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AND FISCAL AGENT

ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

April 5, 1918.

X-869

Dear Sir:

The Federal Reserve Board has carefully considered the report submitted by the Transit Managers of the Federal Reserve banks, endorsed by the Governors of the banks, which was discussed in conference in Washington recently, and has reached the following conclusions:

1. The Board approves the recommendation to suspend, or eliminate for the time being, service charges for the collection of cash items; this elimination of charges to apply to checks received from member banks and from other Federal Reserve banks and to become effective on and after June 15, 1918.

2. The Board approves the recommendation that the 10¢ charge on collection items between Federal Reserve banks be eliminated for the present and until further notice, but that a charge of 15¢ per item be made on all such items returned unpaid, this rule to become effective June 15, 1918.

3. The Board approves the recommendation that telegraphic transfers be bought and sold at par, each Federal Reserve bank absorbing the telegraphic expense, but with the proviso that checks on other Federal Reserve cities or Federal Reserve Branch cities be taken at par, subject only to deferred availability in accordance with regular time schedules.

4. The Board approves in principle the recommendation that the discount rate on mail transfers shall be based upon the fifteen day rate, but, because it is desirable that the rate for such transfers shall remain as nearly uniform as possible and not vary too frequently, suggests that for the time being and until further notice a charge of 10¢ per day per thousand, or at the rate of 3.65 per cent be fixed as the rate for all mail transfers.

5. The Board approves the recommendation of the Transit Managers, endorsed by the Governors,

"That all mail transfers to banks in other Federal Reserve Cities be made by draft on the Federal Reserve Bank and sent direct to the bank to which the transfer is ordered, rather than to the Federal Reserve Bank."

6. The Board approves the suggestion that there shall be a general revision of all time schedules, effective June 15, 1918, which shall take into consideration recent changes in mail train schedules, and the creation of new collection centers at branch bank cities.

7. The Board approves the recommendation that "trade acceptances", wherever payable, be handled as collection items, not as checks or cash items, but suggests that "bankers' acceptances" be treated as cash items.

The Board has under consideration and expects to approve within a few days a plan for linking together by private telegraph system the twelve Federal Reserve banks with its office at Washington, and expects to have <sup>these</sup> additional facilities available within a short time.

A number of other recommendations relating to details and standard accounting methods have not been considered by the Board and are left for your determination.

Very truly yours,

Governor.