FEDERAL RESERVE BANK OF NEW YORK 62 CEDAR STREET

NEW YORK, July 24, 1915.

TO THE CASHIER,

SIR:

TRADE ACCEPTANCES

With this letter is enclosed Circular No. 16 of the Federal Reserve Board and the accompanying Regulation "P", relating to "Trade Acceptances" and expressing the attitude of the Board towards the development of this class of paper, consisting of a draft drawn by the seller of goods upon the purchaser, accepted by the purchaser payable at a definite date, and covering an actual purchase and sale of goods.

The Federal Reserve Bank of New York, desiring to cooperate in the development of such paper, has established, and the Board has approved, a rate of 3½ per cent. for the rediscount by member banks of trade acceptances having a maturity, at the time of discount, of not more than 90 days. Trade acceptances with not more than 10 days to run will be rediscounted at the 3 per cent. rate already established for such maturities.

While the promissory note is usually based partly on goods sold (accounts receivable) and partly on goods unsold (inventories), the trade acceptance represents only a consummated sale and is therefore, *in form*, the most liquid class of commercial paper. For this reason and because such paper necessarily bears two names, the bank has established a preferential rate for the rediscount of it, without, however, intending to indicate thereby that any less careful scrutiny should be made of the credit of the names involved than in the case of other commercial paper.

It is anticipated that trade acceptances will gradually supplement, without superseding, the cash discount system now so thoroughly established. Such supplemental use will doubtless occur whenever conditions mutually advantageous are agreed upon between buyer and seller, and will enable the seller to obtain definite maturities upon accounts otherwise open, as well as readily to transfer title to his most desirable banking assets, his accounts receivable.

Respectfully,

BENJ. STRONG, JR., Governor.

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CIRCULAR No. 16. Series of 1915.

20

FEDERAL RESERVE BOARD.

WASHINGTON, July 15, 1915.

BILLS OF EXCHANGE DRAWN AGAINST SALES OF GOODS AND ACCEPTED BY PURCHASERS, HEREIN-AFTER REFERRED TO AS "TRADE ACCEPTANCES."

By Regulation B, Series of 1915, the Board has prescribed the conditions upon which commercial paper may be rediscounted with Federal Reserve Banks, and, by Regulation J, Series of 1915, rules have been promulgated covering operations in bankers' acceptances. The attached regulation is to deal with "trade acceptances" as a distinct class of commercial paper, for which the Board is ready to approve the establishment of a discount rate somewhat lower than that applicable to other commercial paper.

These trade acceptances are more particularly defined in the appended Regulation P, Series of 1915, and in promulgating it the Board expresses the belief that it will considerably enlarge the scope of service of Federal Reserve Banks and, incidentally, assist in developing a class of "double-name" paper, which has shown itself in so many countries a desirable form of investment and an important factor in modern commercial banking systems.

CHARLES S. HAMLIN,

Governor.

H. PARKER WILLIS, Secretary.

181°-15

FEDERAL RESERVE BOARD.

WASHINGTON, July 15, 1915.

BILLS OF EXCHANGE DRAWN AGAINST SALES OF GOODS AND ACCEPTED BY PURCHASERS; HEREIN-AFTER REFERRED TO AS "TRADE ACCEPTANCES."

I.

DEFINITION.

In this regulation the term "trade acceptance" is defined as a bill of exchange of the character hereinafter described, drawn to order, having a definite maturity and payable in dollars in the United States, the obligation to pay which has been accepted by an acknowledgment, written or stamped, and signed, across the face of the instrument by the company, firm, corporation, or person upon whom it is drawn; such agreement to be to the effect that the acceptor will pay at maturity, according to its tenor, such draft or bill without qualifying conditions.

Π.

CHARACTER OF PAPER ELIGIBLE.

A trade acceptance to be eligible for rediscount, under section 13, with a Federal Reserve Bank at the rate to be established for trade acceptances

- (a) Must be indorsed by a member bank, accompanied by waiver of demand notice and protest.
- (b) Must have a maturity at the time of discount of not more than 90 days.
- (c) Must be accepted by the purchaser of goods sold to him by the drawer of the bill, and the bill must have been drawn against indebtedness expressly incurred by the acceptor in the purchase of such goods.

III.

METHOD OF CERTIFYING ELIGIBILITY.

A trade acceptance must bear on its face, or be accompanied by, evidence in form satisfactory to the Federal Reserve Bank, that it was drawn by the seller of the goods on the purchaser of such goods. Such evidence may consist of a certificate on or accompanying the acceptance, to the following effect: "The obligation of the acceptor of this bill arises out of the purchase of goods from the drawer." Such certificate may be accepted by the Federal Reserve Bank as sufficient evidence; provided, however, that the Federal Reserve Bank, in its discretion, may inquire into the exact nature of the transaction underlying the acceptance.

> CHARLES S. HAMLIN, Governor.

H. PARKER WILLIS, Secretary.

(3)

WASHINGTON ; GOVERNMENT PRINTING OFFICE ; 1915

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LIST No. 5

AUGUST 2, 1915

SHEET INO.

MEMBER BANKS WHICH HAVE JOINED THE COLLECTION SYSTEM OF THE FEDERAL RESERVE BANK OF NEW YORK.

Additions since July 15th marked *

NEW YORK.

	A H C L RAT REP REPAIR OF A H C RATE A H C R	
	Albany, N. Y	
3	" " "National Commercial Bank29-7	
	" " "N. Y. State National Bank29-1	
	Amsterdam, N. Y	15
	Bay Shore, N. Y	3
	Bronxville, N. Y	6
	Brooklyn, N. Y	0
	" " "Greenpoint National Bank 1-38	8
and the second se	" " "Nassau National Bank I-II	0
	" " " National City Bank I-35 " " " Peoples National Bank I-38	20
-	Buffalo, N. Y	C
	" " "	£15
	" " " "	
	Cazenovia, N. Y	35
	Dundee, N. Y	17
	Elmira, N. Y	0
	" " " "	8
	Far Rockaway, N. Y Natl. Bank of Far Rockaway 1-43	26
	Glens Falls, N. Y	
	" " " "	55
	Granville, N. Y	34
	Greenwich, N. Y	18
	Hudson Falls, N. Y	35
-	Ithaca, N. Y	52
	" " "	ίī
	Jamaica, N. Y I-43	31
-	Larchmont, N. YLarchmont National Bank50-77	76
· · · · · · · · · · · · · · · · · · ·	Lockport, N. Y	23
-	Newburgh, N. Y	74
	New York, N. Y American Exchange Natl. Bank. 1-21	1
	† " " " " " Atlantic National Bank 1-13	3
	" " " "Bank of New York, N. B. A 1-1	1
-	" " " "Battery Park National Bank 1-23	32
	" " " " Bronx National Bank 1-41	16
	" " " " I-74	1
	" " " "Chatham & Phenix Natl. Bank I-30	ò
	" " " " Chemical National Bank 1-12	2
	" " " "Citizens Central Natl. Bank I-36	5
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N	" " " " "East River National Bank 1-59	)
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	" " " " First National Bank 1-65	
	" " " " I-81	I
	"""""Gotham National Bank I-24	44
	" " " " Hanover National Bank 1-33	
-	" " " " Importers & Traders Natl. Bank. 1-53	3
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	" " " " Lincoln National Bank 1-80	С
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	" " " " National City Bank 1-8	
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	" " " " Seaboard National Bank 1-8	
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## AUGUST 2, 1915

#### MEMBER BANKS WHICH HAVE JOINED THE COLLECTION SYSTEM OF THE FEDERAL RESERVE BANK OF NEW YORK.

#### Additions since July 15th marked *

Ogdensburg, N. Y	Nyack National Bank
Perry N. Y	First National Bank
Port Chester, N. Y.	First National Bank
Port lefferson, N. Y.	First National Bank
Ridgewood, N. Y	Ridgewood National Bank 1-437
Rochester, N. Y	Traders National Bank
Rye, N. Y	Rye National Bank
Schenectady, N. Y	The Mohawk National Bank50-88 Union National Bank50-90
" " " "	Union National Bank 50-90
Stapleton, N. Y	Richmond Borough Natl. Bank 1-454
Syracuse, N. Y	First National Bank
" " "	Salt Springs Natl. Bank50-34
*Tottenville, N. Y	Tottenville National Bank 1-456
Troy, N. Y	Manufacturers Natl. Bank 50-64
Tuckahoe, N. Y	First National Bank50-941
[Westfield, N. Y	Natl. Bank of Westfield50-523
White Plains, N. Y	First National Bank50-234

## NEW JERSEY.

Allentown, N. J	
Arlington, N. J	
*Asbury Park, N. J	
Bernardsville, N. JBernardsville National Bank55-374	
Blairstown, N. I	
*Boonton, N. JBoonton National Bank	
Bound Brook, N. L	
Clinton, N. L	
Edgewater N I	
Clinton, N. J	
Flemington N I Flemington National Bank 55-250	
Freehold, N. J	
Garfield, N. J	
Hackensack, N. J	
Holdern N I First National Bank FE-108	
Hoboken, N. J	
Hope, N. J	
Lyndhurst, N. J	
Manasquan, N. J	
Mahasquan, N. J	
Newark, N. J	
Newark, N. J	
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New Brunswick, N. JNational Bank of New Jersey55-179 * " " " Peoples National Bank	
Orange, N. JSecond National Bank	
Drange, N. J. Einst National Bank	
Paterson, N. J	
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Plainfield, N. J	
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Did Cill D. d. N. J. Einet National Bank	
Ridgefield Park, N. J	
Ridgewood, N. J	
Ridgewood, N. J	
Second National Bank55-314	
*Secaucus, N. J	
*South River, N. J	
*Spring Lake, N. JFirst National Bank55-443	
Tenafly, N. J	
Westheld, N. J The National Bank of Westheld55-282	
West Orange, N. JFirst National Bank55-450	

Digitized for FRASER West Orange http://fraser.stlouisfed.org/will withdraw August rsth. Hederal Reserve Bank of St. Louis

## AUGUST 16, 1915

## MEMBER BANKS WHICH HAVE JOINED THE COLLECTION SYSTEM OF THE FEDERAL RESERVE BANK OF NEW YORK.

## Additions since August 2nd marked *

## NEW YORK.

A	lbany.	N.	Υ		First National Bank29-8	
	"	**			National Commercial Bank29-7	
	**	**	"		N. Y. State National Bank29-1	
Δ	mster	dam	N	v	First National Bank	
D	av Ch	ore.	N N	U	First National Bank	
D	ay Sn	ille,	N. I	V	Gramatan National Bank	
D	ronxv	me,	IN.	, <b>1</b>	First National Pank	
В	rookly	yn, N			First National Bank 1-356	
					Greenpoint National Bank 1-389	
			·. ··		Nassau National Bank 1-118	
	**	6			National City Bank 1-352	
	66	4	6 <b>66</b>		Peoples National Bank 1-385	
B	uffalo	, N.	Υ.		Central National Bank10-24	
	**	**	".		Marine National Bank10-2	
	**	"	"		Third National Bank 10-6	
C	azeno	via.	N. 1	Υ	Cazenovia National Bank50-685	
Ē	hindee	N	Y		Dundee National Bank	
Ē	Imira	N	v .		Merchants National Bank50-110	
-	66 G	"	<i>a</i>		Second National Bank	
E	or Do	alcon		N V	Natl. Bank of Far Rockaway 1-436	
r	di KO	L'all	NT.	V. 1	First National Dants	
G	lens J	rails,	IN.	¥	First National Bank	
					Natl. Bank of Glens Falls50-255	
C	ranvi	lle, N	. Y		Washington Co. Natl. Bank50-484	
G	reenw	vich,	N.	Y	First National Bank	
F	Iudson	n Fal	ls, 1	N. Y	Peoples National Bank 50-435	
I	thaca.	N.	Υ		First National Bank	
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T	amaic	N	v		The First National Bank 1-431	
Ť	archn	a, it.	N	v	Larchmont National Bank50-776	
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			N.	Y	Highland National Bank 50-174	
N	lew Y	ork,			American Exchange Natl. Bank 1-21	
Ť	"	**	**		Atlantic National Bank I-13	
	"	44	66	"	Bank of New York, N. B. A I-I	
	**	**	66	"	Battery Park National Bank 1-232	
*	66	44	66		Broadway Trust Co 1-119	
	**	66	**		Bronx National Bank 1-416	
	£6.	**	66		Chase National Bank 1-74	
	**	**	66	"	Chatham & Phenix Natl. Bank. 1-30	
	**	**	**		Chemical National Bank 1-12	
	**	**	66		Citizona Control Nati Dank	
	46		"	"	Citizens Central Natl. Bank 1-36	
	**	**	**		Coal & Iron Natl. Bank 1-99	
				"······	East River National Bank 1-59	
					Fifth National Bank 1-82	
	**	**	**	"	First National Bank 1-65	
	46	**	**	"	Garfield National Bank 1-81	
	**	**	**		Gotham National Bank 1-244	
	**	**	**	"	Hanover National Bank 1-33	
	**	44	66	"	Importers & Traders Natl. Bank 1-53	
	66		**	"	Irving National Bank 1-67	
	-	"	**		Liberty National Bank 1-91	
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	**	**	**			
	**			"	Market & Fulton Natl. Bank 1-42	
		**			Mechanics & Metals Natl. Bank 1-4	
					Merchants National Bank 1-3	
					National Bank of Commerce 1-23	
	66	**	55	"	Natl. Butchers & Drovers Bank. 1-15	
	**	<u>66</u>	**	"	National City Bank 1-8	
		**	44	"	National Park Bank 1-54	
	**	**	**	"	New York County Natl. Bank 1-71	
	**	. 66	16		Seaboard National Bank 1-85	
	46	**	-	"	Second National Bank 1-63	
	"	**	**			
					Union Exchange Natl. Bank I-100	
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## AUGUST 16, 1915

#### MEMBER BANKS WHICH HAVE JOINED THE COLLECTION SYSTEM OF THE FEDERAL RESERVE BANK OF NEW YORK.

#### Additions since Aug. 2nd marked *

Nyack, N. Y
Perry, N. Y
Port Chester, N. Y
Port Jefferson, N. YFirst National Bank50-555
Ridgewood, N. Y I-437
Rochester, N. Y
Rye, N. Y
Schenectady, N. Y
" " "
Stapleton, N. YRichmond Borough Natl. Bank. 1-454
Syracuse, N. Y
Syracuse, N. Y
Tottenville, N. Y Tottenville National Bank 1-456
Troy, N. Y 50-64
Tuckahoe, N. Y
White Plains, N. YFirst National Bank50-234

## NEW JERSEY.

Farmers National Bank55-367
The First Netional Dank
The First National Bank55-368
Seacoast National Bank55-243
Bernardsville National Bank55-374
First National Bank55-365
Boonton National Bank
Doomon National Dank
Bound Brook National Bank55-335
Clinton National Bank55-363
First National Bank55-388
First National Bank55-351
First National Bank
This National Dank
Flemington National Bank55-350 The Nat. Freehold Banking Co55-340
The Nat. Freehold Banking Co., 55-340
First National Bank
Peoples National Bank55-216
First National Bank
First National Bank55-108 Second National Bank55-110
East National Dank
First National Bank55-459
First National Bank
Manasquan National Bank55-411
Farmers & Merchants Nat'l Bank, 55-412
Manufacturers Natl. Bank
National Newark Banking Co.
Manufacturers Natl. Bank55-8 National Newark Banking Co55-I National State Bank55-2
National Data of New T
National Bank of New Jersey55-179 Peoples National Bank55-180
Peoples National Bank55-180
Second National Bank55-171
First National Bank
Paterson National Bank
Paterson National Bank55-60 Second National Bank
City National Bank
The First Mational Dank
The First National Bank 55-191
First National Bank55-433
First National Bank55-294
First National Bank
First National Bank55-312 Second National Bank55-314
The First National Bank
First National Dank
First National Bank55-442
First National Bank55-443
First National Bank55-446
The National Bank of Westfield 55-282
First National Bank 55-450
1

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## SEPTEMBER 1, 1915

# MEMBER BANKS WHICH HAVE JOINED THE COLLECTION SYSTEM OF THE FEDERAL RESERVE BANK OF NEW YORK.

## Additions since August 16th marked *

## NEW YORK.

A	lbany.	N.	Υ			.First National Bank
		11	<i>a</i>			National Commercial Bank 29-7
		44	**			.N. Y. State National Bank 29-1
A	mster	dam.	N.	Υ		.First National Bank
B	av Sh	ore.	N. 1	Υ		First National Bank
B	ronxv	ille.	N.	Υ		.Gramatan National Bank50-668
B	rookly	n. N	I. Y			.First National Bank 1-356
	"	4	6 66			.Greenpoint National Bank 1-389
	44	4				.Nassau National Bank 1-118
	44	1.6	4 44			.National City Bank 1-352
	**	4	<i>i ii</i>			.Peoples National Bank 1-385
B	uffalo	. N.	Υ.			Central National Bank10-24
	**	66	** .			.Marine National Bank10-2
	66	**	"			.Third National Bank10-6
Ca	azenov	via,	N. 1	Υ		Cazenovia National Bank50-685
D	undee	. N.	Υ.			Dundee National Bank
E	lmira,	N.	Y			.Merchants National Bank50-110
	**	**	"			.Second National Bank
Fa	ar Ro	ckav	vay.	N. Y		.Natl. Bank of Far Rockaway 1-436
G	lens F	alls,	Ň.	Y		.First National Bank
	44	"	66	"		.Natl. Bank of Glens Falls50-255
*G	ouver	neur	. N.	Y		.First National Bank50-470
G	ranvil	le, N	I. Y			.Washington Co. Natl. Bank 50-484
G	reenw	ich,	N.	Y		.First National Bank
H	udson	Fal	lls. I	N. Y		.Peoples National Bank
It	haca.	N.	Y			.First National Bank
	""	. 66	**			.Tompkins Co. National Bank50-261
Ĭa	maica	N.	Υ.			.The First National Bank 1-431
L	archm	ont.	N.	Υ		.Larchmont National Bank 50-776
L	ockpo	rt. N	J. Y			National Exchange Bank50-223
N	ewhin	roh.	N.	Y		.Highland National Bank 50-174
N	ew Y	ork	N	Y.		American Exchange Natl. Bank 1-21
+	"	"	46	ü		Atlantic National Bank 1-13
	44	**	**			.Bank of New York, N. B. A 1-1
	44	46	44			.Battery Park National Bank 1-232
	85	**	**			Broadway Trust Co 1-119
	44	25	66			Bronx National Bank 1-416
	44	44				.Chase National Bank 1-74
	66	44	44			Chatham & Phenix Natl. Bank 1-30
	44		- 66	"		.Chemical National Bank 1-12
	**	26	. 66			.Citizens Central Natl. Bank 1-36
	44	44	- 66			.Coal & Iron Natl. Bank 1-99
	66	44	66			East River National Bank 1-59
	64	44	66			.Fifth National Bank 1-82
	66	44		"		First National Bank 1-65
	**	14	66	**		.Garfield National Bank 1-81
	**	**	**	"		.Gotham National Bank 1-244
	44	**	**	44		.Hanover National Bank 1-33
	11	46	**			.Importers & Traders Natl. Bank. 1-53
	**	44	**			.Irving National Bank 1-67
	-	**	**			Liberty National Bank 1-91
	11	ĩ.	**	"		Lincoln National Bank 1-80
		46	**			Market & Fulton Natl. Bank 1-42
	**	**	**	"		Market & Fullon Hall, Bank 1-42
			**			Merchants National Bank 1-3
	**	**	**	"		.National Bank of Commerce 1-3
	~	**				Natl. Butchers & Drovers Bank 1-15
		"	**			National City Bank 1-15
	"	**	**			National Park Bank 1-54
	"	"	**	"		
	**	"	**			New York County Natl. Bank 1-71
	4	"	"			Second National Bank 1-85
	"	"	**	"		
outio					• • • • • • • • •	Union Exchange Natl. Bank I-100

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## SEPTEMBER 1, 1915

## MEMBER BANKS WHICH HAVE JOINED THE COLLECTION SYSTEM OF THE FEDERAL RESERVE BANK OF NEW YORK.

#### Additions since Aug. 16th marked *

Ogdensburg, N. Y	Nyack National Bank
Perry, N. Y	First National Bank
Port Chester, N. Y	First National Bank
Port Jefferson, N. Y	First National Bank
Ridgewood, N. Y	Ridgewood National Bank 1-437
Rochester, N. Y	Traders National Bank50-8
Rye, N. Y	Rye National Bank
Schenectady, N. Y	The Mohawk National Bank50-88
	The Mohawk National Bank50-88 Union National Bank50-90
Stapleton, N. Y	Richmond Borough Natl. Bank. 1-454
Svracuse, N. Y	.First National Bank
- <i>a a a</i> a a	Salt Springs Natl. Bank 50-34
Tottenville, N. Y	. Tottenville National Bank 1-456
Trov. N. Ý	.Manufacturers Natl. Bank50-64
Tuckahoe, N. Y.	.First National Bank
White Plains, N. Y	.First National Bank
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## NEW JERSEY.

Allentown, N. J
Arlington, N. J
Arington, N. J
Asbury Park, N. JSeacoast National Bank55-243
Bernardsville, N. JBernardsville National Bank55-374
Blairstown, N. J
Boonton, N. J
Bound Brook, N. JBound Brook National Bank55-335
Clinton, N. J
Dunellen, N. J
Dutenen, N. J
Edgewater, N. J
Edgewater, N. J
Flemington, N. L
Freehold, N. J
Garfield, N. J
Hackensack, N. J
Hoboken N I First National Bank 55-108
Hoboken, N. J
Hope, N. J
Tope, N. J
Lyndhurst, N. J
Manasquan, N. J
Manasquan, N. J
Newark, N. J
" " "
New Brunswick, N. J
New Brunswick, N. JNational Bank of New Jersey55-179 """"Peoples National Bank55-180
Orange, N. J
Paterson N I First National Bank E5-55
" " " " Patarson National Bank 55.55
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a arrist functional bank 55 55   a arrist functional bank 55-56   a arrist functional bank 55-56   Plainfield, N. J. City National Bank   a arrist functional bank 55-193   a arrist functional bank 55-193   a arrist functional bank 55-193   a arrist functional bank 55-191
Plainfield, N. J
" "
Ridgefield Park, N. J
Ridgewood, N. J
Somerville, N. J
Somerville, N. J
Secaucus, N. J
South River, N. J
Control Lako N I Elist National Bank 55-442
Spring Lake, N. J
Tenafly, N. J
Westfield, N. J
West Orange, N. JFirst National Bank55-450

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