

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, July 17, 1954

CASH OFFERING ONE PERCENT TAX ANTICIPATION CERTIFICATES OF INDEBTEDNESS

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

Enclosed is Treasury Department Circular No. 946 covering a cash offering of Tax Anticipation Certificates of Indebtedness, designated 1 percent Treasury Certificates of Indebtedness of Series C-1955. Enclosed also is a supply of subscription forms. Additional circulars and forms will be forwarded upon request.

The books for the receipt of subscriptions will be open on Wednesday, July 21, for **one day only**. Subscriptions will be received at this bank and its branches at El Paso, Houston, and San Antonio.

Commercial banks may submit subscriptions for the account of customers, but others will not be permitted to enter subscriptions except for their own account. Subscriptions by commercial banks for their own account should be entered by the subscribing bank and not through a correspondent bank. It will be observed that a qualified depository will be permitted to make payment by Treasury Tax and Loan Account credit for not more than **75 percent** of the amount of certificates allotted to it for itself and its customers.

Subscriptions from commercial banks for their own account will be received without deposit, but will be restricted in each case to an amount not exceeding one-half of the combined capital, surplus and undivided profits of the subscribing bank as of June 30, 1954. Subscriptions from all others must be accompanied by payment of 10 percent of the amount of certificates applied for.

CLOSING OF SUBSCRIPTION BOOKS

The subscription books will close at the close of business, **Wednesday, July 21**. No **further closing announcement will be made**.

Subscriptions addressed to a Federal Reserve bank or branch or to the Treasury Department and placed in the mail before midnight Wednesday, July 21, will be considered as having been entered before the close of the subscription books.

Reproduced on the reverse hereof is the Treasury Department's press statement covering this cash offering and proposed August financing.

Yours very truly,

WATROUS H. IRONS

President

TREASURY DEPARTMENT
Washington

Friday, July 16, 1954

Secretary Humphrey announced today that on Wednesday, July 21, the Treasury will offer for cash subscription \$3½ billion of 1 percent Tax Anticipation Certificates of Indebtedness to be dated August 2, 1954, maturing March 22, 1955, and receivable at par plus accrued interest to maturity in payment of income and profits taxes due on March 15, 1955. The books will be open only for one day, on July 21.

Subscriptions from commercial banks, which for this purpose are defined as banks accepting demand deposits, for their own account, will be received without deposit, but will be restricted in each case to an amount not exceeding one-half of the combined capital, surplus and undivided profits of the subscribing bank as of June 30, 1954. A payment of 10 percent of the amount of certificates subscribed for, not subject to withdrawal until after allotment, must be made on all other subscriptions. The new certificates may be paid for by credit in Treasury Tax and Loan Accounts up to 75 percent of the amounts allotted.

Commercial banks and other lenders are requested to refrain from making unsecured loans or loans collateralized in whole or in part by the certificates subscribed for, to cover the 10 percent deposits required to be paid when subscriptions are entered. A certification by the subscribing bank that no such loan has been made will be required on each subscription entered by it for account of its customers. A certification that the bank has no beneficial interest in its customers' subscriptions, and that no customers have any beneficial interest in the bank's own subscription, will also be required.

Near the end of July the Treasury will announce an exchange offering open to holders of the issues of Treasury Certificates of Indebtedness maturing August 15 in the amount of \$2,788 million and September 15 in the amount of \$4,724 million, on which it is planned that the subscription books will open early in August. It is proposed to offer holders of these maturing securities the choice between a one-year certificate and a security with a longer maturity, either a long note or a short bond.

UNITED STATES OF AMERICA
ONE PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS
OF SERIES C-1955

TAX ANTICIPATION SERIES

Dated and bearing interest from August 2, 1954

Due March 22, 1955

1954
Department Circular No. 946

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Office of the Secretary
Washington, July 21, 1954

I. OFFERING OF CERTIFICATES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions from the people of the United States for Tax Anticipation Certificates of Indebtedness of the United States, designated 1 percent Treasury Certificates of Indebtedness of Series C-1955. The amount of the offering is \$3,500,000,000, or thereabouts. The books will be open **only on July 21** for the receipt of subscriptions.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated August 2, 1954, and will bear interest from that date at the rate of 1 percent per annum, payable with the principal at maturity on March 22, 1955. They will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all taxes, now or hereafter imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto. The certificates shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The certificates will be acceptable to secure deposits of public moneys. They will be accepted at par plus accrued interest to maturity in payment of income and profits taxes due on March 15, 1955.

4. Bearer certificates with one interest coupon attached will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The certificates will not be issued in registered form.

5. The certificates will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States certificates.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington. Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Others than commercial banks will not be permitted to enter subscriptions except for their own account. Subscriptions from commercial banks for their own account will be received without deposit, but will be restricted in each case to an amount not exceeding one-half of the combined capital, surplus and undivided profits, of the subscribing bank, as of June 30, 1954. Subscriptions from all others must be accompanied by payment of 10 percent of the amount of certificates

applied for, not subject to withdrawal until after allotment. Following allotment, any portion of the 10 percent payment in excess of 10 percent of the amount of certificates allotted may be released upon the request of the subscribers.

2. The Secretary of the Treasury reserves the right to reject or reduce any subscription, and to allot less than the amount of certificates applied for; and any action he may take in these respects shall be final. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par and accrued interest, if any, for certificates allotted hereunder must be made or completed on or before August 2, 1954, or on later allotment. In every case where payment is not so completed, the payment with application up to 10 percent of the amount of certificates allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depository will be permitted to make payment by credit for not more than 75 percent of the amount of certificates allotted to it for itself and its customers (up to the amount for which it shall be qualified in excess of existing deposits) when so notified by the Federal Reserve Bank of its District.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts, to issue allotment notices, to receive payment for certificates allotted, to make delivery of certificates on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive certificates.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

G. M. HUMPHREY,
Secretary of the Treasury.