



THE UNDER SECRETARY OF THE TREASURY

WASHINGTON

April 30, 1942

See enclosure

Dear Marriner:

Attached is a draft of the proposed press release to be issued tomorrow morning if you approve it. Will you be good enough to look it over before the three o'clock meeting this afternoon?

Sincerely,

San

Honorable Marriner S. Eccles,
Chairman, Board of Governors
of the Federal Reserve System,
Washington, D. C.

FOR DEFENSE



The Secretary announced today that the May financing would be in substantially the following form:

1. Offer on Monday of next week a $2\frac{1}{2}\%$ bond with a medium maturity in the amount of \$1,250,000,000, or thereabouts. The rules theretofore in effect governing the basis of subscriptions to Government securities will remain in effect for this offering.

2. Offer at the same time a $2\frac{1}{2}\%$ registered bond of longer term. This bond will not be transferable for the first sixty days and it will not be available for subscription by commercial banks accepting demand deposits, nor eligible for purchase by such banks for a period of ten years. The bonds may be pledged as collateral for loans, including loans by commercial banks, but any commercial bank acquiring such securities because of the failure of such loans to be paid at maturity will be required to dispose of them in the same manner as they dispose of other ~~securities~~ ^{assets} not eligible to be owned by ~~banks~~ ^{those}. The amount of the offering of this security will not be specifically limited. Subscriptions will be allotted in full as received and the offering will remain open for a number of days.

3. Next week the Treasury will offer for payment on Wednesday, May 13, \$250,000,000 in Treasury bills instead of the usual \$150,000,000. An offering of \$250,000,000 each week will continue for the next several weeks. In this connection the Open Market Committee of the Federal Reserve System has announced the establishment at each of the Federal Reserve Banks of a buying rate of $\frac{3}{8}$ of 1% for Treasury bills.