

FEDERAL RESERVE BANK
OF DALLAS

CIRCULAR #3.

December 11, 1914.

TO THE MEMBER BANK ADDRESSED:

I am 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 for agricultural, commercial or industrial purposes. On the contrary, we cannot accept paper representing investments in lands, plants, machinery, etc., nor paper given for carrying securities such as stocks and bonds, nor paper, which, in any sense, can be construed as having been given for speculative purposes.

Beginning with this date and until further notice, the rate of discount of this bank will be five and one-half percent ($5\frac{1}{2}$) for thirty day maturities and six percent (6) for longer maturities.

The attention of member banks is called to Circular #13, issued by the Federal Reserve Board and sent to all banks together with copies of regulations accompanying same. This circular fully described paper eligible for rediscount in Federal Reserve Banks, and the accompanying regulations explain the requirements of the Federal Reserve Board relative to endorsements, etc.

Considerable delay in receiving credit for items sent us for discount has been occasioned by the member banks neglecting to place on said paper an endorsement waiving demand, notice and protest, as is required. All paper offered for rediscount must be free from any endorsement, which might impair or restrict the negotiability of the instrument. Notes secured by chattel mortgage should have a certified copy of the mortgage or a certificate from the Recorder that same has been filed for record attached thereto, Notes secured by warehouse receipts for cotton or other commodities must have said receipts attached.

For the present and until further notice, paper which you offer for rediscount must be accompanied by a written statement from an officer of your bank to the effect that to the best of his knowledge and belief all notes and bills submitted are eligible under the requirements of Circular 13. Moreover, to facilitate matters where makers of notes not rated by the Mercantile Agencies and no collateral is attached, information concerning the financial condition and standing of said makers must accompany the application.

A resolution authorizing your bank to rediscount paper with this bank must be passed by your Board of Directors, and form of same will be furnished you upon application.

In view of the fact that under present regulations the amount of paper having a maturity of longer than ninety days, which this bank is permitted to accept, is very restricted, being only twenty-five percent (25) of our paid in capital stock, it is hoped that so far as possible your offerings will be confined to paper maturing within ninety days from the date of application.

The Governor is at this time in Washington in conference with the Governors of the other Federal Reserve Banks, working on a plan whereby the handling of transit items can be taken up by this bank for its members, and upon his return, we hope to get out a bulletin relative to the results accomplished at the conference.

It is the desire of our directors and officers to serve you in every way possible in order that all benefits intended by the Federal Reserve Act may be fully realized.

Very respectfully,

R. L. VAN ZANDT,

Acting Governor.

RLVZ/MSK