

FEDERAL RESERVE BOARD**WASHINGTON****ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD**

X-9107

January 29, 1935.

SUBJECT: Compliance by Member Banks with
Requirements as to Bankers' Acceptances.

Dear Sir:

It has been suggested to the Federal Reserve Board by Mr. H. S. Yohe, In Charge, Administration United States Warehouse Act, of the Department of Agriculture, that in some instances banks are not complying with the requirements of the Federal Reserve Board's Regulation A with respect to bankers' acceptances and particularly with the requirement that such acceptances be secured "at the time of acceptance by a warehouse, terminal, or other similar receipt * * * issued by a party independent of the customer * * *".

In view of this suggestion, the Board requested the Subcommittee of the General Committee on Bankers' Acceptances of the Governors Conference to express its views as to the advisability and practicability of investigating the collateral supporting bankers' acceptances in order to determine whether it complies with the requirements of the law and the regulations.

After considering the matter in the light of the views which have been expressed by the Subcommittee, the Federal Reserve Board requests that you arrange to have your examiners, in making

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examinations of State member banks which are engaged in accepting drafts or bills of exchange, to ascertain in so far as practicable whether such banks are complying with the requirements of the law and of the regulations of the Federal Reserve Board with regard to bankers' acceptances and to call attention in their reports to cases in which there has been a failure to observe the requirements in substantial particulars.

This matter is also being brought to the attention of the Comptroller of the Currency with the suggestion that he request his examiners to take like action in making examinations of national banks.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill".

Chester Morrill,
Secretary.

TO ALL FEDERAL RESERVE AGENTS.