

W. P. G. HARDING, GOVERNOR
ALBERT STRAUSS, VICE GOVERNOR
ADOLPH C. MILLER
CHARLES S. HAMLIN

J. A. BRODERICK, SECRETARY
W. T. CHAPMAN, ASSISTANT SECRETARY
W. M. IMLAY, FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

EX-OFFICIO MEMBERS
CARTER GLASS
SECRETARY OF THE TREASURY
CHAIRMAN
JOHN SKELTON WILLIAMS
COMPTROLLER OF THE CURRENCY

FEDERAL RESERVE BOARD

WASHINGTON

May 13, 1919.

X-1535

Subject: Suggestions as to proper definition
of term "Readily marketable staples".

Dear Sir:

Section 13 of the Federal Reserve Act as amended provides that any member bank may accept drafts or bills of exchange drawn upon it which grow out of transactions involving the domestic shipment of goods "provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples".

Inquiries received by the Board indicate that there is no unanimity of opinion as to what articles may be classed as "readily marketable staples", and the Board feels that it will be necessary for it to give in a regulation a specific definition of the term. It is desired before the regulation is issued that definite suggestions as to the proper definition of the term be received from the chairmen and governors of all Federal Reserve Banks, and you are requested to give the Board the benefit of your idea of a proper definition at as early a date as may be convenient to you.

A tentative definition, which is favorably regarded by the members of the Federal Reserve Board, is as follows:

"A 'readily marketable staple' may be defined as an unspecialized article of commerce, preferably a material of industry, of such wide and varied uses as to make it the subject of constant dealings in ready markets with such frequent quotations of prices as to make (a) the price easily and definitely ascertainable, and (b) the staple itself easy to realize upon by sale at any time."

Very truly yours,

Governor.