ANNUAL REPORT

OF THE

FEDERAL RESERVE BANK OF ST. LOUIS

FOR THE YEAR ENDED DECEMBER 31, 1915

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ANNUAL REPORT OF FEDERAL RESERVE BANK OF ST. LOUIS.

William McC. Martin, Chairman and Federal Reserve Agent.

On May 2, 1914, the reserve bank organization committee announced the boundaries of Federal reserve district No. 8.

On May 11, 1914, this committee designated five banks to execute the organization certificate, and on May 18 representatives of the banks met in the rooms of the St. Louis Clearing House Association in the city of St. Louis and signed the organization certificate of the Federal Reserve Bank of St. Louis. Arkansas was represented by the German National Bank, of Little Rock, Mr. J. D. Goldman, president, and Mr. W. A. Hicks, cashier, signing the certificate for that bank. Illinois was represented by the Ayers National Bank, of Jacksonville, Mr. M. F. Dunlap, president, and Mr. O. F. Buffe, cashier, signing the certificate. Indiana was represented by the Second National Bank, of New Albany, Mr. Earl S. Gwin, president, and Mr. Geo. A. Newhouse, jr., cashier, signing for that bank. Kentucky was represented by the National Bank of Kentucky, Louisville, Mr. Oscar Fenley, president, and Mr. H. D. Ormsby, cashier, signing the certificate. Tennessee was represented by the First National Bank, of Memphis, Mr. J. A. Omberg, president, and Mr. C. Q. Harris, cashier, signing for it.

The reserve bank organization committee had sent out preferential ballots in accordance with the Federal Reserve Act to all member banks, and on August 10, 1914, it announced that group No. 1 had elected Mr. Walker Hill, of St. Louis, as class A director, and Mr. Murray Carleton, of St. Louis, as class B director; that group No. 2 had elected Mr. Frank O. Watts, of St. Louis, as class A director, and Mr. W. B. Plunkett, of Little Rock, Ark., as class B director; that group No. 3 had elected Mr. Oscar Fenley, of Louisville, Ky., as class A director, and Mr. Le Roy Percy, of Greenville, Miss., as class B director.

On September 30, 1914, the Federal Reserve Board announced the appointment of Mr. William McC. Martin as Federal Reserve Agent and chairman of the board of directors, and Mr. W. W. Smith as deputy Federal Reserve Agent and vice chairman, and that these two gentlemen, together with Mr. John W. Boehne, of Evansville Ind., would be the three class C directors.

On Monday, October 5, 1914, the three class C directors of this bank met with the Federal Reserve Board in its rooms in the Treasury Building at Washington, D. C., to receive preliminary instructions and discuss the necessary steps for the organization of the bank. Upon the return from this meeting, on October 13, an informal meeting of the board of directors was called by the chairman of the board. This had to be an informal meeting, as some of the directors had not had time fully to qualify in accordance with the provisions of the law, and was for the purpose of having the directors become acquainted with one another and talk over tentative plans for the organization of the bank. All the directors were present, except Mr. Le Roy Percy, of Greenville, Miss. At this meeting the chairman read a telegram from the secretary of the Federal Reserve Board, advising that a conference had been called for October 20 in Washington, D. C., and asking that all the directors of each

Federal Reserve Bank be present, if possible. There were selected, as the representatives of this bank, to be present at the meeting of directors in Washington, Mr. Oscar Fenley and Mr. Frank O. Watts, class A directors, Mr. W. W. Smith, class C director, and the chairman of the board. These gentlemen all attended the meeting in Washington, and took part in the discussions with other directors in the consideration of plans for the opening of the banks.

On October 23 the Federal Reserve Board called for the first installment of capital stock, a payment in gold equal to one-sixth of the total amount of capital stock allotted to each bank, such remittance to be made on or before November 2, 1914.

On October 25, 1914, the Secretary of the Treasury stated that he had determined to announce the establishment of the Federal Reserve Banks in all the Federal reserve districts on November 16, 1914. This announcement was made several days before it was possible to hold the first regular meeting of the board of directors of this bank. Its first regular meeting was held on October 28, in the board room of the Mississippi Valley Trust Co., St. Louis. All of the directors were present. Anticipating an early opening of the bank, the chairman of the board had gone ahead and ordered certain records, in order to facilitate matters, and at this meeting of the board his actions were ratified. The directors also decided by lot, on their terms of office, in accordance with the provisions of the law, the result being as follows:

CLASS A.

Mr. Frank O. Watts, for a term to expire one year from January 1, 1915.
Mr. Oscar Fenley, for a term to expire two years from January 1, 1915.
Mr. Walker Hill, for a term to expire three years from January 1, 1915.

CLASS B.

Mr. Murray Carleton, for a term to expire one year from January 1, 1915.
Mr. W. B. Plunkett, for a term to expire two years from January 1, 1915.
Mr. Le Roy Percy, for a term to expire three years from January 1, 1915.

CLASS C.

Mr. William McC. Martin, for a term to expire one year from January 1, 1915.
Mr. Walter W. Smith, for a term to expire two years from January 1, 1915.
Mr. John W. Boehne, for a term to expire three years from January 1, 1915.

A corporate seal was also adopted and by-laws decided on. A committee was appointed to recommend the salaries of the governor of the bank, deputy governor, and cashier, and its report was adopted. The officers elected were as follows: Hon. Rolla Wells, governor; Mr. William W. Hoxton, deputy governor and secretary; Mr. C. E. French, cashier.

This organization meeting of the board occurred on October 28, and the bank had to open its doors for business on November 16, thus giving only a little over two weeks in which to find quarters, get the necessary equipment, and become established. Prior to this time there had been no officers of the bank, except the chairman of the board and the vice chairman, and, in accordance with the call of the Federal Reserve Board, gold was being received in payment of the first installment of capital stock. The chairman of the board accepted these payments as they came, gave his receipt for them, and arranged that they be deposited in a safe-deposit box in the Mississippi Valley Trust Co. Access could be had to this box only by the Federal Reserve Agent when accompanied by Mr. W. W. Smith, his deputy. At the first regular meeting of the board the chairman reported what he and his deputy had done in regard to accepting these payments, and their action was confirmed. As soon as officers were appointed for the bank and qualified, these capital stock payments were turned over to them, and were found to be correct.

Beginning with October 1 the chairman received a great number of applications for positions with the bank. Wherever possible, the applicants were seen, and all applications were filed in order of receipt, so that when it came to choosing the official staff and the office force, every application was given due consideration.

A number of possible locations for the new bank had been looked over by the chairman and his deputy, and these were reported to the first regular meeting of the board of directors. At this meeting the board appointed these two gentlemen and Governor Wells as a committee to select temporary quarters and to purchase such furniture and equipment as the bank required. At the first meeting of the executive committee, held on November 4, this committee reported that it had succeeded in getting temporary quarters on the fourth floor of the Boatmen's Bank Building. This was a new building, located on the northeast corner of Olive Street and Broadway, and the fourth floor, fortunately, had not been completely finished, so quick work was possible. In order to get it ready for occupancy on November 16 it was necessary that those supplying fixtures and those at work on the building be pushed day and night, but, with great effort, we succeeded in getting everything ready, so that on the morning of November 16, 1914, this bank opened its doors for business.

The vaults were extremely inconveniently located a considerable distance from our banking room, but they were safe, the very best procurable, and we have succeeded in operating with them. Visits to the vaults, due to their location, have consumed a considerable amount of the time of employees, but it was a condition that could not be remedied.

This bank was opened for business promptly on the day set, and had its own staff of officers and employees, though the St. Louis banks had very kindly offered to lend us men if needed.

Officers and Employees.

On the day of opening the staff numbered 6 officers and 17 other employees. For a few days it had the assistance of Mr. William C. Tompkins, auditor of the Third National Bank of St. Louis, who helped inaugurate the accounting system, but with this exception, the bank was opened with its own employees.

Eight days after the opening of the bank there was started a limited clearing system, and on December 4 the bank extended its clearing facilities and offered to collect for member banks checks and drafts drawn on any Federal Reserve Bank and checks and drafts drawn on all member banks of this district. In order to have a sufficient force to take care of the possible number of items that might come in under this enlargement of the clearing system, it was necessary to increase the force, so that on January 1, 1915, the bank had 6 officers and 40 employees.

Now that experience has shown the approximate number of items to be expected under given conditions, and the scope of other work necessary in carrying on the operations of the bank, it has been possible to decrease the working force until at the close of this year there were on the rolls 5 officers and 34 employees.

On January 6, 1915, the Deputy Federal Reserve Agent, Mr. Walter W. Smith, resigned to take effect January 15, 1915, to become vice president of the Third National Bank of St. Louis. This vacancy was not filled until June 2, 1915, when the Federal Reserve Board appointed as Mr. Smith's successor, Mr. T. C. Tupper, who had been connected with the bank since its organization as manager of its credit department.

On July 19, 1915, Mr. C. E. French resigned as cashier, to take effect August 7, 1915, as he had been appointed by the Comptroller of the Currency as chief examiner of Federal Reserve District No. 8. Since his resignation, the deputy governor, Mr. William W. Hoxton, has been the acting cashier.

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Directors and By-laws.

The by-laws adopted by the board of directors of this bank follow very closely the by-laws suggested at the conference of directors held in Washington prior to the opening of the bank. They prescribe that there shall be two meetings of the board each month, on the first and third Wednesdays, at 10 o'clock a. m., and if that day be a holiday, on the second succeeding full business day. There have been 28 meetings of the board since the organization of the bank, with an average attendance of seven directors.

This bank has four out-of-town directors, and attendance at the board meetings consumes a considerable amount of their time. It takes one of the directors a night and a day to come from his home to St. Louis. It has been reported that there is a rumor that directors receive $5,000 a year for their services to this bank. It seems impossible that this could be the general impression, but if anyone has such an erroneous idea, this is the place to correct it. The directors of this bank receive their traveling expenses and the usual fee for attending meetings. The money compensation is not anything like adequate for the time these gentlemen give to the affairs of the bank.

The proposed form of by-laws suggested an executive committee, composed of three members of the board, but this was changed so that the by-laws of this bank call for an executive committee consisting of the governor, the Federal Reserve Agent, and three directors chosen from classes A and B, this committee to serve during the pleasure of the board of directors or for terms fixed by it. With the exception of the Federal Reserve Agent, under these by-laws, directors of class C are not eligible as regular members of the executive committee, though it is provided that the governor may invite any other members of the board to sit with the executive committee and that such members have full right of membership during such meeting.

At the first meeting of the board there were elected to serve on the executive committee, in addition to the chairman of the board and the governor of the bank, Mr. Walker Hill, Mr. F. O. Watts, and Mr. Murray Carleton, all of St. Louis. These three elected members were to serve during the pleasure of the board for a term of office expiring at the first regular meeting of the board of directors to be held in January, 1916.

As the by-laws were first passed, the executive committee was not given the right to fix the discount rates, but later it was found advisable to amend them, so that the executive committee now has the power "to fix the discount rates and change same from time to time, subject to review and determination by the Federal Reserve Board."

During the first few months of the bank's existence the executive committee met several times a week. It is now holding two meetings a week, one on Monday and one on Thursday, at 10.30 o'clock a. m. Up to and including December 31, 1915, there have been 150 meetings of the executive committee.

Copy of the by-laws, as amended and in force at the writing of this report, is hereto attached as Exhibit A.

Rediscount Rates.

On November 16, 1914, the day of opening, this bank established a rediscount rate of 6 per cent for all maturities of paper eligible for rediscount under the law. This rate was justified by the conditions then existing. In the latter part of December and early in January money began to be more plentiful, and it seemed advisable to offer a preferential rate for notes of shorter maturity. Accordingly, on January 7, 1915, a 4½ per cent rate was announced for paper maturing within 30 days, a 5 per cent rate for paper maturing within 60 days, a 5½ per cent rate for paper maturing within 90 days, and a 6 per cent rate on agricultural and live-stock loans running from 90 days to 6 months. Our rediscount rates have been changed from time to time, in accordance with the conditions within the district. On June 24 a rate of 3 per cent was established on paper maturing within 10 days. It was thought that perhaps this rate could be availed of by our large city banks in order to meet their demands for very short time payments, such as, for instance, building up their legal reserves, temporarily depleted, or the payment of a heavy debit in the clearing house. Much to our surprise, however, the first offering of this class of paper came from a country bank.

During the late winter and early spring member banks' reserves and deposits increased rapidly, and their discount rates consequently declined steadily. During the early part of the year bank rates to customers in the larger cities were about 5½ to 6 per cent, and commercial paper of the best names was selling from 4½ to 5 per cent. In March the rate further declined, and 5 per cent was the usual bank rate, with commercial paper selling around 4 per cent. Commercial paper brokers generally complained of an inactive business. Banks looked forward to the period of crop movement, anticipating an increased demand for funds, and accordingly a higher rate of interest. This, however, did not materialize, the demand for crop-moving purposes being below normal, and discount rates remained at a low level. Such being the case, on September 14 this bank reduced its rate on 90-day paper to 4 per cent, putting it on a level with 30 and 60 day rates. On this same day the bank announced a 3 per cent rate, available for "commodity paper," having a maturity of not more than 90 days, provided the bank offering same could certify that the loan was originally made at a rate not exceeding 6 per cent. This was designed to help the carrying of cotton, wheat, and commodities of a like kind. Also, on September 14, in order to encourage the use in business of "trade acceptances," the bank established a rate on this class of paper one-half per cent lower than its 30-day rate, the rate being 3½ per cent on maturities of not more than 90 days. So far the banks have not availed themselves, to any great extent, of any of the preferential rates—that is, the 3 per cent rate on 10-day paper, the 3½ per cent rate on trade acceptances, and the 3 per cent commodity-paper rate.

In October of this year the demand was somewhat more active, especially in the southern parts of the district, but this was not sufficient to cause any marked increase in rates. At the end of October the rates were still below normal for this time of the year, the bank rate ranging from 4½ to 5 per cent, and commercial paper of the best names was scarce even at a rate of 3½ to 4 per cent for maturities up to six months.

The board of directors of this bank has realized from the beginning that the fixing of rediscount rates was perhaps the most responsible of its functions. In the face of earnings not up to our expectation and with a desire for increased business there was a temptation to lower the rates. However, the board thoroughly appreciated the fact that if rates were placed at so low a level as to encourage member banks to allow their customers to borrow too much money and extend too much, the result would be an overexpansion in business and the possibility of a dangerous situation. The policy of the board has been to establish a rate which would enable the member banks to meet every legitimate demand of business in their respective localities at a reasonable rate to customers and at the same time not stimulate loans to a point of dangerous expansion. Since the bank was established there have been seven changes in the rediscount rates, the dates on which these changes have occurred and the rates for the different maturities being as follows:

	10 days.	30 days.	60 days.	90 days.	6 months.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Nov. 16, 1914	....	6	6	6	6
Dec. 10, 1914	....	5½	6	6	6
Dec. 21, 1914	....	5	5½	6	6
Jan. 7, 1915	....	4½	5	5½	6
Feb. 3, 1915	....	4	4	4½	5½
Apr. 22, 1915	....	4	4	4½	5
June 24, 1915	3	4	4	4½	5
Sept. 14, 1915	3	4	4	4	5

Sept. 14, 1915, trade acceptances, 90 days, 3½ per cent; commodity paper, 90 days, 3 per cent.

EFFECT OF FEDERAL RESERVE RATES ON RATES IN GENERAL.

Since the establishment of the Federal Reserve Bank it is interesting to examine the rates which banks have been paying for borrowed money and also the rates which banks have been granting their customers. From reports of member banks made to the Comptroller of the Currency the following is noted: On May 1, 1915, the average rate that banks paid for borrowed money was 5.24 per cent; on June 23, 5.22 per cent; on September 2, 5.05 per cent; and on November 10, 4.96 per cent. This shows a steady decrease in the rate at which banks borrowed from their correspondents. During all this period they could have borrowed from the Federal Reserve Bank at a less rate.

There has also been a decrease in the rate which member banks charge their customers. The 30-day average rate to customers on May 1, 1915, in this district was 7.31 per cent; on June 23, 6.94 per cent; on September 2, 7.06 per cent; and on November 10, 6.87 per cent. The decrease in rates to customers has been greater in two or three of the large cities than in the smaller towns. The country banks, as a rule, have made little decrease in their rates of interest to customers.

REDISCOUNTING.

On November 18, two days after the opening of this bank, we received our first offering of paper, amounting to $1,000,000. Our next rediscounts were received on November 23, and totaled $21,000. On November 27 the next offerings were received, aggregating $52,000. The following day we received an offering amounting to $4,224.95, and on November 30 one amounting to $500,000.

From the opening of the bank to the end of business on Friday, December 4, 1914, this bank had received a total amount of rediscounts of $1,654,507.76. In fact, two days after the opening of the bank more rediscounts were on hand than have been received during any one week since then. The rediscounts received during the week ending Friday, December 11, 1914, amounted to $71,500. Since that time the rediscounts have increased with more or less regularity from week to week.

Attached hereto, as Exhibit B, is a statement of commercial paper offered by member banks and accepted each week, showing total of each maturity and total of all maturities to and including December 31, 1915. Also attached, as Exhibit C, is a chart showing the same facts in graphic form.

The total rediscounts accepted by the bank from its opening on November 16, 1914, to December 31, 1915, amounted to $8,231,082.92. Of this amount, $2,363,330.16, or 28.71 per cent, was of 30-day maturity; $2,821,311.81, or 34.28 per cent, was of 60-day maturity; $2,431,693.76, or 29.54 per cent, was of 90-day maturity; and $614,747.19, or 7.47 per cent, was of paper maturing within 6 months. Nearly two-thirds of the paper accepted by the bank was of the 60 and 90 day class. There were 3,828 notes accepted during this period, and of this number 118 were for amounts less than $100 each.

From a study of the number of member banks offering rediscounts from the different States and cities of the district it may be said that the smaller banks, rather than the larger ones, have shown a tendency to use our service. The banks in St. Louis and Louisville have not had occasion to avail themselves, to any great extent, of the rediscount privilege. Below is given a table, showing number of member banks offering rediscounts from each State each month from the opening of the bank, the total number of banks offering rediscounts from the whole district each month, the number and percentage of different banks offering rediscounts from each State, and the number and percentage offering rediscounts from the whole district since the bank's opening:

State or city.	1914		1915												Number of banks rediscounting.	Number of member banks in State.	Percentage of banks rediscounting with Federal Reserve Bank.
	November.	December.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.			
Arkansas	....	3	4	4	5	5	9	7	9	11	13	7	7	6	24	62	38.7
Illinois	....	5	7	3	15	13	18	16	9	16	11	11	11	11	42	157	26.7
Indiana	1	1	2	3	3	2	1	2	1	....	2	1	3	4	10	61	16.4
Kentucky	1	4	4	3	4	2	3	4	1	4	4	6	7	7	14	61	22.9
Louisville	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	8	....
Mississippi	....	....	....	....	....	1	1	2	3	5	4	3	4	5	8	18	44.4
Missouri	....	3	1	5	3	8	7	8	5	9	13	10	13	8	19	72	26.3
St. Louis	3	1	2	....	....	....	....	....	....	....	....	....	1	....	4	8	50.0
Tennessee	1	4	4	6	2	3	5	5	6	7	7	7	8	4	10	20	50.0
Total	6	21	24	24	32	34	44	44	34	52	54	45	54	45	131	467	28.0

From November 16, 1914, to January 1, 1916, the number of different member banks accommodated through the discount of paper was 131. The number of different banks accommodated through the discount of paper from January 1, 1915, to the end of the calendar year was 129.

It will be noted that a little over one-fourth of our member banks have availed themselves of the rediscount privilege, and this number is steadily increasing from month to month. We have made regular customers of these banks, the majority of them making frequent offerings. It is gratifying to find this steady normal increase, as it shows that as our member banks become more familiar with the system they are taking advantage of its facilities. This increased use of the rediscount privilege of the Federal Reserve Bank is also shown from an analysis of the reports to the Comptroller of the Currency, to wit: On March 4 this bank held approximately 18 per cent of the total loans of the member banks in this district; on May 1, 18.4 per cent; on June 23, 17.98 per cent; on September 2, 27.03 per cent; and on November 10, 25.17 per cent.

The following table gives the approximate percentage of rediscounts of the Federal Reserve Bank of St. Louis as compared with the total borrowings of member banks for the district and for each State within the district, according to the reports made to the Comptroller of the Currency under calls of March 4, May 1, June 23, September 2, and November 10, 1915:

Date of call.	District.	Arkansas.	Illinois.	Indiana.	Kentucky.	Mississippi.	Missouri.	Tennessee.
Mar. 4, 1915	18.40	12.8	13.7	30.9	5.4	....	10.3	47.3
May 1, 1915	18.40	8.9	16.3	33.6	8.2	8.3	10.2	54.0
June 23, 1915	17.98	20.6	18.9	27.9	3.6	3.5	15.7	33.9
Sept. 2, 1915	27.03	23.8	27.0	34.5	6.7	25.2	22.7	40.9
Nov. 10, 1915	25.17	17.9	29.9	15.5	16.0	19.6	17.7	48.3

It is difficult to draw definite conclusions from this statement, as conditions vary considerably in the different sections of the district. From the above, however, it would appear that the member banks in Tennessee have realized the possibilities of the Federal Reserve Act to a greater extent than those of any other State. Indiana also has an excellent record in this respect. The above figures seem to indicate a growing appreciation on the part of bankers in Arkansas, Illinois, and Missouri. The offerings from Kentucky, however, have been spasmodic and rather disappointing.

A further examination of the reports to the Comptroller of the Currency shows that, in spite of the fact that member banks could rediscount with the Federal Reserve Bank, in which they are stockholders, the banks in this district have placed approximately one-third of their total loans with banks located outside of the district. On

March 4 the borrowings of member banks from banks outside of the district amounted approximately to $1,275,000; on May 1, approximately $1,070,000; on June 23, approximately $1,103,000; on September 2, approximately $1,637,000; and on November 10, approximately $2,746,000.

If the borrowing banks of this district had placed their loans which they made outside of the district with the Federal Reserve Bank of St. Louis, it would have enabled their Federal Reserve Bank, in which they own stock, to have earned considerably more money and would have not taken any business away from the banks within the district. It appears from the reports to the Comptroller that few, if any, of these loans were made at a less rate of discount than the rate offered by this bank. The average maturity of paper rediscounted with us is probably in excess of 60 days. If it be supposed that these member banks had rediscounted with us the $7,830,000 of loans which they placed with banks outside of the district, at our 60-day rate—4 per cent—this bank would have received an additional revenue of approximately $52,200, which would have helped our showing considerably.

The following figures, taken from the reports of member banks to the Comptroller of the Currency, are interesting:

The reports of September 2 showed that loans of member banks were divided as follows:

With banks within the district	$1,580,000
With banks outside the district	1,630,000
With Federal Reserve Bank	1,190,000
Total	4,400,000

Of this total, 27 per cent was borrowed from the Federal Reserve Bank.

The reports of November 10 showed that loans of member banks were divided as follows:

With banks within the district	$2,450,000
With banks outside the district	2,745,000
With Federal Reserve Bank	1,750,000
Total	6,945,000

Of this total, the Federal Reserve Bank held 25 per cent. In brief, the total loan of member banks within this district increased $2,545,000 from September 2 to November 10. In this same period the rediscounts with the Federal Reserve Bank increased only $560,000, or about 22 per cent of the increase.

Clearings.

Eight days after the opening, on November 24, 1914, this bank inaugurated its clearing system by the collection for its member banks of checks and drafts on other Federal Reserve Banks and checks and drafts drawn by member banks of this district on member banks located in Louisville and St. Louis.

On December 4, 1914, it extended the clearing facilities and offered to collect for member banks checks and drafts drawn on all member banks in this district and checks and drafts drawn on other Federal Reserve Banks. All items handled were credited to the banks from which received, on the day of receipt, and charged to the drawee bank on the same day. It soon developed that banks in reserve and central reserve cities, located outside of District No. 8, were sending in a great number of items on member banks to be cleared at par, while member banks were not able to build up their balances, so depleted by checks on their correspondents located outside of the district. Therefore, on December 18, in order to protect member banks, the bank was compelled to refuse to accept for collection or credit checks or drafts drawn on member banks of this district that bore the indorsement of banks in any reserve or central reserve city located outside of District No. 8. It was forced to take this step, as there was practically no development of the check clearing system outside of this district.

The clearing system is based on the assumption that the intent of the Federal Reserve Act is that every member bank be required to cover at par all checks and drafts drawn upon it received from the Federal Reserve Bank of which said bank is a member. Therefore the collection system, as first started, was mandatory upon member banks. However, when 10 of the other Federal Reserve Banks started collection systems on the voluntary basis, this bank felt that it should put its member banks on the same basis as the member banks of other districts. Consequently, on April 12, 1915, the bank notified the member banks that on and after May 17, 1915, they would have the option of remaining in the clearing system and having their customers' checks cleared through us at par or of withdrawing from the clearing system and having their customers' checks handled through the old channels. On that date there were 462 member banks in District No. 8, and on May 17, 1915, when the voluntary system went into effect, about 20 per cent of our member banks withdrew. Since that time there have been 12 withdrawals and 9 additions to the clearing system. The fact that there have been any additions indicates that the system as operated by the bank has attracted some banks after they more fully understood it, and the fact that so few have withdrawn indicates that a majority of the member banks in this district consider the system practical.

This bank from the beginning has operated on an immediate credit and immediate debit basis, and therefore, on Tuesday, November 16, 1915, the St. Louis Clearing House Association amended its rules and regulations affecting collection charges, to be in effect on and after December 1, 1915, as follows:

"On all such items payable or collectible at par in St. Louis, where immediate credit is had, the charge shall be discretionary with each bank or trust company. Items collectible at par in St. Louis, where immediate credit is had, shall not be regarded as finally paid until received and paid by banks upon which drawn, and recourse may be had upon the clearing bank on such items as may be dishonored, or for losses occurring in the mails, provided such claims are made in due course."

With this amendment in effect St. Louis business men will be able to receive par for their checks.

Prior to December 4, 1914, the date when the clearing system was enlarged, the transit department went over the situation very carefully, and came to the conclusion that on the opening day it should be prepared to handle at least 20,000 items a day. However, the average number of items received during the first month of the bank's operation did not exceed 5,000 per day. It has felt that it was unsafe, however, to open the bank unless we were prepared for the possibilities.

Below is given a statement showing, by months, the numbers of items and amounts of clearings of the Federal Reserve Bank of St. Louis from the inauguration of its clearing system to December 31, 1915:

	Number of items.	Amount.
Nov. 24 to Nov. 30, 1914	8	$14,312.24
December, 1914	115,024	24,611,473.90
January, 1915	136,695	28,300,204.08
February, 1915	127,227	33,716,002.70
March, 1915	154,630	51,190,674.05
April, 1915	154,070	56,519,995.37
May, 1915[1]	134,452	47,048,300.31
June, 1915	124,028	48,784,820.71
July, 1915	129,141	37,460,280.27
August, 1915	141,850	38,091,504.87
September, 1915	150,851	51,331,290.75
October, 1915	182,692	63,532,030.66
November, 1915	183,036	77,371,144.41
December, 1915	202,876	84,559,718.67
Total	1,936,580	642,531,752.99

[1] In May about 20 per cent of our member banks withdrew from the clearing system.

Attached hereto is Exhibit D, giving this information in graphic form.

It will be noted that this statement shows a steady increase for each month up to May, 1915, when the effect of the withdrawal of 97 banks from our clearing system becomes apparent, and a decrease is shown. Beginning with July, however, both the number of items and the amount show a steady increase.

A full clearing system has been in operation over a year. The bank has never attempted to keep down operating expenses at the cost of transit efficiency, and our method in operation, as the records show, has never resulted in dangerous overdrafts. From an operating standpoint it may be said that it is satisfactory.

Gradually exchange charges on checks are being eliminated in this district, and the public is getting a direct benefit from the Federal reserve system. It has been reported that one large firm in the city of St. Louis has had to spend annually in exchange charges approximately $40,000. Due to the Federal reserve system, this firm and others like it will be saved at least the greater part of this expense. The banks in this district have been in the habit of charging from 5 cents per letter, regardless of total, to one-fourth of 1 per cent of the total for remitting to other banks to cover items drawn on themselves or banks in their own town or city. The majority of the member banks belonging to our clearing system which were in the habit of charging exchange on remittances, as above mentioned, now handle same at par. In the majority of the larger cities in this district it has been the custom of the banks to charge exchange on all items deposited with them for collection by local customers. The charges vary from one-twentieth of 1 per cent to one-fifth of 1 per cent. These charges, as a rule, are made in accordance with the rules of the local clearing house. St. Louis is the only city in our district that we know of where the clearing-house rules have been amended so that banks are no longer obliged to charge on items that are collectible at par and on which immediate credit can be obtained. It is estimated that the saving to local customers of St. Louis banks on items drawn on members of our collection system will average about $500 a day. This saving will be augmented by additions to the membership of our clearing system and by nonmember banks obtaining from their correspondents facilities similar to those extended by this bank to its members through its collection system.

Attached hereto as Exhibit E is a statement showing average number of items and amount per day for each month since January 1, 1915, cleared on member banks outside of St. Louis, cleared on member banks in St. Louis, sent to other Federal Reserve Banks, and overdrafts of member banks.

Investments.

Under the law this bank has been limited in its investments to the purchase of United States bonds, warrants based on taxation having maturities of not more than six months, and to acceptances based on the importation or exportation of goods.

This bank now holds $970,000 par value of United States Government bonds. In view of the fact that each year after this year the bank will have to take its pro rata share of the $25,000,000 of United States bonds authorized to be purchased under the Federal Reserve Act, and that bonds purchased during this year could not be counted as a part of such pro rata share, and in view of the unsettled condition abroad and other factors, the board of directors of this bank did not deem it wise to tie up more funds in United States Government bonds.

The method of financing political subdivisions by short-time warrants has not been much in use in this district, and it has been difficult to get the kind of warrants acceptable by us under the law. Every effort has been made to encourage financing of this character, and the services of counsel, Mr. James G. McConkey, have been offered to any community where he was needed to suggest the form of warrants and help in their issuance. A number of conferences in regard to this type of financing have been held and considerable correspondence has occurred, and it is hoped that hereafter the district will furnish more warrants of the kind that can be used. The total amount of eligible warrants purchased by this bank up to and including December 31, 1915, was $2,264,827.87. Very few, if any, bank acceptances based on the importation or exportation of goods, during this year at least, have been obtainable in this district. The total amount of such acceptances received up to and including December 31, 1915, was $1,800,564.57. The great majority of warrants that this bank has been able to purchase, and all of the bank acceptances, have come through the Federal Reserve Banks of New York, Boston, and Atlanta. The chief source of revenue at all times has been paper rediscounted for our member banks. Attached hereto as Exhibit F is a chart showing in graphic form the total investments held by this bank each Friday from December 11, 1914, to December 3, 1915. This shows commercial paper rediscounted with this bank, bank acceptances bought, United States bonds bought, and warrants bought.

It will be noted that the revenue of the bank shows a steady increase from month to month. Current expenses have been substantially reduced during the last few months, and in November, 1915, this bank earned over its operating expenses $962.22.

Federal Reserve Notes.

Since the opening of the bank four shipments of Federal Reserve notes have been received by the Federal Reserve Agent from the Comptroller of the Currency, aggregating $9,600,000.

On December 1, 1914, the Federal Reserve Agent made the first delivery of Federal Reserve notes to the bank in exchange for collateral deposited with him. The second delivery of notes was made on December 14, 1914.

At the present time there is outstanding $8,950,000 in Federal Reserve notes, on which the bank has eliminated its liability by the deposit of gold with the Federal Reserve Agent to the amount of $8,950,000. Of this amount $3,950,000 is held in the vaults of the Federal Reserve Agent at St. Louis and $5,000,000 is to his credit with the Federal Reserve Board in Washington.

Net Deposits and Cash Reserve.

Attached hereto as Exhibit G is a chart showing in graphic form the total cash reserve and net deposits of this bank at the close of business each Friday from November 20, 1914, to December 3, 1915.

State Banks and Trust Companies.

In district No. 8 there are 2,574 State banks and trust companies. Of this number 985 State banks and trust companies have sufficient capital to qualify for membership in the Federal Reserve system; 1,588 of them have not sufficient capital to make them eligible and would have to increase it to become members. The following statement shows, by States, the number of State banks and trust companies that are eligible and the number not eligible.

State banks and trust companies eligible for membership in Federal Reserve System.

State.	Number.	Capital.	Surplus.
Arkansas	177	$10,521,617	$3,957,580
Illinois	174	9,314,300	4,691,890
Indiana	89	3,378,000	1,762,160
Kentucky	102	8,799,850	4,156,360
Mississippi	85	4,738,500	2,263,390
Missouri	303	32,047,100	16,963,450
Tennessee	55	4,772,460	2,213,900
Total	985	73,571,827	36,008,730

State banks and trust companies not eligible for membership in Federal Reserve System.

State.	Number.	Capital.	Surplus.
Arkansas	251	$3,719,130	$1,639,400
Illinois	128	1,995,525	815,310
Indiana	42	1,310,000	456,550
Kentucky	201	3,773,320	1,705,250
Mississippi	72	1,104,350	412,680
Missouri	799	13,470,700	18,426,120
Tennessee	95	1,518,398	928,230
Total	1,588	26,891,423	24,383,540

The Mercantile Trust Co., of St. Louis, is the only State institution in this district that is a member of the Federal reserve system. It came in while the reserve bank organization committee was organizing the bank and before the Federal Reserve Bank of St. Louis was opened.

There have been a number of inquiries from State banks and trust companies in different parts of the district asking for information, with a view of becoming members of the Federal reserve system.

Statistics.

An effort has been made by the Federal Reserve Agent to collect reliable information regarding business conditions in this district. It was thought important that information be obtained at first hand from both the borrower, or business man's point of view, and the lender, or the bank's point of view. So far we have been arriving at the lender's point of view from the copies of the statements sent us, rendered on call of the Comptroller of the Currency. This is supplemented by personal interviews with officers of both State and national banks. These personal interviews are written up in the form of a report two or three times a month. In order to get the borrower's viewpoint, we have compiled a list of about 125 firms, in nine cities within this district. These firms are all of the highest rating, and are wholesalers and jobbers dealing in what may be called "the necessities of life." It was felt that these firms were depending on, and therefore familiar with, the local retailers in the smaller cities throughout the district, and that reports on their business would be an accurate index of actual business conditions. Street railway companies in the larger cities of the district furnish us statistics in regard to earnings and number of passengers carried. From other sources we get information in regard to failures and the usual statistics in regard to building, car movements, etc. The heartiest cooperation has been given by all those asked for information by this bank, and we are extremely grateful for the assistance given us.

District No. 8 is largely a farming district, and it is necessary that we keep closely in touch with agricultural conditions. We receive the reports of the Bureau of Crop Estimates at Washington; reports of the Department of Agriculture; reports from the United States Weather Bureau stations in this district, and reports from various State boards in the district. These reports are carefully analyzed, and are then supplemented by personal interviews with men closely in touch with agricultural development.

The rediscount records of the bank are presented graphically on charts. From them we are able to see what effect, if any, the rediscount rate of this bank has on the rediscounts, which maturities are most frequently offered, what sections of the district are availing themselves of the facilities offered by the bank and to what extent.

In district No. 8, statistics fall naturally under three heads, as follows: (1) manufacturing and selling, applying more particularly to St. Louis, Louisville, Memphis, Little Rock, and the larger centers; (2) agriculture and livestock, applying to a great part of the district, and (3) banking conditions, which apply to all of the district.

Business and Agricultural Conditions During the Year.

When this bank opened in November, 1914, the emergency currency, issued by the banks under the Aldrich-Vreeland Act, to a great extent had been retired. In other words, this district had partially recovered from the first shock caused by the declaration of war in Europe the previous August. There was still a general feeling of uneasiness among all classes of business men, for they were fearful of possible complications in our foreign policy, and were uncertain as to the crop of 1915. However, due in no small measure to the establishment of the Federal Reserve Bank of St. Louis, in this district the first quarter of 1915 showed some improvement in general business conditions as compared to the last quarter of 1914. During this first quarter national banks held reserves well over their legal requirements, due, in a great measure, to the reduced reserve requirements under the Federal Reserve Act, and also, to some extent, to a lack of demand for funds for business purposes. At that time the average bank rate to customers in the large cities was approximately 5 per cent, and commercial paper was freely quoted around 4 per cent. The tendency of the money market was toward lower rates.

During the spring months general business showed some improvement. This was indicated by the increased demand for labor and by the decrease in the number of commercial failures. Money rates were low and banks, contrary to the usual custom, were in the market for commercial paper maturing after the crop-moving season. The shipments of wholesalers were below the average for the period, but collections were nearly normal and showed the effect of the enforced liquidation during the preceding six months. The demand for commodities available for export was beginning to be felt and was responsible, in part, for the improvement noted. The live stock and wheat markets showed the effect of this demand more keenly than any of the other branches of industry, and this marked activity continued throughout the spring and early summer.

Climatic conditions during that period were in the main favorable. The rains in June did some damage to the wheat crop, but even so, the various reports indicated that it was considerably above the 5-year average. The temperature was below the normal, generally, but crops grew rapidly and seasonable weather from then on seemed the only thing necessary to insure a successful harvest.

Commencing the latter part of June, this bank had inquired into the cotton situation throughout the district, gathered data in regard to warehouses, given such help as it could to communities that needed proper warehouse facilities, and prepared forms of bonds and warehouse receipts for use when needed. We advised our member banks that, if necessary, we would gladly send someone from this office to help them get their local cotton situation into proper shape. We made it very plain that we were in position to take care of demands arising out of cotton, and that if it were correctly handled there was no reason why there should be forced sale of cotton at distress prices in any place in this district. This developed a general feeling of confidence in the situation, and we believe had a great effect throughout the district. Jobbing houses generally reported an increase in sales during August and this, in turn, affected the business of manufacturers and those who deal in raw materials.

As summer merged into fall, a steady improvement was noted. To a great extent the Federal Reserve Banks had restored confidence, and this was strengthened by reports on crop conditions. Southern States had made an earnest effort to get away from the one crop standard, and were raising, in many instances, several times the usual amount of wheat and corn. However, the cool, damp summer had retarded the harvesting of the crops and even in September there was no really active demand for money from country communities. Bank rates for customers remained fixed at approximately 4½ per cent to 5 per cent, and commercial paper rates were quoted at from 3½ per cent to 4 per cent for maturities up to six months.

October, November, and December showed further gains in all industries, and these gains should go far toward overcoming the loss incurred last winter. Business houses, generally speaking, are busy. Country merchants are buying freely, and indications point to a rising market in many of the standard commodities.

Failures showed a decrease both in number and total liabilities each quarter of the year of 1915, and this is an indication of the more favorable conditions now existing. The year has been a peculiar one, in that the large city banks have not had the demand for money from their correspondents they anticipated, nor has the Federal Reserve Bank rediscounted for its member banks the amount of loans that, judging from statistics of previous needs in this district, it had reason to believe it would be called on to rediscount. The Federal Reserve Bank, however, has been of great benefit to District No. 8, for it has restored confidence.

There has been a steady and normal improvement throughout the year, bountiful crops have been harvested, and it can be said that the year closes with an approach to a period of prosperity unknown for some time.

Work Throughout the District.

This bank had no sooner become established than it became apparent that the chief problem before the officers was to get the member banks to realize not only the facilities at their disposal, but the ease with which they could be used. In some way or other many of the banks in this district got the idea that they had no paper eligible for rediscount, whereas the fact was that,in a majority of instances, the greater part of the paper in their portfolios was eligible. Member banks seemed also to have gotten the idea that there was a great deal of "red tape" connected with the bank and that it was very difficult to do business with it.

Every effort was made by the officers of this bank to have member banks clearly understand the facts as they exist. They have tried to explain that the bank is operated by practical men and that our effort has ever been to have satisfied customers. There is no "red tape" connected with its operations. Its officers have been careful to explain that the Federal Reserve Act did not establish new principles, but, as it were, systematized good banking standards, and they have suggested to State banks that, whether or not they ever came into the system, it was good banking policy for them to conduct their business and get their bill cases into shape the same as requested of member banks. It is gratifying to be able to state that a number of State institutions have written for forms of statements and are beginning to use them.

This bank has never accepted a rediscount that was not accompanied either by the statement of the maker of the note or a statement of the bank offering it, giving, with some particularity, the approximate figures covering what the customer owned and what he owed. The request has been reasonable, for the bank only wants to know what every good banker certainly knows before he grants the loan, whether he gets the information through conversation or gets it on a statement. At first some member banks felt that it would be impossible to get statements. It is a great pleasure to report that, on the whole, member banks have not had the difficulty they anticipated, and in several instances have been able to render a real service to their customers by giving them advice when, with the statement before them, they realized the actual condition then existing. At least a majority of our member banks realize that they have paper eligible for rediscount with this bank, do not think it is hard to do business with it, or that there is any so-called "red tape," and are adopting the plan of receiving statements from their customers, realizing that this is a benefit both to the customers and themselves. This result has not been achieved without a great deal of hard work on the part of the officers of this bank, and there is still considerable work to be done before all of the banks are brought into that close intimate touch with this bank that should exist.

On February 20, 1915, a circular letter was issued, covering eligible paper in detail and giving specific examples of various kinds of notes that are eligible for rediscount. We found this circular effective, but our experience has been that the best work is accomplished when we can talk with our member bankers. The chairman of the board has made addresses in 22 different cities throughout this district and, in some places, has spoken several times. The Deputy Federal Reserve Agent has made several trips throughout our territory, going into the cotton sections to help them get their paper in acceptable shape, and wherever requested to do so, has gone into the bank and examined its paper, suggesting that which is eligible and that which is not. Other officers of the bank have also made trips from time to time. It gives us pleasure to state that our member banks have shown a most friendly feeling of cooperation, and we are grateful to all of them.

New Quarters.

As stated in the early part of this report, this bank was compelled to get temporary quarters at its opening with inconvenient vault facilities. On October 8, 1915, it closed a lease for quarters in what is now known as the New Bank of Commerce Building, on the northeast corner of Broadway and Pine Streets, just one block south of our present location. We took possession of these new quarters during the last week in December, 1915, and the name of the building has been changed to the Federal Reserve Bank Building. This gives us a light, commodious, and most convenient banking room on the second floor, accessible to the street without the use of elevators, with ample and satisfactory vaults.

Conclusion.

This bank, during its first year of operation, has not made money, though it showed approximately a $1,000 gain over operating expenses for the month of November, 1915. However, it is felt that a much higher service to the district than the making of money has been rendered. It has stabilized conditions and made it possible for any customer in the district to get money at a reasonable rate; has operated a clearing system which has resulted in the elimination of exchange charges on a large majority of the checks drawn on member banks in the district and the consequent advantage to business men of district No. 8; has materially helped some banks in communities suffering from three years of continuous drouth, and at all times has been in position to give any assistance needed, no matter what the emergency, to any deserving bank in the district.

Exhibit A.

BY-LAWS OF THE FEDERAL RESERVE BANK OF ST. LOUIS.

Article I.—*Directors.*

Section 1. *Quorum.*—A majority of the directors shall constitute a quorum for the transaction of business, but less than a quorum may adjourn from time to time until a quorum is in attendance.

Sec. 2. *Vacancies.*—As soon as practicable after the occurrence of any vacancy in the membership of the board, the chairman of the board shall take such steps as may be necessary to cause such vacancy to be filled in the manner provided by law.

Sec. 3. *Meetings.*—There shall be a regular meeting of the board on the first and third Wednesdays of each month, at 10 o'clock a. m., or if that day be a holiday, on the second succeeding full business day. The chairman of the board may call a special meeting at any time, and shall do so upon the written request of any three directors or of the governor. Notice of regular and special meetings may be given by mail or by telegraph. If given by mail, such notice shall be mailed at least five days before the date of the meeting. If given by telegraph, such notice shall be dispatched at least two days before the date of the meeting. Notice of any meeting may be dispensed with if each of the directors shall in writing waive such notice.

SEC. 4. *Powers.*—The business of this bank shall be conducted under the supervision and control of its board of directors, subject to the supervision vested by law in the Federal Reserve Board. The board of directors shall appoint the officers and fix their compensation.

The board may appoint legal counsel for the bank, define his duties, and fix his compensation.

SEC. 5. *Special committees.*—Special business of the bank may be referred from time to time to special committees, which shall exercise such powers as the board may delegate to them.

SEC. 6. *Order of business.*—The board may from time to time make such regulations as to order of business as may seem to it desirable.

ARTICLE II.

SECTION 1. *How constituted.*—There shall be an executive committee consisting of the governor, the Federal Reserve Agent, and three directors chosen from classes A or B; the member or members of the committee chosen by the board shall serve during the pleasure of the board, or for terms fixed by it. The governor shall have authority to invite any other members of the board of directors to sit with the executive committee at any regular or special meeting, such member or members to have full rights of membership during such meeting or meetings. Not less than three members of the committee shall constitute a quorum for the transaction of business, and action by the committee shall be upon the vote of a majority of those present at any meeting of the committee.

The committee shall have power to fix the time and place of holding regular or special meetings, and the method of giving notice thereof.

Minutes of all meetings of the executive committee shall be kept by the secretary, and such minutes, or digests thereof, shall be submitted to the members of the board of directors at its next succeeding meeting. Such minutes shall be read to the meeting if required by any member of the board.

SEC. 2. *Powers.*—Subject to the supervision and control of the board of directors, as set forth in Article I, section 4, the executive committee shall have the following powers:

(*a*) To pass upon all commercial paper submitted for discount.

(*b*) To initiate and conduct open-market transactions.

(*c*) To fix the discount rates and change same from time to time, subject to review and determination by the Federal Reserve Board.

(*d*) To buy and sell securities.

(*e*) To apply for and provide for the security of such Federal Reserve notes as may, in the judgment of the committee or of the board, be necessary for the general requirements of the bank.

(*f*) To employ or to delegate to officers of the bank authority to employ clerks and other subordinates, and to define their duties and to fix their compensation.

(*g*) To approve bonds furnished by the officers and employees of the bank, and to provide for their custody.

(*h*) In general, to conduct the business of the bank subject to the supervision and control of the board of directors.

ARTICLE III.—*Officers.*

SECTION. 1. The board of directors shall appoint a governor, a deputy governor, a secretary, and a cashier, and shall have power to appoint such other officers as the board may from time to time determine to be necessary and appropriate for the conduct of the business of the bank. The offices of deputy governor, secretary, and cashier, or any two of them, may be held by one person, in the discretion of the board. The officers chosen by the board shall hold office during the pleasure of the board.

SEC. 2. *Federal Reserve Agent.*—The Federal Reserve Agent, as chairman of the board, shall preside at meetings thereof. Copies of all reports and statements made to the Federal Reserve Board shall be filed with the Federal Reserve Agent.

SEC. 3. *Deputy Federal Reserve Agent.*—In the absence or disability of the Federal Reserve Agent his powers shall be exercised and his duties performed by the Deputy Federal Reserve Agent, who may perform such other services as shall be prescribed by the board of directors not inconsistent with his duties as provided by law.

SEC. 4. *The governor.*—Subject to the supervision and control of the board of directors, the governor shall have general charge and control of the business and affairs of the bank, and he shall be the chairman of the executive committee. He shall have power to make any and all transfers of securities or other property of the bank which may be authorized to be sold or transferred by the executive committee or by the board. The governor shall have power to prescribe the duties of all subordinate officers and agents of the bank where such duties are not specifically prescribed by law or by the board of directors or by the by-laws. The governor may suspend or remove any employee of the bank.

SEC. 5. *The deputy governor.*—In case of the absence or disability of the governor his powers shall be exercised and his duties discharged by the deputy governor, and in case of the absence or disability of the deputy governor the board shall appoint one of the other directors governor pro tem. The duties of the deputy governor shall otherwise be such as may be prescribed by the board of directors or by the governor. In case the board shall deem that the business of the bank requires the appointment of one or more assistant deputy governors, it shall have authority to appoint such assistant deputy governor or governors, and shall prescribe and define his or their duties.

SEC. 6. *The secretary.*—The secretary shall keep the minutes of all meetings of the board and of all committees thereof. He shall have custody of the seal of the bank, with power to affix same to certificates of stock of the bank, and by authority of the board or the executive committee, to such other instruments as may from time to time be required. The board of directors may, in the absence or disability of the secretary, or upon other occasion where in the discretion of the board greater convenience can be attained, appoint a secretary pro tempore or empower one or more officers to affix the seal of the bank to certificates of stock or other instruments. The secretary shall perform such other duties as may from time to time be prescribed by the board of directors, the executive committee, or the governor.

The cashier and at least one other officer designated by the board of directors shall have joint custody of the inactive reserve of the bank and bonds purchased by the bank for investment. All other moneys and investments shall be in the custody of the cashier. He shall perform such other duties as may be assigned to him from time to time by the executive committee, the board of directors or the governor. In the event of the absence or inability of the cashier to act, then the governor or the executive committee shall have power to appoint some officer to act in his stead.

ARTICLE IV.—*Certificates of stock.*

SECTION 1. *Signature.*—All certificates of stock, or of payment of or on account of stock subscriptions, shall be signed by the governor or a deputy governor, and the secretary or cashier, or such other officers as may be prescribed by the board, and such certificates shall bear the corporate seal.

ARTICLE V.

SECTION 1. *Business hours.*—The bank shall be open for business from 10 o'clock a. m. to 3 o'clock p. m. on each day except Sundays or days or parts of days established as legal holidays.

The bank shall be open for business from 10 o'clock a. m. to 12 o'clock noon on Saturdays.

ARTICLE VI.—*Amendments.*

These by-laws may be amended at any regular meeting of the board by a majority vote of the entire board: *Provided, however,* That a copy of such amendment shall have been mailed to each member at least 10 days prior to such meeting.

EXHIBIT B.

Commercial paper offered by member banks accepted each week, showing total of each maturity and total of all maturities to and including December 31, 1915.

Week ending—	30 days.	60 days.	90 days.	6 months.	Total of week.
1914.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Dec. 4	1,007,729.83	551,582.82	95,195.11		[1]1,654,507.76
11	43,000.00	3,000.00	23,000.00	2,500.00	71,500.00
18	14,295.76	9,008.58	34,927.96	5,000.00	63,232.30
24	65,591.60	24,195.10	8,100.00		97,886.70
31	3,957.75	5,213.05	17,228.26		26,399.06
1915.					
Jan. 8	281,331.46	6,552.57	27,500.00	6,000.00	321,384.03
15	4,000.00	62,587.43	14,613.81	4,161.45	85,362.69
22	20,502.00	12,693.23	5,639.19		38,834.42
29	9,046.78	92,650.39	51,208.95	15,008.87	167,914.99
Feb. 5	7,667.49	10,063.78	46,617.73	10,299.32	74,648.32
12	16,551.03	52,652.38	88,851.33	1,946.11	160,000.85
19		26,000.00	12,742.50	4,143.60	42,886.10
26	1,872.52	11,872.38	22,348.82	6,003.00	42,096.72
Mar. 5	5,775.50	8,299.71	54,487.50	15,105.52	83,668.23
12	5,036.26	7,239.08	26,916.37	3,986.80	43,178.51
19	16,372.03	16,213.27	16,380.86	5,520.40	54,486.56
26	13,144.00	15,593.83	11,245.90		39,983.73
Apr. 2	12,713.21	27,888.91	54,625.94	511.67	95,739.73
9	3,200.00	9,860.00	11,550.00		24,610.00
16	3,848.70	36,038.88	10,839.95	9,069.37	59,796.90
23	4,638.22	24,177.00	34,919.69	16,456.36	80,191.27
30	14,272.99	31,052.42	28,243.45	11,507.88	85,076.74
May 7	18,056.12	26,792.19	34,922.48	32,610.38	112,381.17
14	8,800.50	20,355.83	23,295.58	25,160.72	77,612.63
21	4,877.00	30,271.94	25,223.10	1,309.82	61,681.86
28	8,062.69	30,892.22	45,518.00	46,455.38	130,928.29
June 4	900.00	10,562.15	12,290.56	5,999.48	29,752.19
11	151.75	9,148.42	19,755.00	2,550.00	31,605.17
18	13,739.83	33,004.90	43,584.68	21,362.90	111,692.30
25	15,399.71	9,987.44	30,185.89	28,899.95	84,472.99
July 2	22,197.93	50,744.45	78,207.47	18,205.19	169,355.04
9	3,729.41	18,980.54	31,097.15	24,953.49	78,760.59
15	39,367.56	13,690.13	49,189.12	979.50	103,226.31
23	6,940.00	24,072.09	64,624.53	28,460.86	124,097.48
30	11,885.14	66,014.78	34,746.71	8,809.04	121,455.67
Aug. 6	11,597.36	43,005.12	42,466.96	15,782.50	112,851.94
13	8,399.50	15,644.00	40,374.47	12,257.24	76,675.21
20	11,022.27	48,347.52	65,356.12	4,612.88	129,338.79
27	10,976.44	112,204.80	44,424.20	10,715.00	178,320.44
Sept. 3	7,221.76	47,235.55	42,240.74	33,894.69	130,592.14
10	4,133.00	11,030.77	38,378.47	2,355.00	55,897.24
17	10,241.35	61,976.91	49,988.28	7,186.50	129,393.04
24	48,916.33	155,448.27	75,613.99	2,890.00	282,868.59
Oct. 1	18,522.33	55,377.73	76,019.37	4,207.75	154,127.18
8	15,845.14	27,217.64	71,587.83	9,642.90	124,293.51
15	40,358.54	100,718.36	93,641.99	3,027.90	237,746.79
22	32,598.76	39,256.13	36,482.80	11,096.50	119,434.19
31	47,061.61	205,492.58	143,050.24	9,255.01	404,759.44
Nov. 7	32,405.71	95,684.38	105,804.11	13,779.16	247,673.36
14	20,287.62	116,385.52	50,609.27	4,188.83	191,471.24
21	163,458.89	54,775.70	64,568.39	25,967.45	308,770.43
30	42,988.53	25,436.25	28,996.34	24,517.78	121,938.90
Dec. 7	38,329.69	77,989.92	38,168.79	17,379.04	171,867.44
Dec. 14	18,461.17	51,014.26	30,052.39	800.00	100,327.82
Dec. 21	25,185.45	66,637.17	56,637.26	6,000.00	154,459.88
Dec. 31	46,764.54	21,481.34	47,408.16	32,214.01	147,868.05
Total from Nov. 16, 1914, to and including Dec. 31, 1915	2,363,330.16	2,821,311.81	2,431,693.76	614,747.19	8,231,082.92
Percentage of each maturity	28.71	34.28	29.54	7.47	100

[1] These figures include rediscounts accepted from opening of bank to Dec. 4, 1914.

EXHIBIT C.

Commercial paper offered by member banks and accepted each week, showing total of each maturity and total of all maturities from December 4, 1914, to November 30, 1915 (in thousands).

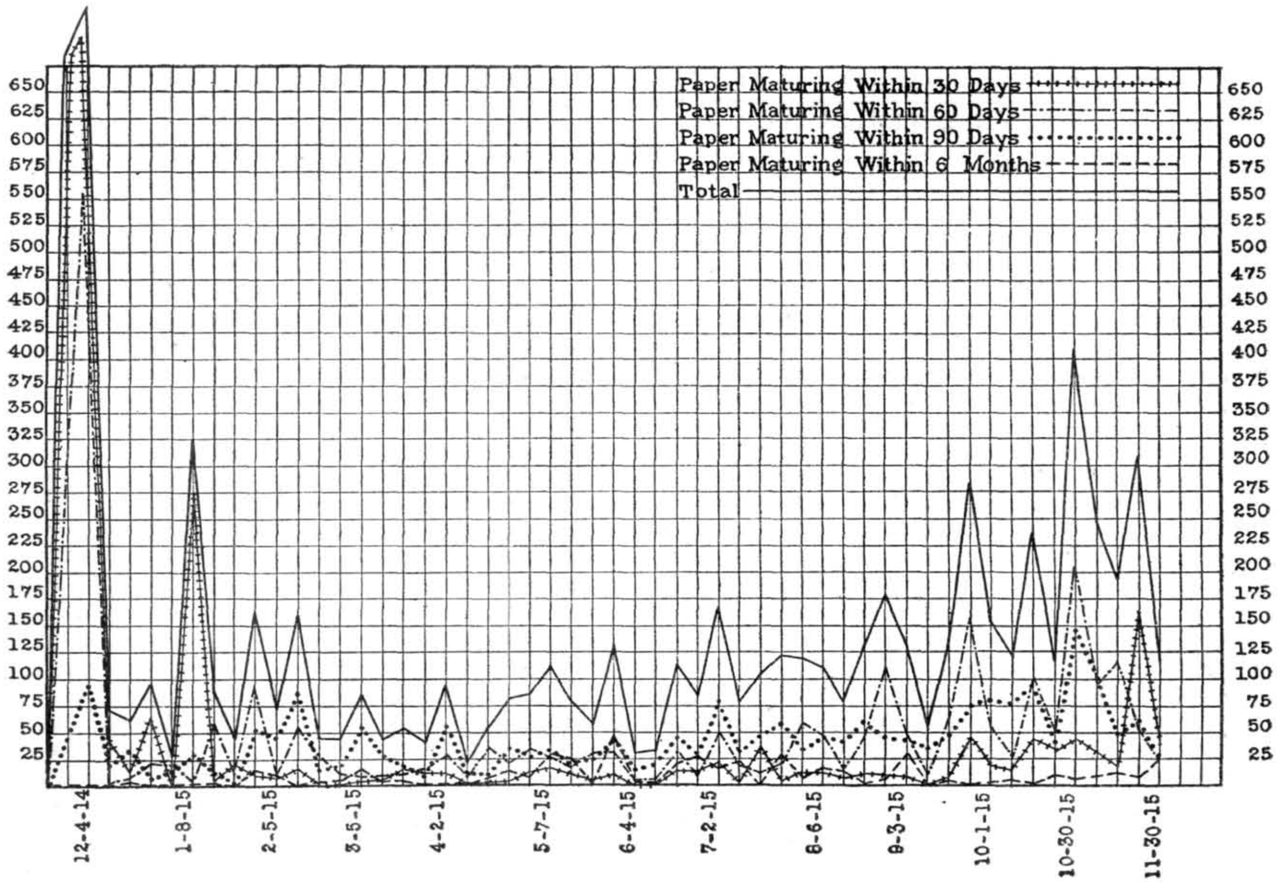

EXHIBIT D.

Number of items (in thousands) and total clearings (in millions) each month.

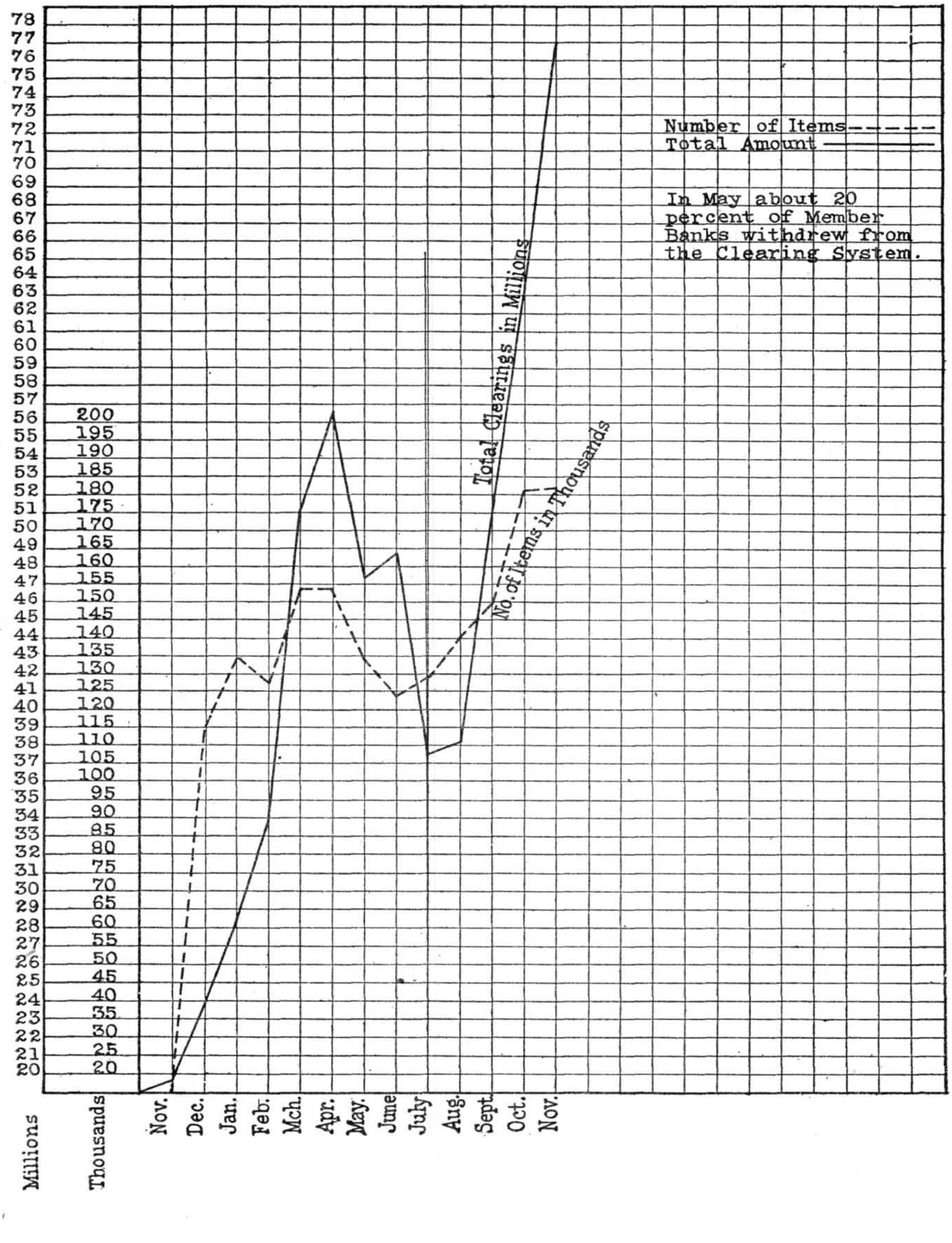

EXHIBIT E.

Statement showing operation of clearing system.

Month.	Items cleared on member banks outside St. Louis (daily average).		Items cleared on member banks in St. Louis (daily average).		Items sent to other Federal Reserve Banks (daily average).		Overdrafts of member banks (daily average).	
	Items.	Amount.	Items.	Amount.	Items.	Amount.	Accounts.	Amount.
1915.								
January	4,832	$554,809.98	364	$375,762.12	23	$157,875.87	32	$80,497.38
February	5,128	571,319.15	374	497,602.17	29	396,991.83	30	81,341.82
March	5,302	571,969.01	386	638,475.96	38	685,505.88	31	49,874.70
April	5,648	712,415.94	411	879,700.91	82	668,682.94	39	108,197.26
May	4,800	577,644.63	446	695,408.65	131	608,878.72	26	74,237.55
June	4,205	510,754.15	391	723,405.44	174	642,225.82	19	42,580.23
July	4,319	541,618.58	485	601,424.69	161	297,736.73	15	43,793.72
August	4,772	565,486.85	510	529,795.24	173	369,775.77	21	37,466.48
September	5,318	658,191.78	490	830,585.01	224	564,474.83	26	56,609.54
October	5,795	845,598.72	556	936,615.83	213	665,171.24	34	113,801.86
November	6,314	885,306.78	703	1,225,952.55	299	983,586.42	25	73,966.47
December	6,893	920,862.23	597	1,267,707.28	310	1,071,027.35	22	80,077.07

Prior to May 17 the system was mandatory; since that time it has been voluntary.

Approximately 80 per cent of our member banks belong to the clearing system, about 40 per cent of which use us actively for collecting such items as they handle that are eligible for collection through us.

The figures given above are daily averages.

EXHIBIT F.

Statement of investments held by Federal Reserve Bank of St. Louis, each Friday, from December 11, 1914, to December 3, 1915 (in thousands).

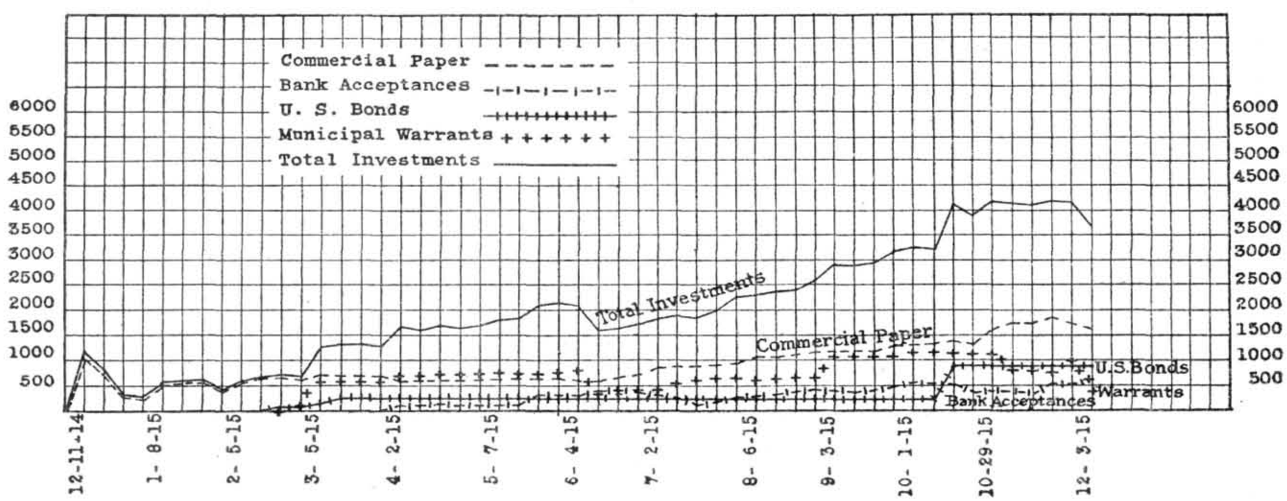

Exhibit G.

Total cash reserve and net deposits each Friday, from November 20, 1914, to December 3, 1915 (in thousands).