

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, July 26, 1962

## PRELIMINARY ANNOUNCEMENT CASH FINANCING

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

A press statement issued by the Treasury Department today in regard to current financing is quoted below:

### Treasury's New Financing

The Treasury announced today its first major borrowing operation of the new fiscal year. It will offer for cash \$6.5 billion of one-year 3½% certificates, at par; \$1.5 billion of 6½-year 4% bonds, at par; and up to \$750 million of 25-30 year 4¼% bonds at a price of 101 to yield 4.19%. The proceeds will be used to retire approximately \$7.5 billion of securities maturing on August 15, and to provide additional cash sufficient to complete the Treasury's needs until the end of September.

This offering, by covering the full maturity range, will provide attractive outlets for investors of all types, will maintain a balanced debt structure, and will help to activate presently accumulating long-term funds.

Books will be open for the cash subscriptions on Monday, July 30, and any subscriptions post-marked before midnight on that day will be accepted. The certificate is being offered for subscription without credit to tax and loan accounts in the commercial banks. Both of the bonds can be paid for through credit to such accounts. Payment for all of the new securities will be due August 15, 1962; however, payment for the longer bond by savings-type subscribers may be made in installments over a three-month period.

The maturing securities to be redeemed in cash are:

\$158 million of 4% Treasury Notes of Series B-1962, dated September 26, 1957, maturing August 15, 1962, and

\$7,325 million of 3¼% Treasury Notes of Series G-1962, dated February 15, 1961, maturing August 15, 1962.

The new cash to be borrowed will be obtained from the issue of:

\$6,500 million, or thereabouts, of 3½% Treasury Certificates of Indebtedness, to be dated August 15, 1962, and to mature August 15, 1963,

\$1,500 million, or thereabouts, of 4% Treasury Bonds, to be dated August 15, 1962, and to mature February 15, 1969, and

up to \$750 million, or thereabouts, of 4¼% Treasury Bonds of 1987-92, to be dated August 15, 1962, and to mature August 15, 1992, callable at the option of the United States on any interest date on and after August 15, 1987.

Subscriptions will be received subject to allotment. Payment for the new securities may be made in cash, or in 4% Treasury Notes of Series B-1962, or in 3¼% Treasury Notes of Series G-1962, which will be accepted at par, in payment or exchange, in whole or in part, for the new securities subscribed for, to the extent such subscriptions are allotted by the Treasury.

Subscriptions from commercial banks, for their own account, will be restricted in the case of the certificates to an amount not exceeding 50% of the combined capital, surplus, and undivided profits of the subscribing bank and in the case of both issues of bonds to an amount not exceeding 10% of the combined total of time and savings deposits, including time certificates of deposit, or 25% of the combined capital, surplus, and undivided profits of the subscribing bank, whichever is greater.

Subscriptions 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 from all others must be accompanied by payment of 2% (in cash, or Treasury Notes of Series B-1962, or Treasury Notes of Series G-1962, at par) in the case of the certificates and 10% in the case of both issues of bonds, of the amount of new securities applied for which will not be 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 securities 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 for the certificates 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 bases of the allotment of all 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 of the new securities until after midnight July 30, 1962.

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.

Savings-type investors will be permitted to pay for the 4¼% Bonds of 1987-92 in installments up to October 15, 1962 (not less than 30% by August 15; 60% by September 15; and full payment by October 15). Amounts allotted to other classes of subscribers must be paid for in full on August 15.

Savings-type investors who may subscribe to the 4¼% bonds on a deferred payment basis are:

- Pension and Retirement Funds—public and private
- Endowment Funds
- Common Trust Funds under Regulation F of the Board of Governors of the Federal Reserve System
- Insurance Companies
- Mutual Savings Banks
- Fraternal Benefit Associations and Labor Unions' insurance funds
- Savings and Loan Associations
- Credit Unions
- Other Savings Organizations (not including commercial banks)
- States, political subdivisions or instrumentalities thereof, and Public Funds

Where subscribers in this group (except States, political subdivisions or instrumentalities thereof, and public pension and retirement and other public funds) elect to pay for such bonds in installments, delivery of 5% of the total par amount allotted will be withheld until payment for the total amount allotted has been completed.

The 4¼% bonds will be redeemable at par prior to maturity in payment of Federal estate taxes if owned by the decedent at time of death.

In addition to the amounts offered for public subscription, Government Investment Accounts will be allotted up to \$100 million of the 4% bonds and up to \$50 million of the 4¼% bonds.

Official circulars and subscription forms for the new issues of Treasury securities will be mailed as soon as possible. If they are not received by July 30, subscriptions may be entered by letter, wire or telephone, subject to confirmation on official subscription forms.

Yours very truly,

Watrous H. Irons

President