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FEDERAL RESERVE BOARD

WASHINGTON

811

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

September 22, 1916.

Dear Sir:

In reply to several inquiries, the Board suggests that the Federal Reserve Banks adopt a new ledger item entitled "Member banks' collateral notes" to include advances for a period not exceeding 15 days on promissory notes of member banks secured by eligible collateral (in accordance with recent amendment of Section 13 of the Federal Reserve Act) and report daily in the first subdivision of Form 34 holdings of this paper (Code word "BANK"), also include the respective amounts in the totals shown in the daily "Sac" telegrams.

It is suggested that collateral loans to member banks be reported on separate sheets of Form BD-4, under caption "Member banks' collateral notes", that the items of this class be numbered separately and that instead of a schedule of items deposited as collateral the total of daily transactions on Form BD-4 under this head be followed by a statement bearing the signature of an officer of the bank certifying that items numbered - - - - represent loans to member banks on their promissory notes fully secured by eligible paper (or by the deposit or pledge of bonds or notes of the United States) in accordance with amended Section 13 of the Federal Reserve Act.

It is further suggested that the banks report at the end of each month on Form 40 the amounts of collateral loans granted to member banks in each State under captions "10 days and less", "over 10 to 30 days", and "Total". A suitable supply of revised Form 40 will be sent to your bank within a few days.

Very truly yours,

Governor.