

**FEDERAL RESERVE BANK  
OF DALLAS**

No. 27.

November 18, 1915.

TO THE MEMBER BANK ADDRESSED:

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.

This section of the Act takes effect December 23, 1915, and the Federal Reserve Board has announced that the first quarterly period for which they will consider such applications will be the period ending March 31, 1916. In accordance with the terms of the Act, all applications to sell such bonds, in order to be considered by the Board at that time, must have been filed with the Treasurer of the United States at least ten days before the end of the quarter, i. e., on or before March 21, 1916.

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

1st: The only bonds that are eligible for sale in this manner are United States 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.

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 to purchase is limited to \$25,000,000, in any one year, and will not exceed \$6,250,000 in any one quarterly period.

7th: This aggregate amount may be furthermore be reduced by the amount of bonds purchased during the same year by the Federal Reserve Banks in the open market.

8th: Applications to sell, which are not accepted for purchase in full at the end of any quarter, lapse, but the bonds not purchased may be offered again for sale by filing new application at least ten days before the end of any other quarter.

Blank forms for making applications to the Treasurer of the United States for the sale of bonds in accordance with the foregoing, will be furnished, on request, by this bank.

Respectfully,  
R. L. VAN ZANDT,  
Governor.