

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 68-111
May 1, 1968

PRELIMINARY ANNOUNCEMENT

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:

TREASURY ANNOUNCES \$8 BILLION REFUNDING
AND \$3 BILLION NEW CASH BORROWING

The Treasury today announced that it is offering holders of the \$8 billion of 4-3/4% Treasury Notes of Series B-1968 and 3-7/8% Treasury Bonds of 1968, maturing May 15, 1968, the right to exchange their holdings at par for a 7-year 6 percent Treasury note to be dated May 15, 1968, and to mature May 15, 1975. The public holds about \$3.9 billion of the securities eligible for exchange, and about \$4.1 billion is held by Federal Reserve and Government Investment Accounts. In addition the Treasury will borrow \$3 billion, or thereabouts, through the issuance of a 15-month 6 percent Treasury note to be dated May 15, 1968, and to mature August 15, 1969, at par.

The books for the receipt of subscriptions for the 7-year notes will be open for three days, May 6 through May 8. The books for the receipt of subscriptions for the 15-month notes will be open one day only, Wednesday, May 8. The payment and delivery date for the notes will be May 15, 1968.

Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Office of the Treasurer of the United States, and placed in the mail before midnight May 8, will be considered as timely.

Interest will be payable on the 7-year notes semiannually on May 15 and November 15 and on the 15-month notes on August 15, 1968, and February 15 and August 15, 1969. The notes will be made available in registered as well as bearer form. All subscribers requesting registered notes will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service.

Coupons dated May 15, 1968, on the securities tendered in exchange or payment should be detached and cashed when due. The May 15, 1968, interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on April 15, 1968, the date the transfer books closed.

CASH OFFERING - 15-MONTH NOTES

Payment for the 15-month notes may be made in cash, or in 4-3/4% notes or 3-7/8% bonds maturing May 15, which will be accepted at par, in payment, in whole or in part, for the notes subscribed for, to the extent such subscriptions are allotted by the Treasury. The 15-month notes may be paid by credit in Treasury Tax and Loan Accounts.

Subscriptions from commercial banks, for their own account, will be restricted in each case to an amount not exceeding 50 percent of the combined capital (not including capital notes or debentures), surplus and undivided profits of the subscribing banks.

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 10% (in cash, or Treasury notes or bonds maturing May 15, 1968, at par) 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; 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.

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 notes subscribed for under this offering at a specific rate or price, until after midnight May 8, 1968.

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.

The official circulars and subscription forms for the new issues of Treasury notes will be mailed Thursday, May 2; however, if the forms do not reach you by Wednesday, May 8, subscriptions may be entered by mail or telegram, subject to confirmation on official subscription blanks.

Yours very truly,

P. E. Coldwell

President