

**FEDERAL RESERVE BANK
OF DALLAS**

Circular No. 7

Dallas, Texas, July 14, 1934

**SUBJECT: DISCOUNTS, PURCHASES, LOANS AND COMMITMENTS TO PROVIDE
WORKING CAPITAL FOR ESTABLISHED INDUSTRIAL OR
COMMERCIAL BUSINESSES.**

**To All Banks and Trust Companies
in the Eleventh Federal Reserve District:**

For your information, there is enclosed a copy of Regulation S, Series of 1934, issued by the Federal Reserve Board, which deals with loans by Federal reserve banks for industrial or commercial purposes.

Under this regulation, the reserve banks are authorized to make loans or advances or commitments for such loans or advances to financing institutions, which in turn advance the funds for working capital purposes to established industrial or commercial enterprises. As will be observed from Section 13 (b) of the Federal Reserve Act, as quoted in the regulation, the maturity of the loans must not exceed five years, and the financing institutions must assume at least 20 per centum of any loss that may occur. In exceptional circumstances, when an established industrial or commercial business is unable to obtain requisite financial assistance on a reasonable basis from the usual sources, the Federal reserve banks may also make direct advances.

It is of course necessary that the Federal Reserve Bank and its Industrial Advisory Committee (provided for by law) shall have full and complete information regarding the applicant before the desirability of a loan can be determined. Application forms have therefore been prepared to make possible the furnishing of the necessary information in convenient and uniform manner.

Additional information and application blanks will be furnished upon request and all applications received will be given as prompt consideration as possible.

Yours very truly,

B. A. MCKINNEY,
Governor.