

FEDERAL RESERVE BANK
OF DALLAS

CIRCULAR #20

August 10, 1915.

TO THE MEMBER BANK ADDRESSED:

You have received from the Federal Reserve Board, under date of July 15, 1915, its Circular No. 16, together with Regulation P. attached thereto, relative to bills of exchange drawn against sales of goods and accepted by purchasers, which paper is commonly known as "TRADE ACCEPTANCES".

In accordance with the recommendations contained in the above mentioned circular, the Federal Reserve Bank of Dallas has established special rates of rediscount for paper which complies in every respect with the requirements of that circular, which are somewhat lower than our rates for promissory notes.

Until further notice our rates on "trade acceptances" discounted for our member banks will be:

For maturities within 60 days - - - - - $3\frac{1}{2}\%$
For maturities 61 to 90 days- - - - - 4%

Our discount rates on other paper remain as quoted on the last statement sent you, to-wit:

For maturities within 60 days - - - - - 4%
For maturities 61 to 90 days- - - - - $4\frac{1}{2}\%$
For maturities beyond 90 days
and within six months - - - - - 5%

This action is taken with the hope of bringing about a change in commercial practices which will cause the creation of trade acceptances in all commercial transactions where practicable, to the end that a part of the vast fund of open accounts may be turned into paper eligible for discount with commercial banks and for rediscount with Federal Reserve Banks.

In announcing these special rates we also express the hope that our member banks will in turn offer preferential rates in favor of this class of paper, which bears upon its face the evidence of its real commercial character, which represents a particular transaction of a self-liquidating nature, and which of necessity bears the names and responsibilities of both the drawer and the acceptor.

Respectfully,

R. L. VAN ZANDT,

Governor.