

FEDERAL RESERVE BANK
OF DALLAS

Circular No. 7,
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April 26, 1919.

BANKERS' ACCEPTANCES

TO ALL MEMBER BANKS:

Through the efforts of the Federal Reserve Bank of New York, an arrangement has been perfected between all the Federal Reserve Banks and branches whereby Bankers' Acceptances payable in Federal Reserve cities and cities where branches of Federal Reserve banks are located, will become immediately available as cash upon payment at maturity at any other Federal Reserve bank or branch in the United States.

Bankers' Acceptances payable outside of Federal Reserve cities and cities in which branches are located will become available in the same manner one day after maturity, with the exception of the Fifth (Richmond) Federal Reserve district, where credit for items payable at other than Federal Reserve or branch city in that district will become available two days after maturity in Maryland, District of Columbia, and Virginia; three days after maturity in West Virginia, North Carolina, and South Carolina.

The main object to be attained in the perfection of this arrangement is to broaden the market for Bankers' Acceptances and to remove any discrimination in favor of Bankers' Acceptances payable in the city of New York. The arrangement, of course, is predicated upon Bankers' Acceptances being deposited in the Federal Reserve bank of the district where payable in sufficient time to be presented at the place of payment on day of maturity.

For the present at least, we may consider that the majority of Bankers' Acceptances executed by banks in this district which would be sold out of the district would be payable at points of one-day distance from the Federal Reserve Bank of Dallas or the El Paso Branch in respect to one-way mail time; therefore, acceptances may be handled for collection by the Federal Reserve Bank, presented at maturity in the city where payable, and funds reach the Federal Reserve Bank of Dallas and therefore be immediately available to the holder one day after maturity.

However, Bankers' Acceptances executed by any member bank in the district may be made payable at the Federal Reserve Bank of Dallas at the time such acceptances are drawn and executed, and by the acceptor providing funds at the Federal Reserve Bank of Dallas on date of maturity, such acceptances can be made immediately available to the holder through the Federal Reserve bank of any other district on the day of maturity.

We should be pleased to answer inquiries made by any of our member banks interested in the development of this business.

Respectfully,

