



**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, September 15, 1923.

Dear Sir:

Bill of Lading Drafts Endorsed by Nonmember Banks

The right heretofore granted member banks to rediscount paper acquired from nonmember banks was recently withdrawn by the Federal Reserve Board, at which time, however, we were advised that in some cases the Board might make exceptions to this rule by granting permission, for a limited time, for Federal reserve banks to discount paper endorsed by or emanating from nonmember banks.

The ruling referred to applies to sight and demand bill of lading drafts as well as rediscounts. Being anxious, however, to facilitate in any proper manner the movement of this season's cotton crop, we have addressed an inquiry to the Federal Reserve Board, and have reason to believe that it will give its favorable consideration to applications from member banks for the extension of this privilege with respect to sight and demand drafts secured by nonperishable, readily marketable staple agricultural products, for the remainder of this year. Such applications should be addressed by the member bank to the Federal Reserve Board, but should be delivered to this bank for transmission to the Board.

For your guidance, in the event your bank wishes to exercise this privilege, we attach hereto a suggested form of application and wish to direct your attention to the fact that the Federal Reserve Board's approval of your application will be required before this bank can purchase from you drafts endorsed by or emanating from nonmember banks.

While this letter is being addressed only to banks in the larger centers of the district that carry the accounts of smaller banks, and in all probability accounts of nonmember banks, any member bank may make application regardless of whether or not they receive a copy of this letter.

Yours very truly,

B. A. MCKINNEY,

Governor