

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, September 5, 1947

TREASURY OFFERING OF NONMARKETABLE BONDS

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

Secretary of the Treasury Snyder today released further details with respect to the 2½% nonmarketable bonds for which subscriptions will be invited the latter part of this month. These bonds are designated 2½% Treasury Bonds, Investment Series A-1965. The minimum denomination will be \$5,000.

The bonds will be dated October 1, 1947, and will mature October 1, 1965. They may not be called for redemption by the Secretary of the Treasury prior to maturity, but holders will be given the option of redeeming them on and after April 1, 1948, on the first day of any calendar month, on one month's notice in writing, at fixed redemption values, as shown on the table which will be included in the offering circular.

These bonds will be available for subscription only by or for account of the following organizations and funds doing business in the United States, its territories and possessions:

1. Insurance companies
2. Savings banks
3. Savings and loan associations and building and loan associations, and cooperative banks
4. Pension and retirement funds, including those of the Federal, State and local governments
5. Fraternal benefit associations
6. Endowment funds
7. Credit unions
8. Commercial and industrial banks holding savings deposits or issuing time certificates of deposit in the names of individuals, and of corporations, and other organizations not operated for profit.

Subscriptions from or for account of such investors (except commercial and industrial banks) will be limited to an amount (adjusted to the next higher multiple of \$5,000) not in excess of 25 per cent of the increase in the amount of net assets between December 31, 1946, and June 30, 1947, as shown by the financial statements of the subscribers, or \$250,000, whichever is greater. Copies of the financial statements, certified to by a public accountant or by a responsible officer of the subscriber, must accompany each subscription for more than \$250,000, or should be furnished to this bank or its branch to which the subscription will be presented, prior to the submission of such subscription. Net assets, for this purpose, means the amount of total assets less outstanding indebtedness for borrowed money, and total assets of insurance companies means the total admitted assets calculated in accordance with the laws of the states in which the company is organized or licensed.

Subscriptions from commercial and industrial banks eligible to subscribe hereunder will be limited to an amount (adjusted to the next higher multiple of \$5,000) not in excess of 25 per cent of the increase in the combined amount of time certificates of deposit (but only those issued in the names of individuals, and of corporations, associations, and other organizations not operated for profit), and of savings deposits, between December 31, 1946, and June 30, 1947, as certified by an officer of the subscribing bank, or \$25,000, whichever is greater.

In addition to the bonds allotted to the above classes of subscribers, the Secretary of the Treasury reserves the right to make an allotment of these bonds to Government investment accounts.

The Secretary stated that he planned to open the subscription books on Monday, September 29, but that the full terms of the offering and the official circular would probably be made available a week earlier. The subscription books will probably remain open for a week or ten days although the Secretary will reserve the right to close the books as to any or all subscriptions at any time without notice. Deferred payment subscriptions will not be received. Qualified depositaries will be permitted to make payment by credit for bonds allotted to themselves and their customers.

The Secretary reiterated his statement of August 18 that further offerings of securities suitable primarily for institutional investment needs will be made available whenever the situation warrants such action.

Copies of the official offering circulars and subscription forms will be forwarded to the banks and other interested concerns as soon as they are available. Banks may wish to advise their customers who are eligible to subscribe for these bonds so they will have an opportunity to enter their subscriptions.

Yours very truly,

R. R. GILBERT

President.