of which is attached, and as authorized by section 18 of the Federal Reserve Act, application is hereby
submitted for the sale for account of the bank of United States registered bonds held in trust with the
Treasurer of the United States and securing circulation, as follows:

----- \$ -----
----- \$ -----
----- \$ -----

or any portion thereof. The proceeds of the aforesaid bonds when sold are to be applied by you to the
retirement of the circulation based upon said bonds in accordance with the provisions of said Federal
Reserve Act.

The Treasurer's receipts for such United States bonds held in trust to secure such circulation are
transmitted herewith.

Respectfully,

(SEAL OF BANK.)

(Title.)

Duplicate—TO BE FORWARDED TO THE FEDERAL RESERVE BANK OF CHICAGO

APPLICATION OF NATIONAL BANK FOR SALE OF UNITED STATES BONDS AND RETIREMENT OF
CIRCULATION SECURED THEREBY.

.....

(Title of bank.)

(Address.)

(Date.)

To the TREASURER OF THE UNITED STATES,
Washington, D. C.

SIR:

Pursuant to authority granted by resolution of the Board of Directors of the.....
National Bank of..... on, 191 , a certified copy
of which is attached, and as authorized by section 18 of the Federal Reserve Act, application is hereby
submitted for the sale for account of the bank of United States registered bonds held in trust with the
Treasurer of the United States and securing circulation, as follows:

..... \$

..... \$

..... \$

or any portion thereof. The proceeds of the aforesaid bonds when sold are to be applied by you to the
retirement of the circulation based upon said bonds in accordance with the provisions of said Federal
Reserve Act.

The Treasurer's receipts for such United States bonds held in trust to secure such circulation are
transmitted herewith.

Respectfully,

(SEAL OF BANK.)

(Title.)

through the Treasurer of the United States. It will, however, require Federal reserve banks to purchase on April 1, 1917, so much of that amount of bonds as may be offered for sale through the Treasurer on or before March 21, 1917, provided such bonds, added to the amount of bonds bearing the circulation privilege, purchased by Federal reserve banks in the open market during the first quarter, do *not* exceed \$25,000,000.

Although there is no legal limit on the amount of bonds which may be bought by Federal reserve banks in the open market, in order that member banks may have an opportunity to sell the maximum amount of bonds under Section 18, the Federal reserve banks will refrain from purchasing 2% bonds in the open market until after March 1, 1917, but will thereafter feel at liberty to make such purchases in the open market. Therefore, it is suggested that member banks desiring to retire their circulation during the year 1917 under the provisions of Section 18 of the Act file their applications with the Treasurer of the United States before March 1, 1917, and at the same time advise the Federal reserve bank of their district the amount of each application to the Treasurer in order that the Federal reserve banks may have prompt knowledge of the total amount of bonds offered to the Treasurer of the United States and thus be enabled to arrange their open market purchases with regard to the best interests of member banks.

There are enclosed herewith the following forms:

1. Resolution of National Bank authorizing application for sale of United States bonds and retirement of circulation secured thereby.
2. Application of National Bank for sale of United States bonds and retirement of circulation secured thereby.
(1 and 2 should be duly executed and forwarded direct to the Treasurer of the United States, Washington, D. C.)
3. Duplicate application to be forwarded to the Federal Reserve Bank of Chicago.

Especial attention is called to the request that Treasury receipts accompany application for sale of bonds.

Respectfully,

JAMES B. MCDUGAL

Governor.