

FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT
COMMODITY CREDIT CORPORATION
STATION K, DALLAS, TEXAS

October 15, 1953

OFFERING TO COMMERCIAL BANKS OF
2½ PERCENT COMMODITY CREDIT CORPORATION CERTIFICATES OF INTEREST

To All Banking Institutions in the
Eleventh Federal Reserve District:

An official announcement governing the offering to commercial banks (banks accepting demand deposits) of \$360,000,000 2½ percent Commodity Credit Corporation Certificates of Interest is enclosed, together with an application form. Additional copies of the announcement and form will be forwarded upon request.

The certificates will be dated October 28, 1953, provided payment is made in available funds on that date, and will mature on August 2, 1954. They will be purchased by the Commodity Credit Corporation at any time prior to maturity upon demand and may be used as collateral for Treasury Tax and Loan Accounts. Also, they are transferable by assignment to any commercial bank. Certificates will be issued in multiples of \$1,000, but no certificate will be issued for less than \$5,000. The certificates offered evidence participation in the pool of price support commodity loans other than cotton.

The books for receipt of subscriptions for this offering will be opened on Monday, October 19, 1953, and will close at the close of business the following day, Tuesday, October 20, 1953. Applications, either on the official application form or in letter form or by telegram postmarked or dispatched before midnight October 20, 1953, and addressed to a Federal Reserve Bank or Branch, will be considered timely. Any commercial bank may file applications for the certificates, and city banks may file applications for the account of country bank correspondents.

Since it is necessary that each application be supported by an official application form, any application not originally submitted on such form and any application filed for a bank by its city correspondent must be promptly confirmed on an official application form, fully executed, by the applicant. The original and duplicate copies of each form should be sent to this bank or appropriate branch. The triplicate may be retained.

It is hoped that allotment notices can be mailed to reach applicants by Monday, October 26, and since it is contemplated that payment will be made in available funds on Wednesday, October 28, it may not be possible to await correspondence with reference to the manner of payment of the certificates allotted. Accordingly, member banks should authorize payment by charge to their reserve accounts on the official application form, and it is suggested that nonmember banks request their correspondent member banks to authorize the necessary charges to the members' reserve accounts on October 28. All payments will be handled by the office of this bank through which the application is entered. **Payment for the certificates by Treasury Tax and Loan Account Credit is not authorized.**

The original certificates will, as provided in the official announcement, be held at the Federal Reserve Bank of Chicago as Fiscal Agent for the Commodity Credit Corporation. An authenticated copy of the original certificate will be mailed direct to each purchaser by that bank and, unless otherwise specifically instructed, a single certificate will be issued to each applicant for an amount equal to such applicant's allotment.

As indicated in the official announcement, applications and payments for the certificates should be submitted to this bank or the appropriate branch for transmission to the Federal Reserve Bank of Chicago, through which the offering is made as Fiscal Agent and Custodian for the Commodity Credit Corporation.

Yours very truly,

W. D. GENTRY

First Vice President

CCC ANNOUNCEMENT CHF-1 OCTOBER 14, 1953

OFFERING COMMERCIAL BANKS THE OPPORTUNITY TO FINANCE PRICE SUPPORT LOANS ON COMMODITIES OTHER THAN COTTON WHICH WERE ORIGINALLY DISBURSED BY CCC OR PURCHASED BY CCC FROM LENDING AGENCIES

SECTION I OFFER OF PARTICIPATION

Commodity Credit Corporation (hereinafter called "CCC") has placed in a pool outstanding price support commodity loans other than cotton totaling \$360,000,000. Commercial Banks, which for this purpose are defined as banks accepting demand deposits, (hereinafter called "Banks") may participate in the financing of these price support loans by making funds available to CCC at the Federal Reserve Bank of Chicago, Fiscal Agent for CCC (hereinafter called "Custodian"). Certificates of Interest (hereinafter called "Certificates") bearing interest at the rate of 2½ per cent per annum will be issued to evidence participation in this pool of loans. Certificates will mature on August 2, 1954, but will be purchased by CCC prior to maturity upon demand. The terms and conditions upon which banks may participate in the pool are set forth in Section II of this announcement.

Banks which desire to participate in the financing of the pool of loans shall make application to the Federal Reserve Bank or Branch of the district in which they are located. Applications may be made on forms which will be available at any Federal Reserve Bank or Branch or by wire or mail.

Books for the receipt of applications will be opened October 19, 1953, and will close at the close of business October 20, 1953. Applications addressed to any Federal Reserve Bank or Branch and postmarked prior to midnight October 20, 1953, will be considered timely applications in this first offering of participation certificates. CCC reserves the right to reject any application, in whole or in part, to allot less than the amount of Certificates applied for, and action in these respects shall be final. Applicants will be informed of allotments as soon as possible after closing of the books.

Payment for the Certificates allotted shall be made through the Federal Reserve Bank or Branch where application was filed in funds available at the Federal Reserve Bank of Chicago on October 28, 1953, and Certificates will be issued as of that date. In the event the total amount available is not applied for, the amount remaining will be announced and will be available to applicants in the order of receipt of their applications by the Federal Reserve Bank of Chicago.

From time to time as additional price support loans are made or purchased by CCC, the loans will be placed in the pool and offerings of additional Certificates will be made by the Custodian.

SECTION II TERMS AND CONDITIONS

Certificates evidencing participation in the pool will be issued upon the following terms and conditions:

1. The Federal Reserve Bank of Chicago, Fiscal Agent for CCC, (hereinafter called "Custodian") will issue Certificates and act as custodian of the Certificates for the holders thereof.
2. Certificates will be issued in multiples of \$1,000 except that no Certificate will be issued for less than \$5,000. The aggregate value of all outstanding Certificates will not exceed the amount of the pool. The Custodian will retain the Certificates and will furnish each original holder with a copy thereof.
3. The Certificate will be issued as of the date on which funds therefor are credited by the Custodian to the account of CCC. The face amount of the Certificate, less principal payments thereon, will constitute the value of the Certificate. Interest at the rate of two and one-half per cent (2½%) per annum will be payable at the time and upon the amount of each principal payment made upon the Certificate and will be computed on a 365 day basis from and including the date of the Certificate to, but not including, the date of such payment.
4. The Certificate may be transferred to any commercial bank, Federal Reserve Bank or such other banking institution as may be determined by CCC to be eligible, by execution of an Assignment of Certificate of Interest (Commodity Credit Corporation Form 316, hereinafter called "Assignment"). Transfers will be recorded as of the date of receipt and acceptance of such assignment by the Custodian or as of the date of receipt by the Custodian of telegraphic advice of such Assignment if such advice is promptly confirmed by the delivery to the Custodian of a duly executed Assignment. In the event of announcement by CCC, as provided in Item 6 hereof, that Certificates will be purchased during a designated month, Assignments and telegraphic advices received during the first ten calendar days of that month will not be recorded prior to the expiration of such period.

5. CCC will, upon demand by the Certificate holder of record to the Custodian, purchase through any Federal Reserve Bank or Branch any outstanding Certificate at any time by paying to the Certificate holder of record the value thereof plus accrued interest. CCC will purchase at maturity all outstanding Certificates.

6. CCC reserves the right to purchase at its option any outstanding Certificate in whole or in part and will, in the event the value of the outstanding Certificates on the last day of any month prior to maturity exceeds the unpaid principal of the loans comprising the pool as determined by CCC during that month, purchase outstanding Certificates, in whole or in part, in a total amount sufficient to reduce the outstanding Certificates to the unpaid principal amount of the loans comprising the pool. CCC will pay for any Certificate purchased, in whole or in part, all or the respective part of the value of the Certificate plus accrued interest on such amount. Any purchase by CCC of outstanding Certificates, in whole or in part, except as provided in Item 5, will be made only during the first ten calendar days of a month and CCC will announce by press release on the first business day of each month prior to maturity whether any purchases of Certificates, in whole or in part, will be made during the month. Payments for such purchases will be made during the first ten calendar days of such month to the Certificate holders of record as of the last day of the preceding month.

7. No Member of, or Delegate to Congress, or any Resident Commissioner, will be admitted to any share or part of this contract or to any benefit to arise therefrom except that this provision will not be construed to extend to their interest in any incorporated company, if the contract be for the general benefit of such company.

8. The Applicant bank warrants that it has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee and that no such consideration or payment has been or will be made. Breach of this warranty will give CCC the right to annul the contract, or at its discretion, to deduct from the contract consideration the amount of such commission, percentage, brokerage, or contingent fees. This warranty will not apply to commissions payable by the Applicant bank upon contracts secured or made through bona fide employees or bona fide established commercial or selling agencies utilized by the Applicant bank for the purpose of securing business.

SECTION III PURPOSE AND FINANCIAL ORGANIZATION OF CCC

The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, foods, feeds, and fibers for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and the chairman of the board. In addition to the Secretary, the board consists of six members appointed by the President and confirmed by the Senate. There is also a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advise the Secretary with respect thereto.

The Corporation has an authorized capital stock of \$100,000,000, all of which is held by the United States, and authority to borrow up to \$6,750,000,000. On August 31, 1953, outstanding commitments against this authority amounted to \$4,061,981,207.00. CCC will at all times hold in reserve an amount of its borrowing authority sufficient to cover outstanding Certificates.

J. J. SOMERS, Controller
Commodity Credit Corporation

APPLICATION FORM AND PAYMENT LETTER
2½% CERTIFICATES OF INTEREST
OF THE COMMODITY CREDIT CORPORATION

Date _____

To **FEDERAL RESERVE BANK OF CHICAGO**
Fiscal Agent and Custodian of
Commodity Credit Corporation

Application filed through the
Federal Reserve Bank of _____
(Main Office OR Branch)

Gentlemen:

Pursuant to the terms and conditions of the official Announcement CHF-1, dated October 14, 1953, of the Commodity Credit Corporation the undersigned hereby applies for \$ _____ face amount of the Certificates of Interest described therein. (see note below)

NOTE: Applications must be in multiples of \$1,000 except that no certificate will be issued for less than \$5,000.

Payment* for total amount allotted hereon to be made on or before October 28, 1953, by a charge to our reserve account at the Federal Reserve Bank of _____ or by check in immediately available funds. (Main Office OR Branch where reserve account is carried)

*Payment by Treasury Tax and Loan Credit not permitted.

Repayments at or before maturity as provided in the official Announcement are authorized to be made by credit to our reserve account (in case of member banks) or by check (in case of nonmember banks).

Certificate to be inscribed and copy thereof mailed to: (Please type or print.)

Name of Bank _____
Street Address _____
City or Town _____
State _____

Official Signature

(A.B.A. No. _____)

**Original—To be forwarded to Federal Reserve Bank of Chicago by
Federal Reserve Bank or Branch receiving application.**

For Use of Federal Reserve Bank of Chicago

Typed by _____

Allotted \$ _____

Checked by _____

Computed by _____

Date Shipped or Delivered _____

Checked by _____

By _____

Date Payment Received _____

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2½% CERTIFICATES OF INTEREST
OF THE COMMODITY CREDIT CORPORATION

Date _____

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Fiscal Agent and Custodian of
Commodity Credit Corporation

Application filed through the
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*Payment by Treasury Tax and Loan Credit not permitted.

Repayments at or before maturity as provided in the official Announcement are authorized to be made by credit to our reserve account (in case of member banks) or by check (in case of nonmember banks).

Certificate to be inscribed and copy thereof mailed to: (Please type or print.)

Name of Bank _____
Street Address _____
City or Town _____
State _____

Official Signature

(A.B.A. No. _____)

Duplicate—To be retained by Federal Reserve Bank receiving application.

For Use of Federal Reserve Bank

Allotted \$ _____
Computed by _____
Checked by _____
Date Payment Received _____

APPLICATION FORM AND PAYMENT LETTER
2½% CERTIFICATES OF INTEREST
OF THE COMMODITY CREDIT CORPORATION

Date _____

To **FEDERAL RESERVE BANK OF CHICAGO**
Fiscal Agent and Custodian of
Commodity Credit Corporation

Application filed through the
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*Payment by Treasury Tax and Loan Credit not permitted.

Repayments at or before maturity as provided in the official Announcement are authorized to be made by credit to our reserve account (in case of member banks) or by check (in case of nonmember banks).

Certificate to be inscribed and copy thereof mailed to: (Please type or print.)

Name of Bank _____
Street Address _____
City or Town _____
State _____

Official Signature

(A.B.A. No. _____)

Triplicate—To be retained by Purchaser.