

FEDERAL RESERVE BANK  
OF NEW YORK

*Discount Department*

[Circular No. 393]  
[August 6, 1921.]

Provision of Federal Reserve Act Expiring by Limitation  
on  
October 31, 1921

*To all Member Banks in the  
Second Federal Reserve District:*

We desire to recall to your attention the expiration by limitation on October 31, 1921, of the provisions of the under-quoted extract from the Federal Reserve Act, i.e., subsection (m) of Section 11 of the Federal Reserve Act, as amended February 27, 1921.

“(m) Upon the affirmative vote of not less than five of its members, the Federal Reserve Board shall have power to permit Federal reserve banks to discount for any member bank notes, drafts, or bills of exchange bearing the signature or endorsement of any one borrower in excess of the amount permitted by section 9 and section 13 of this Act, but in no case to exceed 20 per centum of the member bank's capital and surplus: *Provided, however,* That all such notes, drafts, or bills of exchange discounted for any member bank in excess of the amount permitted under such sections shall be secured by not less than a like face amount of bonds or notes of the United States issued since April 24, 1917, for which the borrower shall in good faith prior to January 1, 1921, have paid or agreed to pay not less than the full face amount thereof, or certificates of indebtedness of the United States: *Provided further,* That the provisions of this subsection (m) shall not be operative after October 31, 1921.”

Very truly yours,

BENJ. STRONG

*Governor*