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AND FISCAL AGENT  
ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

FEDERAL RESERVE BOARD  
WASHINGTON

March 13, 1917.

Dear Sir:

On the 14th ultimo a circular letter, No. 1078, was sent to all Federal reserve banks suggesting that the discount rates quoted by the various banks be simplified.

Replies have been received from practically all the banks expressing cordial approval of the Board's suggestion. It appears from the correspondence, however, that a majority of the Federal reserve banks would prefer quotations for paper maturing from 16 to 60 days, and 61 to 90 days, rather than from 16 to 30 days and 31 to 90 days.

The majority of the banks also have indicated a desire that in the case of trade acceptances, commodity paper, and bankers' acceptances, the quotation should be made for maturities not exceeding 90 days, instead of from 30 to 90 days. Having considered these suggestions, the Board has decided to approve discount rates to be established for paper of the character and maturities as follows:

1. Paper maturing within 15 days, including collateral notes;
2. Paper maturing within 16 to 60 days;
3. Paper maturing within 61 to 90 days;
4. Trade acceptances maturing within 60 days;
5. Trade acceptances maturing within 90 days;
6. Bankers' acceptances maturing within 90 days;

7. Commodity paper maturing within 90 days;

8. Agricultural paper maturing within 90 to 180 days.

The rate to be approved for bankers' acceptances will not be a fixed or definite one, but will be for "not less than \_\_\_% nor more than \_\_\_%", so that within the limitations thus established there will be ample provision for a fluctuating market rate, - as heretofore. In the matter of trade acceptance rates the Board has distinguished between paper maturing within 60 days and paper maturing between 61 to 90 days, so as to admit of a distinct rate for each maturity. It is thought that some Federal reserve banks may wish to establish such a differential, so as to correspond with any difference that may exist between their 60 and 90 day rates for commercial paper, but the matter is entirely optional with them, and experience will determine whether it will be advisable permanently to make this distinction.

Wherever the 15 day rate is the lowest of all the rates established by a Federal reserve bank, such rate would apply to trade acceptances, commodity paper, or to bankers' acceptances maturing within the 15 day limit.

The Board advises that at your next Directors' meeting, your discount rates be adjusted in so far as may be necessary to harmonize them with this uniform plan, which all Federal reserve banks are requested to adopt.

Very truly yours,

Governor.