

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, July 28, 1960

ANNOUNCEMENT CONCERNING TREASURY FINANCING

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 current financing, which supplements the information contained in our circular letter dated July 25, 1960:

"The Treasury will borrow \$8¾ billion, or thereabouts, on August 15, 1960, and reduce its cash balance by about \$1½ billion, for the purpose of paying off in cash \$9.6 billion of 4¾ percent Treasury notes maturing August 15, 1960, and \$.8 billion Federal National Mortgage Association 3⅝ percent Notes maturing August 23, 1960. The \$8¾ billion to be borrowed will be obtained from the issue of:

\$7¾ billion, or thereabouts, of 11½ month 3⅛ percent Treasury certificates of indebtedness, at par, to be dated August 15, 1960 and to mature August 1, 1961. Interest to be payable February 1 and August 1, 1961.

\$1 billion, or thereabouts, of additional 3⅞ percent Treasury Bonds of 1968, at par and accrued interest to August 15, 1960. The 3⅞ percent Treasury Bonds of 1968 are outstanding in the amount of \$320 million; were issued on June 23, 1960, and will mature on May 15, 1968. Interest on such bonds is payable November 15, 1960, and semiannually thereafter on May 15 and November 15.

"Subscriptions to the new certificates of indebtedness and bonds will be received, subject to allotment. Payment for the securities may be made in cash, or Treasury Notes of Series C-1960, maturing August 15, 1960, which will be accepted at par, in payment or exchange, in whole or in part, for the certificates of indebtedness and bonds subscribed for, to the extent such subscriptions are allotted by the Treasury.

"In addition, in order to afford the holders of the 3⅝ percent FNMA notes maturing August 23, 1960, an opportunity to reinvest the proceeds of their notes, the Secretary of the Treasury, on behalf of the Federal National Mortgage Association, offers to purchase such notes on August 15, 1960, at par and accrued interest, to the extent to which subscriptions from the holders thereof to the new Treasury certificates of indebtedness and bonds are allotted by the Treasury, and the proceeds from the par amount of the notes are applied to the payment, in whole or in part, of the new securities.

"The subscription books will be open for the 3⅛ percent certificates of indebtedness and the 3⅞ percent Treasury bonds of 1968, only on Monday, August 1, and Tuesday, August 2, 1960.

"Any subscriptions for the certificates or bonds with the required deposits addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight, August 2, 1960, will be considered timely.

"The new issues may not be paid for by credit in Treasury Tax and Loan accounts.

"The Treasury will enter subscriptions subject to allotment for the 3⅞ percent Treasury Bonds of 1968, in the amount of approximately \$100 million, for Government Investment Accounts which it administers. Subscriptions for these accounts for the 3⅛ percent certificates maturing August 1, 1961, will not exceed about \$10 million. Such accounts hold about \$8 million of the maturing 4¾ percent Treasury notes due August 15, 1960.

"Other details concerning the new issues are as follows:

3⅛ PERCENT CERTIFICATES OF INDEBTEDNESS, MATURING AUGUST 1, 1961

"Subscriptions to the 3⅛ percent certificates from commercial banks, for their own account, will be restricted in each case to an amount not exceeding 50 percent of the combined capital, surplus and undivided profits of the subscribing bank.

"Subscriptions to the 3½ percent certificates from commercial and other banks 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, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Government Investment Accounts, and the Federal Reserve Banks will be received without deposit.

"Subscriptions to the 3½ percent certificates due August 1, 1961, from all others must be accompanied by payment of 2 percent (in cash, or Treasury notes maturing August 15, 1960, at par, or Federal National Mortgage Association notes maturing August 23, 1960, tendered for purchase, at par) of the amount of certificates applied for not subject to withdrawal until after allotment.

"The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of certificates 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. Subject to these reservations, all subscriptions from 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 Banks, will be allotted in full. The basis of the allotment of all other subscriptions will be publicly announced, and allotment notices will be sent out promptly upon allotment.

"All subscribers 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 certificates of this issue, until after midnight August 2, 1960.

"Commercial banks in submitting subscriptions will be required to certify that they have no beneficial interest in any of the subscriptions they enter for the account of their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account.

3¾ PERCENT TREASURY BONDS OF 1968

"Subscriptions to the additional 3¾ percent Treasury Bonds of 1968 from commercial banks, for their own account, will be restricted in each case to an amount not exceeding 25 percent of the combined capital, surplus and undivided profits of the subscribing bank.

"Subscriptions to the 3¾ percent Treasury Bonds of 1968 from commercial and other banks 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, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Government Investment Accounts, and the Federal Reserve Banks will be received without deposit.

"Subscriptions to the 3¾ percent Treasury Bonds of 1968 from all others must be accompanied by payment of 20 percent (in cash, or Treasury notes, maturing August 15, 1960, at par, or Federal National Mortgage Association notes maturing August 23, 1960, tendered for purchase, at par) of the amount of bonds applied for not subject to withdrawal until after allotment.

"The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of bonds 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 sent out promptly upon allotment.

"Commercial banks in submitting subscriptions will be required to certify that they have no beneficial interest in any of the subscriptions they enter for the account of their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account."

Official circulars and subscription forms for the Treasury certificates of indebtedness and the additional issue of Treasury bonds will be mailed as soon as possible. However, if the circulars and forms are not received by Monday, August 1, subscriptions may be entered by mail or telegraph, subject to confirmation on official subscription forms.

Yours very truly,

Watrous H. Irons

President