

X-3010

## FEDERAL RESERVE BOARD

## STATEMENT FOR THE PRESS

Washington, D. C.,  
January 3, 1921.

For Immediate Release.

On December 30, 1920, Governor Harding of the Federal Reserve Board appeared by request before the Committee on Banking and Currency of the House of Representatives, to which had been referred the bill to extend the provisions of Section 11 (m) of the Federal Reserve Act for a further period of one year until December 31, 1921. During the discussion of the bill it developed that there was some opposition on the part of the Committee to extending the provisions of the Section without any qualification as to the manner in which the member banks' customers may have acquired the United States bonds and notes used as security for the customers' paper rediscounted by Federal reserve banks in excess of the limitation of ten per cent of the member bank's capital and surplus prescribed in Section 13 upon the amount of the paper of any one borrower which a Federal Reserve Bank may rediscount for any member bank. Accordingly, at the request of the Committee, the Board submitted a bill which would in effect extend the provisions of Section 11 (m) until December 31, 1921, in so far as is necessary to authorize the Federal Reserve Board to permit the Federal Reserve Banks to rediscount the paper of any one borrower up to twenty per cent of the member bank's capital and surplus, provided, that such paper in excess of ten per cent of the member bank's capital and surplus is secured by Liberty Bonds or Victory Notes of which the borrower is the original subscriber, or by United States Certificates of Indebtedness. This bill was introduced into the House of Representatives on December 31, 1920, by Hon. Louis T. McFadden, Chairman of the Committee on Banking and Currency.

The text of the bill as introduced is as follows: