

(Closed)

FEDERAL RESERVE BANK  
OF NEW YORK

**METHOD OF PROCEDURE FOR THE CONVERSION OF 3½% COUPON AND REGISTERED BONDS AND INTERIM CERTIFICATES OF THE FIRST LIBERTY LOAN OF 1917 INTO 4% COUPON AND REGISTERED BONDS OF THE SECOND LIBERTY LOAN OF 1917.**

**ALL CONVERSIONS IN THIS DISTRICT TO BE MADE AT THE FEDERAL RESERVE BANK OF NEW YORK, BOND EXCHANGE DEPARTMENT, 50 WALL STREET.**

**Conversion of Coupon Bonds and Interim Certificates as of November 15th, 1917.**

1. We will be prepared to receive at any time after November 8th, 1917, but not after November 15th, 1917, 3½% Coupon Bonds and Interim Certificates for conversion to be effected as of November 15th, 1917.

2. Each 3½% Coupon Bond surrendered should carry the coupon maturing December 15th, 1917, and all subsequent coupons.

3. Against the surrender of each such bond and certificate we will deliver on November 15th, 1917, a 4% Coupon Bond, carrying an adjustment coupon representing interest at 3½% from June 15th, 1917 to November 15th, 1917, and interest at 4% from November 15th, 1917 to December 15th, 1917. Coupons on the 4% Bond will mature June and December 15th respectively, to and including December 15th, 1919, when the Bond must be surrendered for a new bond carrying coupons to maturity.

**Conversion of Coupon Bonds and Interim Certificates as of December 15th, 1917.**

4. After November 15th, but not after December 15th, 3½% coupon bonds and interim certificates will be received for conversion, the conversion to be effected as of December 15th.

5. Each 3½% Coupon Bond surrendered should carry the coupon due December 15th, 1917 and all subsequent coupons.

6. Against the surrender of each such bond and certificate we will deliver on December 15th, 1917 a 4% Coupon Bond carrying coupons representing interest at 3½% to December 15th, 1917 and thereafter at 4%.

**Note:** The method above described of effecting conversions as of either of these two dates will do away with the necessity of figuring adjustments of interest as of particular intermediate dates between November 15th and December 15th, 1917, thereby saving the holder of the 3½% Bonds the trouble and annoyance of computing interest and pay to the Federal Reserve Bank of New York a sum sufficient to adjust the interest to actual date of conversion.

**Conversion of Coupon Bonds and Interim Certificates as of a particular date between November 15th and December 15th, 1917.**

7. Holders of 3½% Bonds and Interim Certificates who require conversion between the above dates *as of the date* of presentation for conversion must make payment of interest at the rate of one-half of one per cent. per annum from November 15th, 1917, to the date of presentation, and the coupon bonds surrendered must carry the coupon due December 15th, 1917 and all subsequent coupons.

8. While the Federal Reserve Bank of New York is prepared to make conversions as of intermediate dates, upon demand, we earnestly request that such conversions be not made, as they will cause considerable trouble both to the holder, and to the Government. In view of the fact that the interest for one month at a half per cent. per annum on \$100. is only about four cents, it can be readily seen that such conversions will result in adjustments of trifling amounts and consequent delays, whereas conversions made as of either of the dates above specified will eliminate such annoyances, and will enable the Federal Reserve Bank of New York to make *immediate deliveries* either November 15th or on or before December 15th, 1917.

#### Conversion of Registered Bonds.

9. We will be prepared to receive at any time after November 8, 1917, but not after November 15, 1917, registered  $3\frac{1}{2}\%$  bonds for conversion to be effected as of November 15, 1917.

10. Against the surrender of each such bond there will be issued a new registered  $4\%$  bond in the same name as that of the holder of the registered  $3\frac{1}{2}\%$  bond surrendered. Checks representing interest at the rate of  $3\frac{1}{2}\%$  per annum from June 15 to November 15, 1917, and interest at the rate of  $4\%$  per annum from November 15 to December 15, 1917, will be mailed direct to the registered holder on December 15, 1917, by the Treasury Department.

11. The registration books for registered bonds close November 15th, 1917, and do not re-open until the beginning of business on December 16th, 1917.

**Note:** Holders of registered  $3\frac{1}{2}\%$  bonds, desiring new  $4\%$  bonds registered in a name other than that in which the  $3\frac{1}{2}\%$  bonds stand, must forward the  $3\frac{1}{2}\%$  bonds to the Treasury Department at Washington, D. C., for transfer before they are presented for conversion.

Holders of  $3\frac{1}{2}\%$  registered bonds cannot convert into  $4\%$  coupon bonds but must accept registered  $4\%$  bonds which may later be exchanged for coupon bonds at the Treasury Department.

Registered bonds must be assigned and transferred to the Secretary of the Treasury by duly executing the form provided for that purpose appearing on the backs of such registered bonds in accordance with the detailed instructions thereon set forth.

#### Conversion of Coupon and Registered Bonds after December 15th, 1917.

12. Holders of coupon or registered  $3\frac{1}{2}\%$  bonds surrendered for conversion after December 15th, must make payment to the Federal Reserve Bank of New York in cash, post office or express money order, bank drafts or certified checks (provided they are in New York funds) drawn to the order of the "Federal Reserve Bank of New York, Liberty Loan Conversion Account," of interest at the rate of one-half of one per cent. per annum from December 15th, 1917, to the date they are received by the Federal Reserve Bank for conversion. No other form of payments will be accepted. The reason for this payment is that the  $4\%$  Coupon Bonds to be delivered will carry coupons due June 15th, 1918, representing interest at the rate of  $4\%$  per annum from December 15th, 1917, and the Registered  $4\%$  Bonds to be issued will carry interest at the rate of  $4\%$  per annum from December 15th, 1917, payable June 15th, 1918.

13. Each  $3\frac{1}{2}\%$  Coupon Bond surrendered for conversion must carry the coupon maturing June 15th, 1918 and all subsequent coupons.

**Conversion of Interim Certificates after December 15th, 1917.**

14. Holders of Interim Certificates surrendered for conversion after December 15th, must make payment to the Federal Reserve Bank of New York, in the manner prescribed in paragraph 12, of interest at the rate of one half of one per cent. per annum from December 15th, 1917, to the date the Interim Certificate is surrendered for conversion. The reason for this payment is that each 4% Coupon Bond to be delivered will carry one coupon due December 15th, 1917, representing interest at the rate of 3½% per annum, from June 15th, 1917 to December 15th, 1917, and the next attached coupon is due June 15th, 1918, representing interest at the rate of 4% per annum from December 15th, 1917 to June 15th, 1918, and each registered bond delivered will carry interest at the rate of 3½% per annum from June 15th, 1917 to December 15th, 1917, (which will be paid to them direct by the Treasury Department as soon as possible) and interest at the rate of 4% per annum from December 15th, 1917 to June 15th, 1918, payable at the latter date.

15. The interest dates, maturity and terms of redemption of the new 4% bonds to be issued against the conversion of the 3½% Bonds will be identical with the 3½% Bonds outstanding. In all other respects the bonds issued against such conversions will be identical with the new Second Liberty Loan of 1917 4% bonds.

16. The privileges for conversion as above set forth will be in effect until the close of business May 15th, 1918.

**Form of Application Blanks.**

17. Requests for conversions must be made on forms similar to those prescribed by the Treasury Department. Applications for the conversion of more than one class of bonds cannot be combined in one form.

18. These forms can be secured from the Federal Reserve Bank of New York or from any Bank or Trust Company.

**Deliveries of 4% Bonds.**

19. The 4% bonds issued in exchange for 3½% interim certificates will be delivered without cost. The 4% bonds issued in exchange for coupon or registered 3½% bonds will either be delivered directly over the window, or in the absence of written instructions and remittances to cover expenses, if coupon bonds, will be expressed to the owners at their risk and expense, and if registered bonds, will be mailed to the registered owners at the addresses appearing on the applications.

**Further Information.**

20. Further information and particulars regarding conversions will be found in Treasury Department Circular No. 93, dated October 19, 1917, the provisions of which will govern in all cases.

Respectfully,

FEDERAL RESERVE BANK  
of New York

Dated Nov. 5, 1917.