

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, May 1, 1942

**To All Banking Institutions, and Others Concerned,
in the Eleventh Federal Reserve District:**

There is quoted below the text of Secretary Morgenthau's statement in regard to the Treasury's May financing:

"The Treasury will offer on Monday of next week a 2 percent 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 not be applicable. All subscriptions up to \$10,000 will be allotted in full.

"The Treasury will offer at the same time a 2½ percent 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 assets not eligible to be owned by banks. 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 period longer than customary. Subscriptions may be forwarded to the Federal Reserve banks through commercial banks and the latter may make payment for the subscription allotted for account of their depositors through the Government's War Loan Account with such banks.

"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. The Treasury is advised that the Federal Open Market Committee has directed the twelve Federal Reserve banks to purchase for the System Open Market Account all Treasury bills that may be offered to such banks, on a discount basis, at the rate of ⅜ percent per annum."

Yours very truly,

R. R. GILBERT

President

