

CERTIFICATES MAY BE ISSUED

POSSIBLE ACTION BY THE CLEARING HOUSE ASSOCIATION.

The Question Discussed at a Committee Meeting—Belief that the Meeting Favored an Issue of Certificates—Their Usefulness in the Past—The Association May Come to a Decision To-day—A Heavy Movement of Money to the West—Large Demand for Small Bills.

The Clearing House Committee held a meeting yesterday afternoon at which a matter of great interest to the Wall Street public was discussed. It was the question of issuing Clearing House certificates, as has been done on several occasions. A meeting of the Clearing House Association is expected to be held to-day to take such action on the subject as it deems best.

The committee's meeting was held in the quarters of the association, at Pine and Nassau Streets. E. H. Perkins, Jr., President of the Importers and Traders' Bank, and Chairman of the committee, presided. The others in attendance were President George G. Williams of the Chemical National Bank, Chairman of the association; President William A. Nash of the Corn Exchange Bank, President J. Edward Simmons of the Fourth National, President Henry W. Cannon of the Chase National Bank, and President Frederick D. Tappen of the Galatin National Bank.

It was a regular monthly meeting of the committee, and a good share of its time was given up to routine business. Then the members devoted an hour to a discussion of the general financial situation. None of them, after the adjournment, would talk of the doings at the session.

It is understood, however, that the committeemen are in favor of an issue of certificates, and that their view is that the association should grant authority to put them out in case need of them arises. The committee has not the power to authorize an issue. That rests with the association.

Many of the bankers have believed for some time that certificates could be resorted to with advantage, and that their use would have a beneficial effect upon the situation. Some of the most prominent of them say that an issue here would probably be imitated in other cities having strong Clearing House Associations, and thus the advantages would be widespread.

The certificates would strengthen the position of the banks and relieve them of any strain which might be put upon them.

Certificates were issued by the Clearing House in 1873, 1884, and 1890, and on each occasion answered their purpose well. In 1890 certificates for about \$20,000,000 were put out. The bulk of them ran from 60 to 90 days and were then retired. Some of the North River Bank's certificates remained out longer, until the loans on which they were based were liquidated. In 1873 and 1884 the amounts were larger.

The certificates are used only in the transactions between the banks. They are secured by collateral, which is turned in by banks desiring the accommodation, and which is passed upon by the Clearing House Committee. That body selects such collateral as it regards as satisfactory, holds it as surety, and issues certificates up to about 75 per cent. of the market value of the security. The certificates are receivable in settlements of Clearing House balances. As they bear interest at the legal rate and are backed by the best of collateral, they naturally are gladly taken by the banks to which they come in the course of business. To the amount to which they are issued they add practically to the ready funds of the banks taking them out. The collateral against them can be renewed or replaced as occasion arises.

Although the demand from the West for money continued yesterday, many of the city banks reported a decrease in the calls upon them by their correspondents in the interior. In the case of others the demand was about the same as on Tuesday.

So far as the Sub-Treasury was concerned, its exchanges of small bills suitable to the needs of country institutions for large bills offered by the city banks indicated a heavy movement to the West. These exchanges ran up to \$1,200,000, a larger amount than on any other day in the present season of Western needs. It is to be remembered, though, that as the shipments to the interior go on, the stock of small bills held by the New-York banks naturally decreases, and a greater proportion of the total shipped comes each day from the Sub-Treasury. At the same time the demand upon that establishment for small bills for local uses increases and figures considerably in the exchanges.

Estimates of the total movement of currency yesterday varied considerably, ranging from \$1,500,000 as high as \$2,000,000, according to the percentage of the whole allowed to the Sub-Treasury transactions.

The demand was well distributed. San Francisco was again an applicant for money. None was transferred to the Pacific coast by telegraph, but a considerable sum in bills was sent out by express. This cash is supposed to be needed largely in the State of Washington, where more or less trouble has been experienced by the banks.

Chicago and places in its neighborhood also were favored with remittances, and to the other interior cities, which have been supplied for the last week from New-York, was again given a helping hand.