

(Closed)

**FEDERAL RESERVE BANK
OF NEW YORK**

NEW YORK, May 22, 1917.

TO THE CASHIER,

SIR:

This bank has to-day established a special rate of rediscount of $3\frac{1}{2}\%$ for paper given for the purpose of purchasing Liberty Loan Bonds of the Government about to be issued, such paper having a maturity of not exceeding ninety days. This special rate will only apply to the rediscount of paper which has been secured by a pledge from the customer to the member bank of United States bonds or interim receipts therefor or United States certificates of indebtedness.

It is clearly desirable that the coming issue of bonds should be absorbed by the ultimate investor as rapidly as possible, and it will, therefore, be the policy of this bank to aid its member banks freely, if desired, in order that they in turn may give their customers every facility for purchasing the bonds, permitting them, if necessary, to take a reasonable time to make complete payment therefor.

While the desirability of having this special rate remain stable is fully recognized, its establishment at the present time and under existing conditions should not be taken as an indication that it will remain unchanged if circumstances require a different course.

Advances to member banks may also be made by this bank for periods of not exceeding fifteen days, upon notes of member banks secured by such Government obligations.

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

For notes, drafts and bills of exchange, including promissory notes secured by collateral consisting of eligible paper or bonds, notes and certificates of indebtedness of the United States, having a maturity at time of discount of not more than 15 days.....	3%
For notes, drafts and bills of exchange, having a maturity at time of discount of more than 15 days and not more than 90 days.....	4%
For agricultural paper having a maturity at time of discount of more than 90 days and not more than six months.....	5%

SPECIAL RATES

For notes, drafts and bills of exchange issued or drawn for the purpose of buying or carrying bonds, notes or certificates of indebtedness of the United States, having a maturity at time of discount of not more than 90 days.....	$3\frac{1}{2}\%$
For trade acceptances having a maturity at time of discount of not more than 90 days.....	$3\frac{1}{2}\%$

Respectfully,

R. H. TREMAN,

Deputy Governor.

FEDERAL RESERVE BANK
OF NEW YORK

May 24, 1917

IMPORTANT

The Secretary of the Treasury has advised us that a portion of the proceeds of the sale of the 3 1/4% certificates of indebtedness dated and to be paid for at this bank on May 25, 1917, will not be required for several days; and in order not to disturb the money market we have been instructed to redeposit part of the proceeds in the banks subscribing to certificates.

We shall be prepared to deposit with you on May 25, 1917, \$ for the credit of the Federal Reserve Bank of New York as fiscal agent of the Treasury Department, subject to withdrawal by the Federal Reserve Bank of New York as such fiscal agent.

You will be required to pay interest at the rate of 2% per annum on the amount deposited with you and to deposit with this bank 100% security for such deposit. Security may consist of our interim receipt for United States certificates of indebtedness, assigned in blank, or other Government securities in negotiable form.

In accordance with the above and on receipt of payment to-morrow for your allotment of 3 1/4% certificates of indebtedness and advice from you that you desire the above deposit, we will hand you our check for the amount of deposit drawn to your order for account of this bank as fiscal agent of the Treasury Department.

We hope this will be agreeable to you and shall appreciate your early payment for the subscription as we wish to complete the deposit arrangements by 1 p. m. May 25, 1917.

Very truly yours,