

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-4140
August 22, 1924

Subject: Rules and Regulations Governing Announcements of
Rate Changes.

Dear Sir:

The Federal Reserve Board, under date of June 14th, addressed a letter to you on the subject "Announcements of Rate Changes," advising of the tentative adoption of certain rules and regulations governing the announcement of rate changes and requesting suggestions and comments thereon. Replies have been received from the majority of the Federal reserve banks, which have been considered by the Board.

You are now advised that the Board has adopted the following rules and regulations, effective immediately:

- (1) All telegraphic communications dealing with rate changes shall be in code.
- (2) No information of any kind with respect to any rate change shall be published until the Federal reserve bank in question shall have been advised that such change has been approved by the Federal Reserve Board. Directors and officers of Federal reserve banks are cautioned to refrain from discussing prospective and actual rate changes other than with those connected with the Federal Reserve System.
- (3) Announcements of rate changes which have been approved shall be made as nearly as possible simultaneously by the Federal reserve bank concerned and the Federal Reserve Board and such announcements shall be made immediately after the close of business at the bank concerned on the day on which the rate change was approved and not sooner.
- (4) The new rate shall be effective at the beginning of the first business day following the day on which the announcement of the change was made.
- (5) In view of the dual capacity of the Federal Reserve Agent as Chairman of the Board of Directors of the Federal reserve bank and as local representative of the Federal Reserve Board, all public announcements with respect to rate changes on the part of the Federal reserve bank shall be made by him and he will be held strictly responsible for compliance with these rules and regulations. Notices to member banks may be sent out over the signature of the Governor as heretofore.

- (6) All announcements to other Federal reserve banks with respect to such rate changes shall be made by the Federal Reserve Board.

In the interest of safety and economy, the following new code words are to be used in all messages exchanged between the Federal Reserve Board and the Federal reserve banks with regard to rate changes:

- MASCULATE - Our Board of Directors today voted to establish rediscount rate of (per cent) on (classes of paper - see below), effective the first business day following that on which approved by the Federal Reserve Board.
- MASCULINE - Our Executive Committee, under authority of Board of Directors, today voted to establish rediscount rate of (per cent) on (classes of paper - see below), effective the first business day following that on which approved by the Federal Reserve Board.
- MASCOT - Federal Reserve Board today approved for your bank rediscount rate of (per cent) on (classes of paper - see below), effective (date).
- MASHBALL - Federal Reserve Board today approved for (name of bank) rediscount rate of (per cent) on (classes of paper - see below), effective (date).
- MASHIEST - Commercial, agricultural and live stock paper maturing within 15 days, including member banks collateral notes.
- MASKERS - Commercial, agricultural and live stock paper maturing within from 16 to 90 days.
- MASKING - Agricultural and live stock paper, maturing over 90 days but within 9 months.
- MASON - Bankers Acceptances, maturing within 90 days.
- MASONIC - Trade Acceptances, maturing within 90 days.
- MASONRY - All classes of paper of all maturities.

It is requested that the above code words be added to the bottom of page 144 of the Federal Reserve Telegraphic code, to follow code word MARVELOUS.

This letter supersedes all previous communications on the subject.

Very truly yours,

D. R. Crissinger,
Governor.

TO GOVERNORS AND CHAIRMEN OF ALL F. R. BANKS.