

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, August 12, 1942

TREASURY BILLS

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

On April 30, 1942, the Federal Open Market Committee 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 $\frac{3}{8}$ percent per annum.

On August 3, 1942, the Federal Open Market Committee supplemented its action of April 30, 1942, by authorizing the Federal Reserve banks to give the seller of any Treasury bills so offered, an option, if desired, to repurchase the bills at the rate of $\frac{3}{8}$ percent per annum at any time before maturity.

Accordingly, the Federal Reserve Bank of Dallas will, until further notice, purchase for the System Open Market Account all Treasury bills that may be offered to it, and will, upon request, give the seller the option to repurchase the bills at the same rate before maturity. In cases where the seller of bills desires the option to repurchase them, the Federal Reserve Bank should be so advised, in writing, at the time the bills are offered for purchase by the System Open Market Account.

In view of this arrangement, banks and other investors with excess funds may wish to utilize them more fully by increasing their purchases and holdings of Treasury bills. Since such bills may be readily converted into cash whenever the funds are needed, they are practically the equivalent of excess reserves.

Banking institutions and other investors desiring to sell Treasury bills outright, or under an optional repurchase agreement, may offer them either to this bank or to one of its branches at El Paso, Houston, and San Antonio.

Yours very truly,

R. R. GILBERT

President

