

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, May 29, 1958

## PRELIMINARY ANNOUNCEMENT CASH AND EXCHANGE OFFERINGS

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

There is quoted below a press statement issued today by the Treasury Department in regard to the new cash and exchange offerings:

"The Treasury Department announced today that on Wednesday, June 4, the subscription books will be opened for three days for the refunding of the three issues due for payment on June 15. The new securities offered will be a  $1\frac{1}{4}$  percent 11-month Certificate of Indebtedness and a  $2\frac{5}{8}$  percent 6-year 8-month Treasury Bond due February 15, 1965, both to be dated June 15, 1958.

"The securities eligible for exchange are:

2 $\frac{7}{8}$  percent Treasury Notes, in the amount of \$4,392 million

2 $\frac{3}{4}$  percent Treasury Bonds, in the amount of \$919 million

2 $\frac{3}{8}$  percent Treasury Bonds, in the amount of \$4,245 million

All exchanges will be made par for par. Any exchange subscription for either issue addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight June 6, will be considered as timely.

"In addition, on Tuesday, June 3, it will offer for cash subscription at a price of  $100\frac{1}{2}$  an issue of \$1 billion, or thereabouts, of  $3\frac{1}{4}$  percent 26-year 11-month Treasury Bonds, to be dated June 3, 1958, and to mature May 15, 1985. In addition, up to \$100 million of the bonds may be allotted to Government Investment Accounts. The subscription books will be open only on June 3 for this offering. Any cash subscription addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight June 3, will be considered as timely.

"Subscriptions for the cash offering of bonds from commercial banks, which for this purpose are defined as banks accepting demand deposits, for their own account will be restricted in each case to an amount not exceeding 2 percent of 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, or 5 percent of the combined capital, surplus and undivided profits, whichever is greater, of the subscribing bank. A payment of 20 percent of the amount of bonds subscribed for must be made on all subscriptions, **including** those from commercial banks for their own account, and this payment must be forwarded with the subscriptions in immediately available funds, or by credit in the Treasury Tax and Loan account of the bank through which the subscription is entered, to the Federal Reserve Bank or Branch, or to the office of the Treasurer of the United States.

"Following allotment, any portion of the 20 percent payment in excess of the amount of bonds allotted will be returned to the subscribers. The remaining bonds allotted must be paid for on June 18, the delivery date, together with accrued interest at the rate of \$0.089 per day per \$1,000 from June 3, which is the date from which the new bonds will bear interest, to June 18, the payment date. The bonds may be paid for by credit in Treasury Tax and Loan accounts.

"Commercial banks and other lenders are requested to refrain from making unsecured loans and loans collateralized in whole or in part by the bonds subscribed for, to cover the 20 percent deposits required to be paid when subscriptions are entered.

"The Treasury announced that cash subscriptions will be subject to the usual reservation of the right to make different percentage allotments to various classes of subscribers."

Official circulars and subscription forms for the offerings will be mailed to reach you by Monday, June 2. However, if the circulars and forms are not received in sufficient time, subscriptions may be entered by mail, telegraph or telephone, subject to confirmation with an official subscription blank.

Yours very truly,

Watrous H. Irons

President