FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, April 30, 1947

REPURCHASE OF TREASURY BILLS

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

In connection with the amended procedure announced by the Secretary of the Treasury on April 25, 1947, under which tenders will be received for Treasury bills in exchange for maturing bills, as well as for cash, the following terms, effective immediately, will govern all purchases of Treasury bills until further notice:

This bank will continue to purchase all Treasury bills that may be offered to it on a discount basis at the rate of 3/8 per cent per annum (0.375%), any such purchases to be upon the condition that this bank, upon the request of the seller **on or before** the last business day preceding the final day on which the Treasury will accept tenders for new Treasury bills, will sell to him Treasury bills of like amount and maturity at the same rate of discount.

It will be observed that the only change in the terms under which Treasury bills have heretofore been purchased by this bank is that the option to repurchase must be exercised not later than the last business day preceding the final day on which the Treasury will accept tenders for new Treasury bills.

The change does not affect any agreements outstanding prior to April 25, 1947, under which this bank agreed to repurchase Treasury bills at any time prior to maturity.

The press statement issued by the Federal Open Market Committee on April 25, 1947, is quoted on the reverse of this circular.

Yours very truly,

R. R. GILBERT
President

PRESS STATEMENT ISSUED BY THE FEDERAL OPEN MARKET COMMITTEE

The Treasury Department this week revised its Treasury bill offering circular so as to permit bidders for Treasury bills to obtain new Treasury bills by the exchange of an equivalent amount of maturing bills, to the extent that their tenders are accepted. Concurrently the Federal Open Market Committee has authorized the Federal Reserve banks to place weekly tenders for bills in an amount not exceeding the amount of their weekly maturities. The Federal Reserve banks will receive the same percentage allotment of bills as will other bidders at the same price. Acquisitions of bills by the Federal Reserve banks, in this manner, will represent the replacement of bills originally purchased in the market and, like other exchanges of maturing securities for new securities, would not be subject to the limitation contained in subsection (b) of section 14 of the Federal Reserve Act.

No new credit will be made available to the Treasury by the Federal Reserve banks as a result of this change in procedure, nor will new Reserve funds be placed at the disposal of the banks of the country. Funds which have already been provided to the market through bill purchases will not be increased by this action.

These related actions were taken to relieve a situation which has become less and less appropriate, as weekly maturities of bills held by the Federal Reserve banks have increased, until recently they have ordinarily been more than $1,100 million out of a total weekly maturity of $1,300 million. In the past the market has taken all of each week's offerings of Treasury bills and has promptly sold to the Federal Reserve banks that portion of the offering which it did not wish to hold. Thus the Federal Reserve banks indirectly replaced part or all of their Treasury bill maturities. Such a procedure means that the market places tenders for new issues of bills in amounts bearing no relation to market requirements, the excess being taken for the purpose of immediate sale to the Federal Reserve banks. In these circumstances, a more direct method of replacing maturing bills held by the Federal Reserve banks has been deemed desirable.