

M E M O R A N D U MA..... REDISCOUNTS BETWEEN FEDERAL RESERVE BANKS.

If Federal reserve bank A sells its paper to Federal reserve bank B, under the provisions of Section 11 of the Federal Reserve Act, and if Bank B does not desire to have that paper forwarded to it but intends to leave it in the custody of the Federal reserve agent at Bank A, he holds it merely as custodian or agent for Bank B and the transaction should be recorded by the buying and selling banks in the same manner as if the paper had been forwarded direct to the purchasing bank. All papers however must be properly indorsed by the selling bank and must be kept by the Federal reserve agent separate and apart from paper deposited with him by his Bank A for its own account.

Payment should be made by transfer through the Gold Settlement Fund in even thousands, odd amounts to be adjusted by a credit to the account of the selling bank on the books of the purchasing bank. The selling bank should decrease the item "loans and discounts" and increase "Gold Settlement Fund." (The memorandum item, "liability as endorser on bills sold" should also be increased by the selling bank.) The purchasing bank should increase item "rediscounts for other Federal reserve banks" and should decrease "Gold Settlement Fund." The selling bank should prepare a schedule (Regular Form B.D.4) of the rediscount-

ed paper in duplicate, one copy to be sent to the purchasing bank and the other to the Federal Reserve Board. This schedule should contain a list of all paper and collateral, if any,

The Federal reserve agent of Bank A should notify Bank B (see Form C hereto attached) that he holds the paper listed in Schedule B.D.4 for the account and subject to the order of Bank B. Before undertaking these transactions Bank B should pass a resolution giving Federal reserve agent A authority to act as custodian of paper which it buys from Bank A (See Form D hereto attached).

B....AVAILABILITY OF REDISCOUNTS BETWEEN FEDERAL  
RESERVE BANKS AS COLLATERAL SECURITY  
FOR THE ISSUE OF FEDERAL  
RESERVE NOTES.

If Bank B desires to procure an issue of Federal reserve notes upon the security of paper which it has bought from Bank A and which has been left in the custody of the Federal reserve agent of Bank A for the account of Bank B, this procedure should be followed:

1. Federal reserve agent of Bank B should give the Federal reserve agent of Bank A a power of attorney (See Form A hereto attached) authorizing him to receive and to hold for the account of the Federal reserve agent at Bank B, notes, drafts and bills of exchange of the kinds made eligible as collateral security, provided they are indorsed by Bank A.

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2. Bank B should notify the Federal reserve agent at Bank A to transfer the paper intended as collateral security from its account to the account of the Federal reserve agent at Bank B.
3. Federal reserve agent A should immediately wire Federal reserve agent B that he holds for his account and subject to his order eligible paper thus transferred to him, stating that it is properly endorsed and otherwise eligible as collateral security. This telegram should be confirmed by letter (See Form B hereto attached)
4. Federal reserve agent B may then, acting upon the advice from Federal reserve agent A, issue Federal reserve notes to Federal reserve bank B, provided proper application has been made by Bank B.
5. Substitutions of collateral, if desired, may be arranged for in each case as it arises.

F O R M A .

KNOW ALL MEN BY THESE PRESENTS.

That I, \_\_\_\_\_, Federal Reserve  
 Agent of the Federal Reserve Bank of \_\_\_\_\_  
 have constituted and appointed, and by these presents do con-  
 stitute and appoint \_\_\_\_\_ Federal Reserve  
 Agent of the Federal Reserve Bank of \_\_\_\_\_,  
 my true and lawful attorney in fact, to receive from the Fed-  
 eral Reserve Bank of my district or from its duly authorized  
 agent, and to hold for me and in my name and subject to my order,  
 notes, drafts and bills of exchange of the kinds made eligible  
 as collateral security for Federal reserve notes under the terms  
 of the Federal Reserve Act, provided, such notes, drafts and  
 bills of exchange are endorsed by the Federal Reserve Bank  
 of \_\_\_\_\_ .

Witness by hand and seal this \_\_\_\_\_ day of  
 \_\_\_\_\_, A. D., 1917.

Signed, sealed and delivered  
 in presence of:

\_\_\_\_\_ ) \_\_\_\_\_ (SEAL)  
 \_\_\_\_\_ )

X-185<sup>b</sup>F O R M B.

Form of letter to be forwarded by a Federal reserve agent receiving notes, drafts and bills of exchange for the account of another Federal reserve agent.

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Dear Sir:

You are advised that, acting under power of attorney, I have this day received for your account and hold in your name and subject to your order notes, drafts and bills of exchange, properly indorsed by the Federal Reserve Bank of my district, of the kinds and character described in the attached schedule (Regular Form BD-22-3) and otherwise eligible as collateral security for the issue of Federal reserve notes.

Respectfully,

To Federal Reserve Agent of Federal Reserve Bank B from  
Federal Reserve Agent of Federal Reserve Bank A.

F O R M C.

Form of letter to be forwarded by a Federal reserve agent receiving notes, drafts and bills of exchange for the account of a purchasing Federal reserve bank other than his own bank.

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Dear Sir:

You are advised that acting under power of attorney I have this day received for your account and hold in your name and subject to your order, notes, drafts and bills of exchange properly indorsed by the Federal reserve bank of my district, of the kinds and character described in schedule BD-4 forwarded to you by that bank on \_\_\_\_\_ 1917.

Respectfully,

To Federal Reserve Bank B from Federal Reserve Agent  
of Federal Reserve Bank A.

F O R M L.

Form of resolution by Federal Reserve Bank B authorizing Federal reserve agent of Bank A to act as custodian of paper which Bank B purchases from Bank A.

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At a meeting of the board of directors of the Federal Reserve Bank of \_\_\_\_\_, called pursuant to the provisions of the by-laws of said bank and held on the \_\_\_\_\_ day of \_\_\_\_\_, 191\_, the following resolution was offered, seconded and duly adopted:

BE IT RESOLVED, "That \_\_\_\_\_ Federal Reserve Agent of the Federal Reserve Bank of \_\_\_\_\_ be, and he hereby is authorized and empowered to receive from the Federal reserve bank of his district, and to hold for the account of this bank and subject to its order, notes, drafts and bills of exchange acquired under the provisions of Sections 13 and 14 of the Federal Reserve Act and rediscounted by this bank, provided such notes, drafts and bills of exchange are endorsed by the Federal Reserve Bank of \_\_\_\_\_

I hereby certify that the foregoing is a true and correct copy of a resolution adopted and spread upon the minutes of the board of directors of this bank, held on the date specified.

\_\_\_\_\_  
Cashier or Secretary

Federal Reserve Bank of \_\_\_\_\_

May 28, 1917.