

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, April 6, 1960

SPECIAL SERIES — TREASURY BILLS

365 DAYS

Dated April 15, 1960

\$2,000,000,000

Maturing April 15, 1961

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

Your attention is invited to the following statement giving details of a new issue of Treasury bills:

"The Treasury Department, by this public notice, invites tenders for \$2,000,000,000, or thereabouts, of 365-day Treasury bills, for cash and in exchange for Treasury bills maturing April 15, 1960, in the amount of \$2,003,314,000, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated April 15, 1960, and will mature April 15, 1961, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

"Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Standard time, Tuesday, April 12, 1960. Tenders will be received at the Federal Reserve Banks of Philadelphia and Chicago and at the Baltimore Branch of the Federal Reserve Bank of Richmond only from bidders whose principal places of business are located in their respective districts, except in those cases where bidders located in other areas customarily enter their tenders through Philadelphia, Chicago or Baltimore. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. (Notwithstanding the fact that these bills will run for 365 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

"Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

"All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty o'clock p.m., Eastern Standard time, Tuesday, April 12, 1960.

"Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for \$400,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 15, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 15, 1960. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

"The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills 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. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

"Treasury Department Circular No. 418, Revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch."

The special provision, to limit any tenders received by the Federal Reserve Banks of Philadelphia and Chicago and by the Baltimore Branch of the Federal Reserve Bank of Richmond, to bidders whose principal places of business are located in such districts (except that bidders located in other areas whose bids are customarily entered through these banks may do so), will apply only to tenders for this issue and is necessary because these banks will be closed on April 15, 1960, the issue date of the bills. Payment for accepted tenders at these three points may be made in regular course on Monday, April 18.

Payment for this issue of Treasury bills must be made or completed at this bank or appropriate branch in cash or other immediately available funds on April 15, 1960, or in a like face amount of Treasury bills maturing April 15, 1960. Payment for this issue of bills CANNOT be made by credit to Treasury Tax and Loan Account.

Please note the required agreement not to purchase or sell this security prior to 1:30 o'clock p.m., Eastern Standard time, Tuesday, April 12, 1960.

In accordance with the above announcement, tenders will be received at this bank and its branches at El Paso, Houston and San Antonio, up to twelve-thirty o'clock p.m., Central Standard time, Tuesday, April 12, 1960. Tenders may not be entered by telephone.

Yours very truly,

Watrous H. Irons

President

TENDER FOR TREASURY BILLS

SPECIAL SERIES

365 Days

Dated April 15, 1960

Maturing April 15, 1961

To: Federal Reserve Bank, Station K, Dallas, Texas

or

The _____ Branch _____

El Paso

Houston

San Antonio

(Date)

Pursuant to the provisions of Treasury Department Circular No. 418, Revised, and to the provisions of the public announcement, as shown on reverse side, as issued by the Treasury Department, the undersigned offers to purchase Treasury bills in the amount shown below, and agrees to pay for the amount allotted, on or before the issue date, by the method and at the rate indicated.

NONCOMPETITIVE TENDER \$ _____ NOT TO EXCEED \$400,000

Noncompetitive tenders for \$400,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids.

COMPETITIVE TENDERS

\$ _____ @ _____ \$ _____
 \$ _____ @ _____ \$ _____
 \$ _____ @ _____ \$ _____

Prices should be expressed on the basis of 100, with not more than three decimal places, e. g., 99.925. Fractions must not be used.

TENDERS MAY NOT BE ENTERED BY TELEPHONE. TENDERS BY WIRE, IF RECEIVED BEFORE THE CLOSING HOUR, ARE ACCEPTABLE.

Number of Pieces	Denominations Desired		Maturity Value
_____ @	\$ 1,000	\$ _____	
_____ @	\$ 5,000	\$ _____	
_____ @	\$ 10,000	\$ _____	
_____ @	\$ 100,000	\$ _____	
_____ @	\$ 500,000	\$ _____	
_____ @	\$1,000,000	\$ _____	

METHOD OF PAYMENT

- Payment to be made by _____
 (Name of Bank)
- By charge to our reserve account on payment date.
- By draft enclosed (effectual delivery of enclosed draft shall be on latest day which will permit presentment in order to obtain irrevocably collected funds on payment date).

All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty o'clock p.m., Eastern Standard Time, Tuesday, April 12, 1960.

Delivery Instructions:

- Hold in Custody Account—Member banks for own account only
- Pledge to Secure Treasury Tax and Loan Account
- Ship to _____

 (Subscriber's full name or corporate title)

 (Address)

By _____
 (Authorized official signature and title)

 (For the account of, if tender is for another subscriber)

 (Address)

IMPORTANT

1. No tender for less than \$1,000 will be considered and each tender must be for an amount in multiples of \$1,000 (maturity value).
2. Tenders should be forwarded in an envelope clearly addressed to this bank or appropriate branch as Fiscal Agent of the United States, with notation on the envelope reading "TENDER FOR TREASURY BILLS." Since envelopes received with this legend will not be opened until after the closing time specified in the public announcement, communications relating to other matters should not be enclosed. Envelopes for submitting tenders may be requested from this bank or appropriate branch.
3. Any qualified or conditional tender will be rejected.
4. If a corporation makes the tender the form should be signed by an officer of the corporation authorized to make the tender and the signing of the form by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership it should be signed by a member of the firm, who should sign in the form "_____, a copartnership, by _____, a member of the firm."
5. Tenders from those other than incorporated banks and trust companies or responsible and recognized dealers in investment securities will be disregarded, unless accompanied by a deposit of 2 per cent of the total amount (maturity value) of the Treasury bills applied for, or unless the tenders are accompanied by an express guaranty of full payment by an incorporated bank or trust company.
6. If the language of this form is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

Tenders will be received at this bank and its branches at El Paso, Houston and San Antonio, up to twelve-thirty o'clock p.m., Central Standard time, Tuesday, April 12, 1960.