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ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

June 10, 1919.

X-1574

Subject: Definition of Term "Readily Marketable Staples".

Dear Sir:

The Federal Reserve Board transmits herewith a definition of the term "readily marketable staples" as used in that part of Section 13 of the Federal Reserve Act which authorizes any member bank to accept drafts which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering "readily marketable staples".

The Board issues this definition as a guide to Federal Reserve Banks and member banks in determining what staples may properly be considered readily marketable within the meaning of that Section and suggests that although the law does not expressly restrict eligible staples to those which are non-perishable, nevertheless banks as a matter of prudence and protection to themselves should not consider as eligible any staple which is in its nature so perishable as not to be reasonably sure of maintaining its value as security at least for the life of the draft which is drawn against it.

DEFINITION.

A readily marketable staple may be defined as an article of commerce, agriculture or industry of such 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.

Letter to Chairmen of all Federal Reserve