

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, June 7, 1960

EXCHANGE OFFERING

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

Enclosed are Treasury Department Circulars Nos. 1043 and 1044 governing the offering of $3\frac{3}{4}$ percent Treasury Notes of Series D-1964, dated June 23, 1960, due May 15, 1964, and $3\frac{7}{8}$ percent Treasury Bonds of 1968, dated June 23, 1960, and due May 15, 1968.

SECURITIES OFFERED

$3\frac{3}{4}$ PERCENT TREASURY NOTES OF SERIES D-1964

or

$3\frac{7}{8}$ PERCENT TREASURY BONDS OF 1968

SECURITIES ELIGIBLE FOR EXCHANGE

$2\frac{1}{2}$ PERCENT TREASURY BONDS OF 1961

Maturing November 15, 1961

DOWN PAYMENT

A down payment of not less than 10 percent (in the form of $2\frac{1}{2}$ percent Treasury Bonds of 1961) is required of all subscribers, except those specifically exempted in Paragraph III of the offering circular. With respect to bonds received as down payment on subscriptions through commercial banks, the securities should be held by such banks until after allotment. If the value of the bonds presented exceeds the required 10 percent down payment, it is suggested that the subscriber be encouraged to leave the entire amount as a deposit, thus avoiding unnecessary movement of the securities. Delivery of the $2\frac{1}{2}$ percent bonds of 1961 offered in payment for the new $3\frac{3}{4}$ percent notes or $3\frac{7}{8}$ percent bonds will be **at the risk and expense of the subscriber**. Any securities received as down payment by this bank or one of its branches, and which exceed the amount of the allotment, will be returned **at the risk and expense of the Treasury Department**.

ASSIGNMENT OF REGISTERED BONDS

No authority papers will be required if the new securities are to be issued in the same registration as the $2\frac{1}{2}$ percent Treasury Bonds of 1961 submitted in exchange. Also the $2\frac{1}{2}$ percent bonds of 1961 registered in coownership form may be assigned by one coowner if the new notes or new bonds are to be registered in the same names and form as the old securities.

ALLOTMENT

Subject to the usual reservations, allotments will be made par for par unless subscriptions to the new notes and new bonds exceed \$3,500,000,000 and \$1,500,000,000, respectively, by more than 10 percent, in which case subscriptions will be subject to allotment.

TAX STATUS

Since this exchange is an advance refunding, no gain or loss will be recognized for Federal income tax purposes upon the exchange. Gain or loss, if any, upon the obligations surrendered in exchange will be taken into account upon the disposition or redemption of the new obligations.

GENERAL INFORMATION

Coupons dated November 15, 1960, and all subsequent coupons, must be attached to bearer 2½ percent bonds of 1961 when surrendered. Accrued interest from May 15, 1960, to June 23, 1960, will be paid subscribers in accordance with Paragraph IV of the offering circular.

The books will be opened on **Wednesday, June 8**, and will remain open through **Monday, June 13**. Payment for the face amount of new securities allotted in this offering must be made on or before Thursday, June 23, 1960, by tendering a like amount of 2½ percent Treasury Bonds of 1961. **Cash subscriptions will not be received.**

Subscriptions to this exchange offering will be received at this bank and its branches at El Paso, Houston and San Antonio, and should be submitted on the enclosed forms. Additional circulars and forms will be forwarded upon request.

CLOSING OF SUBSCRIPTION BOOKS

Subscription books will close at the close of business **Monday, June 13**. **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, **June 13**, will be considered as having been entered before the close of the subscription books.

Yours very truly,

Watrous H. Irons

President

UNITED STATES OF AMERICA

THREE AND THREE-FOURTHS PERCENT TREASURY NOTES OF SERIES D-1964

Dated and bearing interest from June 23, 1960

Due May 15, 1964

1960
Department Circular No. 1043

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Office of the Secretary
Washington, June 8, 1960

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 3¾ percent Treasury Notes of Series D-1964, in exchange for 2½ percent Treasury Bonds of 1961, dated February 15, 1954, due November 15, 1961. Subscriptions to the offering under this circular are invited up to an amount not to exceed \$3,500,000,000. If subscriptions exceed this amount by more than 10 percent, they will be subject to allotment. The books will be open **only on June 8 to June 13, 1960, inclusive**, for the receipt of subscriptions for this issue.

2. In addition to the exchange offering under this circular, holders of the eligible bonds are also offered the privilege of exchanging them for 3⅞ percent Treasury Bonds of 1968, which offering is set forth in Department Circular No. 1044, issued simultaneously with this circular.

3. **Nonrecognition of gain or loss for Federal income tax purposes.**—Pursuant to the provisions of section 1037 (a) of the Internal Revenue Code of 1954 as added by Public Law 86-346 (approved September 22, 1959), the Secretary of the Treasury hereby declares that no gain or loss shall be recognized for Federal income tax purposes upon the exchange with the United States of the 2½ percent Treasury Bonds of 1961, due November 15, 1961, solely for the 3¾ percent Treasury Notes of Series D-1964. Gain or loss, if any, upon the obligations surrendered in exchange will be taken into account upon the disposition or redemption of the new obligations.

II. DESCRIPTION OF NOTES

1. The notes will be dated June 23, 1960, and will bear interest from that date at the rate of 3¾ percent per annum, payable on a semiannual basis on November 15, 1960, and thereafter on May 15 and November 15 in each year until the principal amount becomes payable. They will mature May 15, 1964, and 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, and notes registered as to principal and interest, will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$1,000,000, \$100,000,000 and \$500,000,000. Provision will be made for the interchange of notes of different denominations and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.

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

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. Banking institutions generally may submit subscriptions for account of customers. Subscriptions from banking institutions for their own account, Federally insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve System will be received without deposit. Subscriptions from all others must be accompanied by the deposit of 2½ percent Treasury Bonds of 1961, due November 15, 1961, in the amount of not less than 10 percent of the amount of notes applied for, not subject to withdrawal until after allotment. Registered bonds submitted as deposits should not be assigned. After allotment detached assignment forms may be used as provided in Section V hereof.

2. The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of notes applied for, and to make different percentage allotments to various classes of subscribers; and any action he may take in these respects shall be final. The basis of the allotment will be publicly announced and allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par for notes allotted hereunder must be made on or before June 23, 1960, or on later allotment, and may be made only in 2½ percent Treasury Bonds of 1961, due November 15, 1961, which will be accepted at par. Coupons dated November 15, 1960, and all subsequent coupons, must be attached to the bonds in coupon form when surrendered and accrued interest from May 15, 1960, to June 23, 1960 (\$2.64946 per \$1,000) will be paid subscribers, in the case of bearer bonds following their acceptance, and in the case of registered bonds following discharge of registration. In the case of registered bonds, the accrued interest will be paid by check drawn in accordance with the assignments on the bonds surrendered, or by credit in any account maintained by a banking institution with the Federal Reserve Bank of its District.

V. ASSIGNMENT OF REGISTERED BONDS

1. After allotment 2½ percent Treasury Bonds of 1961 in registered form tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, in one of the forms hereafter set forth, and thereafter should be presented and surrendered to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, D. C. If the new notes are desired registered in the same name as the bonds surrendered in exchange, the assignment should be to "The Secretary of the Treasury for exchange for 3¾ percent Treasury Notes of Series D-1964." If the new notes are desired registered in another name, the assignment should be to "The Secretary of the Treasury for exchange for 3¾ percent Treasury Notes of Series D-1964, in the name of....." If new notes in bearer form are desired, the assignment should be to "The Secretary of the Treasury for exchange for 3¾ percent Treasury Notes of Series D-1964 in coupon form to be delivered to....." Detached assignment forms may be used for the convenience of subscribers.

VI. 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.

ROBERT B. ANDERSON
Secretary of the Treasury.

UNITED STATES OF AMERICA

THREE AND SEVEN-EIGHTHS PERCENT TREASURY BONDS OF 1968

Dated and bearing interest from June 23, 1960

Due May 15, 1968

Interest payable May 15 and November 15

1960
Department Circular No. 1044
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Office of the Secretary
Washington, June 8, 1960

I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for bonds of the United States, designated 3 $\frac{7}{8}$ percent Treasury Bonds of 1968, in exchange for 2 $\frac{1}{2}$ percent Treasury Bonds of 1961, dated February 15, 1954, due November 15, 1961. Subscriptions to the offering under this circular are invited up to an amount not to exceed \$1,500,000,000. If subscriptions exceed this amount by more than 10 percent they will be subject to allotment. The books will be open **only on June 8 to June 13, 1960, inclusive**, for the receipt of subscriptions for this issue.

2. In addition to the offering under this circular, holders of the eligible bonds are offered the privilege of exchanging them for 3 $\frac{3}{4}$ percent Treasury Notes of Series D-1964, which offering is set forth in Department Circular No. 1043, issued simultaneously with this circular.

3. **Nonrecognition of gain or loss for Federal income tax purposes.**—Pursuant to the provisions of section 1037 (a) of the Internal Revenue Code of 1954 as added by Public Law 86-346 (approved September 22, 1959), the Secretary of the Treasury hereby declares that no gain or loss shall be recognized for Federal income tax purposes upon the exchange with the United States of the 2 $\frac{1}{2}$ percent Treasury Bonds of 1961, due November 15, 1961, solely for the 3 $\frac{7}{8}$ percent Treasury Bonds of 1968. Gain or loss, if any, upon the obligations surrendered in exchange will be taken into account upon the disposition or redemption of the new obligations.

II. DESCRIPTION OF BONDS

1. The bonds will be dated June 23, 1960, and will bear interest from that date at the rate of 3 $\frac{7}{8}$ percent per annum, payable on a semiannual basis on November 15, 1960, and thereafter on May 15 and November 15 in each year until the principal amount becomes payable. They will mature May 15, 1968, and will not be subject to call for redemption prior to maturity.

2. The income derived from the bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds 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 bonds will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of \$500, \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

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

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