

FEDERAL RESERVE BANK
OF NEW YORK

Securities Department

[Circular No. 772
March 8, 1927]

NEW ISSUE OF $3\frac{1}{2}$ PER CENT TREASURY NOTES

Offered in Exchange for Second Liberty Loan Converted $4\frac{1}{4}$ Per Cent Bonds

Subscription Books Open March 8

To Holders of Second Liberty Loan Converted $4\frac{1}{4}$ Per Cent Bonds of 1927-42:

The following statement was today made public by Secretary Mellon:

In addition to the new issues of certificates announced yesterday, the Treasury will issue on March 15th a new $3\frac{1}{2}$ per cent five-year Treasury note in exchange for Second Liberty Loan Converted $4\frac{1}{4}$ per cent Bonds. The Second $4\frac{1}{4}$ per cent Bonds are callable for redemption in whole or in part on and after November 15, 1927, and it is the plan of the Treasury to call some or all of these bonds dependent upon conditions. The present offering of notes in exchange is in anticipation of such a call.

The Treasury offers to holders of Second $4\frac{1}{4}$'s the opportunity to exchange their bonds as of March 15, 1927, for five-year Treasury notes bearing $3\frac{1}{2}$ per cent interest from March 15, 1927. Those taking advantage of this offer will receive, when the new notes are delivered, interest to May 15th on their Second $4\frac{1}{4}$'s, without deduction because of the earlier redemption. This interest payment will compensate holders of these bonds for the premium at which the bonds are now selling.

The new notes are Series A-1930-32, will be dated March 15, 1927, will mature March 15, 1932, and are callable on and after March 15, 1930.

The amount of the Treasury notes of Series A-1930-32 to be issued will be limited by the amount of the Second $4\frac{1}{4}$'s tendered and accepted.

The Secretary of the Treasury reserves the right to close the offering at any time without notice.

The subscription books for this offering are now open and applications will be received by this bank. The terms of the offering are given in full on the following pages.

Very truly yours,

BENJ. STRONG,
Governor.

Federal Reserve Bank of New York

Offering of

United States of America Three and One Half Per Cent Treasury Notes

Series A-1930-32

Offered Only in Exchange for Second Liberty Loan Converted $4\frac{1}{4}$ Per Cent Bonds Dated and Bearing Interest from March 15, 1927. Due March 15, 1932.

Redeemable at the option of the United States at par and accrued interest on and after March 15, 1930. Interest payable March 15 and September 15.

To Holders of Second Liberty Loan Converted $4\frac{1}{4}$ Per Cent Bonds of 1927-42:

1. Second Liberty Loan Converted $4\frac{1}{4}$ Per Cent Bonds of 1927-42 are callable for redemption, in whole or in part, on and after November 15, 1927.

2. The Secretary of the Treasury offers for subscription at par, through the Federal Reserve Banks, in exchange for Second Liberty Loan Converted $4\frac{1}{4}$ Per Cent Bonds of 1927-42 (hereinafter referred to as Second $4\frac{1}{4}$'s), Treasury notes of Series A-1930-32 of an issue of gold notes of the United States authorized by the Act of Congress approved September 24, 1917, as amended. The amount of the issue will be limited to the amount of Second $4\frac{1}{4}$'s tendered and accepted. The notes will be dated March 15, 1927, and will bear interest from that date at the rate of $3\frac{1}{2}$ per cent per annum payable semiannually on March 15 and September 15 in each year until the principal amount becomes payable. The notes will mature March 15, 1932, but may be redeemed at the option of the United States on and after March 15, 1930, in whole or in part, on any interest day or days, on six months' notice of redemption given in such manner as the Secretary of the Treasury may prescribe. In case of partial redemption the notes to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the notes called for redemption shall cease. The principal and interest of the notes will be payable in United States gold coin of the present standard of value.

3. Bearer notes with interest coupons attached will be issued in denominations of \$50, \$100, \$500, \$1,000, \$5,000, \$10,000, and \$100,000. The notes will not be issued in registered form. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

4. Applications will be received at the Federal Reserve Banks. Payment for any such notes subscribed for may be made only through the surrender of a like principal amount of Second $4\frac{1}{4}$'s. Interest on any such Second $4\frac{1}{4}$'s so surrendered and accepted will be paid in full to May 15, 1927.

5. The notes of this series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations.

6. The notes of this series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the notes, and, with respect to any such notes that may be called for prior redemption, will be receivable in like manner and for the same purpose at the redemption date fixed.

7. The right is reserved to reject any subscription, in whole or in part, and to allot less than the amount of notes applied for, and to close the subscriptions at any time without notice, and the act of the Secretary of the Treasury in these respects will be final. Payment for notes subscribed for should be made when the subscription is tendered, and may be made only in Second $4\frac{1}{4}$'s, which will be accepted at par. If any subscription is rejected in whole or in part, any bonds which may have been tendered and not accepted will be returned to the subscriber.

8. *Surrender of Coupon Bonds.* Second $4\frac{1}{4}$'s in coupon form tendered for exchange for Treasury notes issued hereunder should be presented and surrendered to a Federal Reserve Bank. The bonds must be delivered at the expense and risk of the holder. Facilities for transportation of bonds by registered mail insured may be arranged between incorporated banks and trust companies and the Federal Reserve Banks, and holders may take advantage of such arrangements when available, utilizing such incorporated banks and trust companies as their agents. Incorporated banks and trust companies are not agents of the United States under this circular.

Coupons dated May 15, 1927, and all coupons bearing dates subsequent thereto, must be attached to such coupon bonds when presented. At the time of delivery of the Treasury notes of Series A-1930-32 (or interim certificates) upon allotted subscriptions, Federal Reserve Banks will pay to the subscriber or his authorized agent the interest from November 15, 1926, to May 15, 1927, on the coupon second $4\frac{1}{4}$'s surrendered in exchange.

9. *Surrender of Registered Bonds.* Second $4\frac{1}{4}$'s in registered form, tendered for exchange for Treasury notes issued hereunder, should be assigned by the registered payee or assigns thereof to "The Secretary of the Treasury for Redemption," in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange into coupon bonds, and thereafter should be presented and surrendered to a Federal Reserve Bank. The bonds must be delivered at the expense and risk of the holder. At the time of delivery of the Treasury notes of Series A-1930-32 (or interim certificates) upon allotted subscriptions, Federal Reserve Banks will pay to the subscriber or his authorized agent the interest from November 15, 1926 to May 15, 1927, on the registered Second $4\frac{1}{4}$'s surrendered in exchange.

10. The Federal Reserve Banks, as fiscal agents of the United States, are hereby authorized and requested to receive subscriptions for Treasury notes hereunder, to receive Second $4\frac{1}{4}$'s tendered in exchange, to make allotments of subscriptions on the basis and up to the amounts indicated to them by the Secretary of the Treasury, and to make delivery of Treasury notes on full paid subscriptions allotted, and, pending delivery of definitive notes, to issue interim certificates.

11. Any further information, which may be desired as to the exchange of Second $4\frac{1}{4}$'s for Treasury notes under the provisions of this circular may be obtained upon application to a Federal Reserve Bank. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the exchange, and may terminate the offer at any time in his discretion.

New York, March 8, 1927.

BENJ. STRONG,
Governor.

Lot Number

REGISTERED BOND EXCHANGE APPLICATION

Application Number

E

For 3½ Per Cent. Treasury Notes, Series A-1930-32

Dated March 15, 1927.

Due March 15, 1932.

In Exchange for Registered Second Liberty Loan Converted 4¼ Per Cent. Bonds

INSTRUCTIONS TO APPLICANTS: This form should be used in subscribing to 3½ per cent Treasury notes, Series A-1930-32, by offering in payment Registered Second Liberty Loan Converted 4¼ Per Cent Bonds of 1927-42. *Please send such bonds with this application.* If you wish to make payment by such bonds now held by us for your account please instruct us. Such registered bonds offered in exchange must be properly assigned "To the Secretary of the Treasury for Redemption."

Treasury notes, Series A-1930-32, will not be issued in registered form.

.....1927

FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States,
New York, N. Y.

DEAR SIRs:

Pursuant to the terms stated in the offering of the Secretary of the Treasury dated March 8, 1927, please enter subscription at par for \$..... (par value) United States of America 3½ per cent Treasury notes of Series A-1930-32, dated March 15, 1927, in exchange for registered Second Liberty Loan Converted 4¼ Per Cent Bonds of 1927-42, tendered herewith in a like principal amount in payment.

INSTRUCTIONS TO FEDERAL RESERVE BANK OF NEW YORK

SECOND LIBERTY LOAN CONVERTED 4¼ PER CENT REGISTERED BONDS TENDERED HEREWITH

3½ PER CENT COUPON NOTES, SERIES A-1930-32, DESIRED IN EXCHANGE

| Number of Pieces | Denomination | Face Amount | Number of Pieces | Denomination | Face Amount | Leave This Space Blank |
|------------------|--------------|-------------|------------------|--------------|-------------|------------------------|
| | \$ 50 | | | \$ 50 | | |
| | 100 | | | 100 | | |
| | 500 | | | 500 | | |
| | 1,000 | | | 1,000 | | |
| | 5,000 | | | 5,000 | | |
| | 10,000 | | | 10,000 | | |
| | 50,000 | | | x x x | | |
| | 100,000 | | | 100,000 | | |
| | Total | | | Total | | |

DISPOSE OF INTEREST PROCEEDS AS INDICATED BELOW

- By check
- By credit to our Reserve Account.....

Special Instructions:

DISPOSE OF NOTES AS INDICATED BELOW

- Hold for Safekeeping (For Members only).....
- Deliver Over Counter.....
- Deliver to Loan Department.....
- Ship Definitive Securities.....

Special Instructions:

TO SUBSCRIBER:

☞ Before signing fill in all required spaces.

Mark (X) in proper space to indicate if this is:

Subscriber

- Original subscription.....
- Confirmation of a telegram.....
- Confirmation of a letter.....

Post Office Address.....

State.....

.....
Official signature required

SPACES BELOW ARE FOR THE USE OF THE FEDERAL RESERVE BANK

| | | | | | |
|-------------------|------------------|------------|--|--------------|--|
| Examined | Carded | Classified | Ledger | Acknowledged | |
| Received | Checked | Recorded | Delivery Receipt | | |
| | | | Received from FEDERAL RESERVE BANK OF NEW YORK | | |
| | | | \$..... par value. | | |
| | | | 3½% Treasury Notes Dated March 15, 1927 Due March 15, 1932 | | |
| | | | Subscriber..... | | |
| Delivery Prepared | Delivery Checked | Delivered | Date..... | By..... | |

Lot Number

COUPON BOND EXCHANGE APPLICATION

Application Number
E

For 3½ Per Cent Treasury Notes, Series A-1930-32

Dated March 15, 1927.

Due March 15, 1932.

In Exchange for Coupon Second Liberty Loan Converted 4¼ Per Cent Bonds

INSTRUCTIONS TO APPLICANTS: This form should be used in subscribing to 3½ per cent Treasury notes, Series A-1930-32, by offering in payment Coupon Second Liberty Loan Converted 4¼ Per Cent Bonds of 1927-42. *Please send such bonds with this application.* If you wish to make payment by such bonds now held by us for your account please instruct us. Such bonds must bear coupon maturing on May 15, 1927, and all coupons bearing dates subsequent thereto.

Treasury notes, Series A-1930-32, will not be issued in registered form.

FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States,
New York, N. Y.

DEAR SIRs:

Pursuant to the terms stated in the offering of the Secretary of the Treasury dated March 8, 1927, please enter subscription at par for \$..... (par value) United States of America 3½ per cent Treasury notes of Series A-1930-32, dated March 15, 1927, in exchange for Coupon Second Liberty Loan Converted 4¼ Per Cent Bonds of 1927-42 tendered herewith in a like principal amount in payment.

INSTRUCTIONS TO FEDERAL RESERVE BANK OF NEW YORK

SECOND LIBERTY LOAN CONVERTED 4¼ PER CENT COUPON BONDS TENDERED HEREWITH

3½ PER CENT COUPON NOTES DESIRED IN EXCHANGE

| Number of Pieces | Denomination | Face Amount | Leave Blank | Number of Pieces | Denomination | Face Amount | Leave This Space Blank |
|------------------|--------------|-------------|-------------|------------------|--------------|-------------|------------------------|
| | \$ 50 | | | | \$ 50 | | |
| | 100 | | | | 100 | | |
| | 500 | | | | 500 | | |
| | 1,000 | | | | 1,000 | | |
| | 5,000 | | | | 5,000 | | |
| | 10,000 | | | | 10,000 | | |
| x x x | x x x | x x x | | | 100,000 | | |
| | Total | | | | Total | | |

DISPOSE OF INTEREST PROCEEDS AS INDICATED BELOW

By check
 By credit to our Reserve Account.....
 Special Instructions:

DISPOSE OF NOTES AS INDICATED BELOW

Hold for Safekeeping (For Members only).....
 Deliver Over Counter.....
 Deliver to Loan Department.....
 Ship Definitive Securities.....
 Special Instructions:

TO SUBSCRIBER:

Mark (X) in proper space to indicate if this is:

Original subscription.....
 Confirmation of a telegram.....
 Confirmation of a letter.....

Before signing fill in all required spaces.

Subscriber
 Post Office Address.....
 State.....
 Official signature required

SPACES BELOW ARE FOR THE USE OF THE FEDERAL RESERVE BANK

| | | | | | | | | |
|----------|---------|------------|--|--------------|--------|-------------|------|--|
| Examined | Carded | Classified | Ledger | Acknowledged | | | | |
| Received | Checked | Recorded | Delivery Receipt | | | | | |
| | | | Received from FEDERAL RESERVE BANK OF NEW YORK | | | | | |
| | | | \$..... par value. | | | | | |
| | | | 3½% Treasury Notes Dated March 15, 1927 Due March 15, 1932 | | | | | |
| | | | Subscriber..... | | | | | |
| | | | Date..... | | | By..... | | |
| Received | Checked | Interest | Checked | Examined | Window | Safekeeping | Mail | |