

**FEDERAL RESERVE BANK  
OF DALLAS**

Dallas, Texas, July 21, 1928

**CHANGE IN FORMS OF CERTIFICATES EVIDENCING ELIGIBILITY  
OF BANKERS' ACCEPTANCES**

**To the Member Bank Addressed:**

The Federal Reserve Board's Regulation A, Series of 1928, contains the following provision with reference to the eligibility of bankers' acceptances for discount by Federal reserve banks:

"A Federal reserve bank must be satisfied, either by reference to the acceptance itself or otherwise, that the acceptance is eligible for discount under the terms of the law and the provisions of this regulation. The bill itself should be drawn so as to evidence the character of the underlying transaction, but if it is not so drawn evidence of eligibility may consist of a stamp or certificate affixed by the acceptor in form satisfactory to the Federal reserve bank."

With a view of overcoming language heretofore used, which in the opinion of counsel might affect the negotiability of bankers' acceptances, the Federal Reserve Board has approved forms of certificates as follows:

**(a) Domestic Shipments:**

"At time of acceptance, this bill was accompanied by shipping documents evidencing the domestic shipment of (name of commodity)  
from (point of shipment) to (place of destination)  
(Name of Acceptor) "

This form is the same as the one previously adopted.

**(b) Import and Export Transactions:**

“The transaction which gives rise to this instrument is the  
 { importation } of (name of commodity)  
 { exportation } -----  
 from (point of shipment) to (place of destination)  
 -----  
 (Name of Acceptor) ”

The present wording has been substituted for the words, “This acceptance arises out of a transaction involving, etc. . . .”, which was formerly used.

**(c) Warehouse Secured Credits:**

“This bill was secured at the time of acceptance by independent warehouse, terminal, or other similar receipt conveying security title to (name of readily marketable staple) stored in (country where stored) ----- (Name of Acceptor) ”

In the present form the clause “and the acceptor will remain secured throughout the life of the bill”, which was included in the form previously used, has been eliminated. The requirement that the acceptor remain secured throughout the life of the bill in such cases, however, is still contained in the Federal Reserve Board’s Regulation A, and a strict compliance with this requirement of the regulation will be expected.

In addition to the above, the attention of accepting banks is called to the practice of including as a part of their acceptance the due date of the accepted bill. In the opinion of the American Acceptance Council the inclusion of a due date in the words of acceptance serves no useful purpose since the maturity is determined by the terms of the bill itself, and the Council has recommended to all accepting banks and bankers that the practice of stating the due date in the acceptance of a bill of exchange be abandoned. This recommendation has been made in view of the possibility of an error in showing the due date as a part of the acceptance, which, in the opinion of legal authorities consulted by the American Acceptance Council, would constitute a qualified acceptance as defined in the Negotiable Instruments Act, and thus discharge the drawers and endorsers unless they have expressly or impliedly authorized the holder to take a qualified acceptance.

Yours very truly,



Governor.