

## STATEMENT.

September 10, 1915.

The main feature of the new "Acceptance Regulation" prepared by the Board, is seen in the fact that under sub-section (c) of Section IV of the Regulation, the power of renewal under specified conditions is granted. This broadening of the conditions upon which acceptances are based is intended to comply with existing mercantile customs, and to permit the development of the business more freely than at present, particularly through the use of drafts drawn in American currency. These matters have been under consideration by the Board for nearly or quite two months, and the complete draft has been effected in pursuance of the Board's general policy, announced when the subject was first taken in hand, of broadening the conditions attendant upon the use of the acceptance, when circumstances permit, as justified by experience.

It has been the aim of the Board to do everything in its power to create for the American acceptance, that is dollar exchange, a dominating position in the world market. Present conditions offer in this respect a great opportunity. In widening somewhat the facilities of Federal reserve banks in dealing with American bankers' acceptances, the Board is attempting to give the member banks a larger opportunity for developing their sphere of usefulness in this respect.

The United States should do now what Europe has done for many generations for the United States; that is to say, the bank facilities of the United States should be used for the carrying of import and export transactions for foreign countries just as much as Europe up to now carried by its acceptances the import and export transactions of the United States. In order to do this with the exchange market disorganized it was thought that it would facilitate foreign transfers if liberal conditions should be allowed for the renewal of such drafts so as to enable these foreign countries to have ample time to procure the necessary cover against the acceptances drawn by them.