TO THE MEMBER BANK ADDRESSED:

On September 9th we issued our Circular No. 23, relative to "Commodity Paper" and putting into effect a preferential rate of 3% on promissory notes of actual producers when secured by approved warehouse receipts for cotton or other readily marketable commodities of a non-perishable character, where it is certified to this bank that the maker of the note is not paying, on the note offered for discount, a greater rate than 6% per annum either as interest or commissions or both.

On yesterday our Board of Directors authorized us to eliminate the restriction which requires that it shall be the note of the Actual Producer in order to obtain said commodity rate, and the notes of merchants or others, who are not holding the commodity for purely speculative purposes, when properly secured as explained in our Circular No. 23, will be entitled to the same rate as if given by the actual producers.

Notes of merchants, buyers, etc., when offered to us for discount MUST be made on a collateral form giving the right to call for additional security in case of necessity.

The required endorsement may now be modified to read as follows:

"THE MAKER OF THIS NOTE IS NOT BEING CHARGED ON THIS NOTE A GREATER RATE THAN 6% PER ANNUM EITHER AS INTEREST OR COMMISSIONS OR BOTH."

Please bear in mind that all warehouse receipts must be correctly endorsed and must be accompanied by proper evidence that the commodity is sufficiently insured.

EFFECTIVE MONDAY, NOVEMBER 15TH, OUR REGULAR DISCOUNT RATE WILL BE REDUCED TO 4% FOR PAPER MATURING WITHIN 90 DAYS, AND 4 1/2% FOR LONGER MATURITIES.

Very respectfully,

R. L. VAN ZANDT,
Governor.