

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, February 24, 1948

TELEGRAPHIC TRANSFER OF OUTSTANDING UNMATURED MARKETABLE BEARER GOVERNMENT SECURITIES

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

As stated in this bank's circular letter of February 5, 1948, the Treasury Department has made arrangements with the Federal Reserve banks, effective March 1, 1948, for the telegraphic transfer of Treasury bonds in coupon form, in addition to the facilities which have existed for many years for the telegraphic transfer of Treasury bills, Treasury certificates of indebtedness, and Treasury notes. These arrangements have been made for the purpose of facilitating a broader market for Government securities, and transfers will be made, as at present, only against bona fide sales.

In order to cover the expense of handling such telegraphic transfers, fees will be charged for the transfer of securities which will not mature within one year of the date of transfer, or in the case of callable Treasury bonds which will not mature within one year of the date of transfer and on which the call privilege has not been exercised. However, no fee will be charged for the transfer of securities which will mature within one year of the date of transfer or which have been called for redemption within the year.

This bank and its branches will make every effort to complete telegraphic transfers of United States securities on the date requested, provided the securities, with appropriate instructions, are received not later than 12 o'clock noon Central Standard Time on all business days, except Saturdays, when the closing time will be 10 a. m. Central Standard Time. This bank, however, will assume no responsibility for delays, for any reason whatever, in completing such transfers, even though the securities are received by the time specified above. Full details concerning the procedure to be followed are outlined in the following pages.

Yours very truly,

R. R. GILBERT

President

Effective March 1, 1948, telegraphic transfers of outstanding unmatured bearer marketable securities of the United States, i.e., Treasury bills, Treasury certificates of indebtedness, Treasury notes and Treasury bonds, between Federal Reserve banks as fiscal agents of the United States for the account of owners are authorized under the following conditions:

1. Where it is shown to the satisfaction of the Federal Reserve bank that a sale is involved and that delivery by another Federal Reserve bank is necessary to consummate the sale.
2. Where securities are pledged on original issue as collateral to a War Loan Deposit Account and subsequently are to be withdrawn for delivery to the owner or his agent at the risk and expense of the Treasury Department, if the cost of delivery by means of wire transfer is less than would be the case if the securities were shipped by registered mail.

Transfers of any other character or of any other class of securities, including specifically transfers for the convenience of holders or owners, transfers of securities as collateral, or transfers of registered bonds, are NOT AUTHORIZED.

The telegraphic transfer of securities shall not be considered as a right conferred on the holders of such securities, but only as a privilege, and all transfers shall be conditioned on the availability of facilities of Federal Reserve banks, and without responsibility for delays in effecting delivery for any reason whatever. In the event a delivering Federal Reserve bank is not in a position to make immediate delivery because of lack of sufficient stock, the depositing owner will be notified and such owner may instruct that the transfer be made on a future date or, if desired, the transaction may be canceled.

Securities deposited for telegraphic transfer should have all unmatured coupons attached. If securities are presented with unmatured coupons missing, they will be accepted for telegraphic transfer provided the face amount of the unmatured missing coupons is paid to this bank with the deposit of such securities. Upon payment for unmatured missing coupons, securities with a full complement of unmatured coupons attached will be delivered.

No fees will be charged for the transfer of securities in the following instances:

1. Bonds and notes

(a) During the yearly period¹ ending on the date of maturity in any case

- (1) Where the securities are not callable for redemption prior to maturity, or
- (2) Where the securities are called for redemption prior to maturity and the notice of call is dated during such yearly period.

(b) After the date of notice of call for redemption in any case

- (1) Where such notice is dated within the yearly period² which ends on the call redemption date, or
- (2) Where such notice is dated the day prior to the beginning of the yearly period² which ends on the call redemption date.

(c) During the yearly period² ending on the call redemption date in any case where notice of call for redemption is dated on any day prior to the beginning of such yearly period. If the notice of call for redemption is dated prior to the beginning of such yearly period, fees will be charged up to the beginning of the yearly period.

2. Treasury bills and certificates of indebtedness

Transfers of Treasury bills or certificates of indebtedness in any case.

3. Deliveries on original issue

Transfers of securities pledged on original issue as collateral to a War Loan Deposit Account as provided in condition 2 of the first paragraph of this circular.

¹This yearly period is defined as "the period beginning one day after the anniversary date which next precedes the maturity date and ending on the maturity date." For example, securities which mature on December 15, 1950, may be transferred on and after December 16, 1949, without the payment of a fee. Likewise, if December 1, 1950, happened to be the maturity date of an issue of securities, no fees would be charged on and after December 2, 1949.

²This yearly period is defined as "the period beginning one day after the anniversary date which next precedes the call redemption date and ending on the call redemption date." For example, if the call redemption date is December 15, 1949, the yearly period will begin on December 16, 1948, and end on December 15, 1949. In the event the date of notice of call for redemption is August 15, 1949, no fees would be charged after August 15, 1949. If the notice of call for redemption is dated December 15, 1948, or a date prior thereto, no fees would be charged on and after December 16, 1948.

Fees will be charged on all other telegraphic transfers on the following basis:

1. A fee of \$5 for each transaction involving securities in a face amount of \$50,000 or less.
2. A fee of \$10 for each transaction involving securities in a face amount in excess of \$50,000.

A single transfer transaction shall be limited to securities of any one issue or series to be delivered to one recipient. Two or more different issues of securities may not be combined under one transfer transaction; neither may securities to be delivered to two or more recipients be combined under the same transaction.

Remittance for fees on the above basis should accompany the request for transfer, except that in the case of a member or nonmember clearing bank the request may authorize a charge to its account. Such fees will be charged irrespective of the number of pieces of securities involved in a single transfer transaction.

Telegraphic transfers of securities are not authorized on any of the following days:

1. The day of their original issue;
2. The last business day of the delivering Federal Reserve bank or branch in any month;
3. The business day next preceding an interest payment day for any series;
4. On or after the business day next preceding the day of their maturity;
5. On or after the business day next preceding the date on which the bonds are redeemable and on which they will cease to bear interest in the case of long-term bonds (or notes, if any) which have been called for redemption.

The Buffalo Branch of the Federal Reserve Bank of New York and the Helena Branch of the Federal Reserve Bank of Minneapolis are not authorized to handle telegraphic transfers of any Treasury securities. All other Federal Reserve branches, including those at El Paso, Houston and San Antonio, are authorized to effect telegraphic transfers of Treasury bills, Treasury certificates of indebtedness, Treasury notes and Treasury bonds, except the following six branches will not handle telegraphic transfers of Treasury bills:

Birmingham, Alabama
Denver, Colorado
Jacksonville, Florida

Nashville, Tennessee
Oklahoma City, Oklahoma
Omaha, Nebraska

This circular refers only to telegraphic transfers of outstanding securities, i.e., after issue. Telegraphic transfers of allotted securities on original issue, after payment in full has been made, will continue to be effected in accordance with the present procedure for such transfers.