

Fraser

FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

Securities Acceptable as Collateral in Connection With the
Liberty Loan Deposits of Government Funds

Circular No. 15

JUNE 9, 1917.

Pursuant to the provisions of section 5153, Revised Statutes, as amended, applying to the following classes will be accepted as collateral security for Government deposits made under authority of the act approved April 24, 1917:

Deposits of Government Funds in Connection With Liberty Loan

To Incorporated Banks and Trust Companies in Federal Reserve District Number Seven:

In accordance with the provisions of Department Circular No. 81 pertaining to deposits of Government funds in connection with the Liberty Loan, we enclose application blanks together with the proper blanks on which to list the securities submitted in accordance with the provisions of the law.

For convenience, it has been deemed advisable to divide District Number Seven, appointing a Securities Committee and a Custodian for each state, and you will therefore file your application with the Securities Committee in your state. The Committees and Custodians selected are as follows:

ILLINOIS —Mr. C. E. Estes, Chairman Securities Committee,
Care Merchants Loan and Trust Company, Chicago, Illinois.
Custodian: Northern Trust Company, Chicago, Illinois.

INDIANA —Mr. S. A. Fletcher, Chairman Securities Committee,
Care Fletcher-American National Bank, Indianapolis, Indiana.
Custodian: Indiana Trust Company, Indianapolis, Indiana.

IOWA —Mr. C. A. Barr, Chairman Securities Committee,
Care Des Moines National Bank, Des Moines, Iowa.
Custodian: Central Trust Company, Des Moines, Iowa.

MICHIGAN —Mr. John W. Staley, Chairman Securities Committee,
Care Peoples State Bank, Detroit, Michigan.
Custodian: Detroit Trust Company, Detroit, Michigan.

WISCONSIN—Mr. E. J. Hughes, Chairman Securities Committee,
Care First National Bank, Milwaukee, Wisconsin.
Custodian: First Trust Company, Milwaukee, Wisconsin.

In filing your application, please be guided by the following instructions:

1. Make four original copies of your application on Form A.
2. Make five copies of your list of securities.
3. List all bonds under the appropriate headings on the forms provided by this bank.
4. List all commercial paper on forms provided for that purpose.
5. Do not send any securities until requested to do so.
6. Non-member state banks and trust companies will accompany their application with a copy of the official publication of their statement as of the last call of the State Auditor or Commissioner.

Attention is called to the provision that until after July first, payments by credit are limited to those banks and trust companies having payments to make on subscriptions for \$100,000, or more, bonds. In any event, no payment by credit can be made until the bank has been notified of its appointment as a depository.

Total \$ _____ State _____

No. _____

Entered by _____

Date _____ 1917

To The Federal Reserve Bank
of Chicago

We hereby subscribe for \$ _____ United States $3\frac{1}{4}\%$

Treasury Certificates of Indebtedness to be dated May 25th, 1917 and maturing
July 30th, 1917.

Denominations desired

..... @ \$ 1,000.00 ea. \$

..... @ 5,000.00 ea. \$

..... @ 10,000.00 ea. \$

..... @ 100,000.00 ea. \$

Total \$

Name _____

By _____

City _____

State _____

No. _____

Entered by _____

Date _____ 1917

To The Federal Reserve Bank
of Chicago

We hereby subscribe for \$ _____ United States 3 $\frac{1}{4}$ %

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..... @ 10,000.00 ea. \$.....

..... @ 100,000.00 ea. \$.....

Total \$.....

Name _____

By _____

City _____

State _____

Securities Acceptable as Collateral in Connection With the Liberty Loan Deposits of Government Funds

Pursuant to the provisions of section 5153, Revised Statutes, as amended, approved securities of the following classes will be accepted as collateral security for Government deposits made under authority of the act approved April 24, 1917:

(a) Bonds and certificates of indebtedness of the United States Government of any issue, including bonds of the Liberty Loan and interim certificates for payments therefor; all at par.

(b) Bonds issued under the United States Farm Loan Act and bonds of the Philippine Islands, Porto Rico, and the District of Columbia; all at par.

(c) Bonds of any State of the United States at market value not exceeding par.

(d) The 3½ per cent bonds of the Territory of Hawaii at 90 per cent of par; and other bonds of said Territory at market value not exceeding par; and bonds of the Manila Railroad Co. at 90 per cent of market value, not exceeding 90 per cent of par.

(e) Dollar bonds and obligations of foreign Governments (and of the dependencies thereof) engaged in war against Germany and issued since July 30, 1914, at 90 per cent of the market value thereof in the United States, not exceeding 90 per cent of par.

(f) Bonds of any county or city in the United States, which are direct obligations of the county or city as a whole, at 75 per cent of the market value thereof, not exceeding 75 per cent of par.

(g) Railroad mortgage bonds secured by direct mortgage upon lines of railroad within the United States, at 75 per cent of the market value thereof, not exceeding par; but not including any such bonds which at date of this circular are at a market price to yield more than 5½ per cent per annum, if held to maturity, according to standard tables of bond values.

(h) Commercial paper which is eligible for rediscount or purchase by Federal Reserve Banks and which has been approved by the Federal Reserve Bank of the district in which the depository bank is located; at 75 per cent of par. All such paper must bear the endorsement of the depository bank.

At least 25 per cent in value as above determined, of the securities deposited by any bank or trust company to secure deposits must consist of those mentioned in paragraph (a).

No State, county or city bond will be accepted if default has been made in payment of principal or interest during the past 10 years.

The Secretary of the Treasury reserves the right to call for additional collateral security at any time.

Notes Eligible Under Section (h) Above

Commercial paper eligible for rediscount includes;

1. Notes maturing within 90 days from the date the paper is offered, given by responsible concerns and individuals, the proceeds of which have been used or are to be used for commercial or industrial purposes.
2. Notes maturing within 6 months from the date the paper is offered, given by responsible farmers, the proceeds of which have been used or are to be used for agricultural or livestock purposes.
3. Customers' notes maturing within 90 days from the date the paper is offered, secured by obligations of the United States Government.

All paper submitted must have a definite maturity; therefore, demand notes are not eligible. Financial statements shall be available if the amount of the obligations of any one borrower offered for security is equal to or in excess of 10 per cent of the bank's paid-in capital and surplus, and in any event if the note or notes amount to more than \$5,000.

All notes offered should be endorsed in the following form:

FIRST NATIONAL (or State) BANK OF BLANKVILLE, ILLINOIS

By _____ President
or Cashier

Yours respectfully,

James B. McDougal,
Governor.