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ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

October 23, 1918.

SUBJECT: Method of reporting discounted  
bankers' acceptances on forms  
34, 38 and BD-4.

Dear Sir:

In the past bankers' acceptances maturing within 15 days have been discounted by some of the Reserve banks at the 15-day discount rate approved for commercial paper. In order, however, to enable members to obtain funds from their Reserve bank on bankers' acceptances of the longer maturities without resort to open market operations, the Board has recently approved special discount rates covering this class of paper for the New York Federal Reserve Bank.

Care should be taken by those Reserve banks which are taking bankers' acceptances of 15-day or longer maturities on a discount basis, to see that only such acceptances as are actually purchased in the open market are reported against caption "Bills bought in open market" on forms 34 and 38. Bankers' acceptances discounted for member banks should be reported as bills discounted on schedules BD-4, with the necessary distinguishing marks to indicate whether they are drawn in the foreign or domestic trade. It is also desired that discounted bankers' acceptances be shown separately on form 38 against caption "Bankers acceptances discounted." The caption "Commodity paper" on which special rates have been discontinued may be eliminated and "Bankers acceptances discounted" substituted in its place.

May we also request that the distinction between discounted and purchased paper be maintained in reports of holdings of paper rediscounted for other Federal Reserve banks. This may be done if the borrowing bank, in telegraphing to the lending bank the amount of paper rediscounted, will classify separately their discounted and purchased bills.

Yours very truly,

Secretary.

St.35