

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 68-162
July 29, 1968

To the Chief Executive Officer of the Member Bank Addressed
in the Eleventh Federal Reserve District:

Enclosed are copies of the recently released Federal Reserve System Committee report on the Reappraisal of the Discount Mechanism and the press release on this subject. The study resulting in this release took three years of intense effort, and the new proposal reflects a major modification of System policy toward borrowings by member banks. We think the study warrants careful reading and analysis by all member banks, especially because certain aspects of the proposed discount mechanism are subject to change according to comments received from the banks.

It would be appreciated if you would send me your reaction to the report and the various borrowing arrangements proposed, particularly your comments on the various percentage and time limitations related to the basic borrowing privilege and seasonal borrowing proposal. In addition, we would like to know whether or not you believe it will be of help to you in meeting the short-run and seasonal problems incident to normal bank operations. I would also be interested in your opinion of the desirability of the Federal Reserve Bank of Dallas initiating group bankers meetings to discuss the proposal and coordinate significant comments or criticisms. Please let me hear from you by August 19, if at all possible.

Yours very truly,

P. E. Coldwell

President

Enclosures (2)