CASH AND EXCHANGE OFFERING

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

Enclosed is Treasury Department Circular No. 960 governing the offering of 2 percent Treasury Notes of Series B-1956, for cash, and in exchange for 1 1/2 percent Treasury Certificates of Indebtedness of Series B-1955, maturing May 17, 1955.

As stated in the circular, cash subscriptions may be entered for the offering of notes, and holders of the maturing certificates may exchange their holdings for the notes.

The books for the receipt of cash subscriptions will be open on Tuesday, May 3, for one day only. The books for the receipt of exchange subscriptions will be open for three days only, May 3 through May 5.

Commercial banks may submit subscriptions for the account of customers, but others will not be permitted to enter subscriptions except for their own account. Cash subscriptions by commercial banks for their own account should be entered by the subscribing bank and not through another bank. In connection with cash subscriptions, a qualified depository will be permitted to make payment by Treasury Tax and Loan Account credit for notes allotted to it for itself and its customers up to any amount for which it is qualified in excess of existing deposits.

Cash 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 December 31, 1954. Such subscriptions from all others must be accompanied by payment of 10 percent of the amount of notes applied for.

If the maturing certificates are exchanged for the notes, the May 17, 1955 coupons should be detached by holders before presentation, as final interest due on May 17 on certificates surrendered will be paid by payment of May 17, 1955 coupons.

Subscription forms for the offering are enclosed. Additional circulars and forms will be forwarded upon request.

Subscriptions addressed to a Federal Reserve bank or branch or to the Treasury Department and placed in the mail before midnight on the respective closing dates for the cash and exchange subscriptions will be considered as having been entered before the close of the subscription books.

Shown on the reverse hereof is the Treasury Department's press statement covering the offering.

Yours very truly,

Watrous H. Irons
President
Thursday, April 28, 1955

Secretary of the Treasury Humphrey announced today an offering of 2 percent Treasury Notes to be dated May 17, 1955, and to mature August 15, 1956, for cash in the amount of $2½ billion, or thereabouts, and in exchange for the $3.9 billion of Certificates of Indebtedness maturing May 17, 1955.

The cash offering is to raise funds to pay off the Treasury Series B Tax and Savings Notes which will mature in the next two months. The books will be opened Tuesday, May 3.

Commercial banks and other lenders are requested to refrain from making unsecured loans or loans collateralized in whole or in part by the notes subscribed for, to cover the 10 percent deposits required to be paid when subscriptions are entered.
UNITED STATES OF AMERICA
TWO PERCENT TREASURY NOTES OF SERIES B-1956

Dated and bearing interest from May 17, 1955

1955
Department Circular No. 960

Due August 15, 1956

TREASURY DEPARTMENT
Office of the Secretary
Washington, May 3, 1955

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF NOTES

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 notes of the United States, designated 2 percent Treasury Notes of Series B-1956.

2. Cash Offering.—Subscriptions are invited at par and accrued interest. The amount of the offering is $2,500,000,000, or thereabouts. The books will be open only on May 3 for the receipt of cash subscriptions.

3. Exchange Offering.—Exchange subscriptions are invited, at par, from holders of 1½ percent Treasury Certificates of Indebtedness of Series B-1955, maturing May 17, 1955. The books will be open only on May 3 through May 5 for the receipt of exchange subscriptions for this issue.

II. DESCRIPTION OF NOTES

1. The notes will be dated May 17, 1955, and will bear interest from that date at the rate of 2 percent per annum, payable on a semiannual basis on February 15 and August 15, 1956. They will mature August 15, 1956. They will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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 notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached will be issued in denominations of $1,000, $5,000, $10,000, $100,000, $1,000,000, $100,000,000 and $500,000,000. The notes will not be issued in registered form.

5. The notes will be subject to the general regulations of the Treasury Department as now or hereafter prescribed in Department Circular No. 300, Revised.

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. Only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

Cash Subscriptions.—Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit subscriptions for account of customers. Others than commercial banks will not be permitted to enter cash 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 December 31, 1954. Subscriptions from all others must be accompanied by payment of 10 percent of the amount of notes 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 notes allotted may be released upon the request of the subscribers.

Exchange Subscriptions.—Banking institutions generally may submit exchange subscriptions for account of customers.
2. The Secretary of the Treasury reserves the right to reject or reduce any subscription, and to allot less than the amount of notes applied for; and any action he may take in these respects shall be final. Subject to these reservations, exchange subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par and accrued interest, if any, for notes allotted hereunder must be made or completed on or before May 17, 1955, or on later allotment.

Cash Subscriptions.—In every case where payment is not so completed, the payment with application up to 10 percent of the amount of notes allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depositary will be permitted to make payment by credit for notes allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

Exchange Subscriptions.—Payment may be made only in Treasury Certificates of Indebtedness of Series B-1955, which will be accepted at par, and should accompany the subscription. Final interest due on May 17 on certificates surrendered will be paid by payment of May 17, 1955 coupons, which should be detached by holders before presentation of the certificates.

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 notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

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