

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

CIRCULAR No. 27  
September 7, 1917.

*TO ALL BANKS AND BANKERS  
IN FEDERAL RESERVE DISTRICT NUMBER SEVEN:*

For your information we quote the following statement authorized by the Secretary of the Treasury on the 2nd inst.:

"With regard to deliveries of definitive bonds of the Liberty Loan, it has become apparent that, if Congress should enact pending legislation which would authorize the issue of bonds bearing interest at a higher rate than  $3\frac{1}{2}$  per cent per annum, the privilege of converting the bonds (or interim certificates) of the first issue of the Liberty Loan may arise at an early date. Interim certificates have been supplied Federal Reserve Banks for distribution, and have been received, or can be received from the agencies through which their subscriptions were transmitted, by all subscribers who have made payment in full for their bonds. Full-paid interim certificates fully represent the bonds and entitle their holders to all the rights of bondholders as to principal, interest, conversion, and in all other respects, until exchanged for bonds pursuant to subsequent announcements.

"Attention is called to the following provision of Department Circular No. 78, dated May 14, 1917, offering Liberty Bonds for subscription:

"Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, upon payment, if the Secretary of the Treasury shall require, of a charge not exceeding \$1 for each new bond issued upon such exchange. Transfers of registered bonds and exchanges of registered and coupon bonds and of bonds of different denominations will not be made until October 1, 1917, or such later date as may be designated by the Secretary of the Treasury.

"On the other hand, full-paid interim certificates of different denominations are interchangeable without charge, and interim certificates of any denominations are interchangeable without charge for definitive bonds, whether of coupon or registered form and for whatever denominations the holders may desire. In view of the foregoing, holders of full-paid interim certificates may advantageously retain their interim certificates until October 1st, or such later date as may be designated in pursuance of the foregoing provision of Department Circular No. 78, and until Congress shall have acted in the matter of the pending legislation, and the rate of interest to be borne by any new bonds and their general character with respect to exemption from taxation and other matters shall have been determined. The Department recommends that subscribers pursue that course. To those desiring to receive their bonds, however, deliveries will begin at a date soon to be announced, and will continue thereafter as rapidly as the facilities of the Bureau of Engraving and Printing, overtaxed as they are by the many requirements incident to the war, will permit."

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