

*(Closed)*FEDERAL RESERVE BANK
OF NEW YORK

NEW YORK, September 26, 1916.

TO THE CASHIER,

SIR:

We ask your attention to the following amendment to Section 13 of the Federal Reserve Act, approved September 7, 1916, which provides that:

"Any Federal reserve bank may make advances to its member banks on their promissory notes for a period not exceeding fifteen days at rates to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this Act, or by the deposit or pledge of bonds or notes of the United States."

Under this amendment a Federal reserve bank may now discount member banks' own promissory notes running for a period not exceeding fifteen days, PROVIDED such notes are secured by collateral in the form of drafts, bills of exchange or bankers' acceptances as are eligible for rediscount or purchase by the Federal reserve banks, or by bonds or notes of the United States. In this connection please note that it will be necessary for banks availing themselves of this provision to have a vote of their board of directors authorizing the making of such loan or loans, as in the case of rediscounts.

The board of directors of this bank has established a uniform rate of 3% for both commercial and member bank paper, maturing within fifteen days, which rate is effective from this date until further notice, and the same has been approved by the Federal Reserve Board.

The rates of discount for this bank, effective from this date until further notice, are, therefore, as follows:

- 3% For PROMISSORY NOTES of member banks, collaterally secured, having a maturity not exceeding fifteen days;
- 3% For COMMERCIAL PAPER having a maturity not exceeding fifteen days;
- 4% For COMMERCIAL PAPER having a maturity over fifteen days, not exceeding ninety days;
- 5% For AGRICULTURAL PAPER having a maturity over ninety days, not exceeding six months;
- 3½% For TRADE ACCEPTANCES and COMMODITY PAPER having a maturity not exceeding ninety days.

Respectfully,

R. H. TREMAN,

Deputy Governor.