

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, September 28, 1961

PRELIMINARY ANNOUNCEMENT CASH 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:

Treasury Will Borrow \$2 Billion

"As a second step in the Treasury's previously announced autumn cash financing program, it will borrow \$2 billion, or thereabouts, by the sale, at 99.875 and accrued interest from May 15, 1961, to October 11, 1961, of additional amounts of the outstanding 3¼ percent Treasury notes dated May 15, 1961, which mature May 15, 1963. The additional notes will be issued on October 11, 1961, for payment on that date. Payment for 75 percent of these notes may be made by credit in Treasury Tax and Loan accounts. There are \$2,753 million of the 3¼ percent notes outstanding, of which approximately \$850 million are held by the Federal Reserve Banks and Treasury investment accounts.

"In addition to the amount of notes to be offered for subscription, the Secretary of the Treasury reserves the right to allot up to \$100 million of the notes to Government investment accounts.

"The subscription books for the notes will be open **only on Monday, October 2, 1961**. Any subscriptions for the notes addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight October 2 will be considered as timely.

"Subscriptions to the 3¼ percent Treasury notes of May 15, 1963, from commercial banks for their own account will be received without deposit, but will be restricted to 50 percent of the combined capital, surplus and undivided profits of the subscribing bank, and subscriptions from all others must be accompanied by payment of 2 percent of the amount of notes 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 notes applied for, and to make different percentage allotments to various classes of subscribers.

"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 deposits required to be paid when subscriptions are entered, and banks will be required to make the usual certification to that effect.

"All subscribers to the notes 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 the securities subscribed for under this offering, until after midnight October 2."

Official circulars and subscription forms for the Treasury notes will be mailed as soon as possible. However, if the circulars and forms are not received by Monday, October 2, subscriptions may be entered by mail or telegram, subject to confirmation on official subscription blanks.

Yours very truly,

Watrous H. Irons

President