

Federal Reserve Bank of New York

Fiscal Agent of the United States

Offering of United States of America**Three Per Cent Treasury Certificates of Indebtedness**

SERIES TM2-1928

Dated and Bearing Interest from September 15, 1927

Due March 15, 1928

*To all Banks, Trust Companies, Savings Banks, Bankers, Investment Dealers,
Principal Corporations and Others Concerned in the Second Federal Reserve District:*

The Secretary of the Treasury, under the authority of the Act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness of Series TM2-1928, dated and bearing interest from September 15, 1927, payable March 15, 1928, with interest at the rate of 3 per cent per annum, payable on a semiannual basis.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of \$500, \$1,000, \$5,000, \$10,000, and \$100,000. The certificates will have one interest coupon attached, payable March 15, 1928.

The certificates of said 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. The interest on an amount of bonds and certificates authorized by said Act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates 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 certificates. The certificates of this series will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. The Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, and to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

Payment at par and accrued interest for certificates allotted must be made on or before September 15, 1927, or on later allotment. After allotment and upon payment, Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depository will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series TS-1927 and TS2-1927, both maturing September 15, 1927, will be accepted at par, in payment for any certificates of the series now offered which shall be subscribed for and allotted, with an adjustment of the interest accrued, if any, on the certificates of the series so paid for.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

Very truly yours,

BENJ. STRONG,

Governor.

New York, September 6, 1927.

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

Securities Department

[September 6, 1927
to accompany circulars
802 and 803]

United States Treasury September Financing

*To all Banks, Trust Companies, Savings Banks, Bankers, Investment Dealers,
Principal Corporations and Others Concerned in the Second Federal Reserve District:*

The Secretary of the Treasury today invites subscriptions to two new issues of Government obligations. In announcing these offerings Acting Secretary Mills made the following statement:

The Treasury is today announcing its September offering of securities. Two separate issues are being offered, first, an offering of six months 3 per cent Treasury certificates of indebtedness and second, an offering of 3-5 year $3\frac{1}{2}$ per cent Treasury notes, both offerings being dated September 15, 1927, and bearing interest from that date.

CERTIFICATES OF INDEBTEDNESS

The amount of the 3 per cent certificates of indebtedness offered is \$250,000,000 or thereabouts. Subscriptions are invited at par and accrued interest. The certificates will mature on March 15, 1928.

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

The $3\frac{1}{2}$ per cent Treasury notes are being offered both for cash and in exchange for Second Liberty Loan converted $4\frac{1}{4}$ per cent bonds. The 4 per cent Second Liberty Loan bonds will not be accepted in exchange for the new notes.

The amount of the cash offering of Treasury notes will be \$250,000,000, or thereabouts. Cash subscriptions for the new Treasury notes are invited at par and accrued interest.

The amount of the issue upon exchange subscriptions will be limited only by the amount of the Second $4\frac{1}{4}$'s tendered and accepted. Exchange subscriptions are invited at 100%. Interest on any Second $4\frac{1}{4}$'s surrendered and accepted upon allotted exchange subscriptions will be paid in full to November 15, 1927. Accordingly, at the time of delivery of the new Treasury notes the Federal Reserve Banks will pay to the subscriber or his authorized agent the interest from May 15, 1927 to November 15, 1927 on the Second $4\frac{1}{4}$'s surrendered in exchange, less the amount of the premium on the notes issued.

Treasury certificates of indebtedness of Series TS-1927 and TS2-1927 both maturing September 15, 1927, will be accepted at the Federal Reserve Banks at par to be applied in payment for any certificates of indebtedness of the series now offered which shall be subscribed for and allotted with an adjustment of the interest accrued, if any, on the certificates of the series so paid for. Treasury certificates of indebtedness of Series TS-1927 and TS2-1927 will also be accepted at the Federal Reserve Banks at par, to be applied in payment for any Treasury notes of Series B-1930-32 now offered which shall be subscribed for and allotted upon cash subscriptions.

The exchange offering of Treasury notes will probably be kept open until September 29th. The offering of certificates of indebtedness and the cash offering of Treasury notes will probably be available for only a few days, the Secretary of the Treasury reserving the right to close the subscription books of these offerings, as well as the exchange offering, at any time without notice.

The Treasury desires again to call attention to the fact that all bonds of the Second Liberty Loan have been called for redemption on November 15, 1927 and will cease to bear interest on that date. The total amount of the Second Liberty Loan issued on November 15, 1917 was \$3,807,865,000. When the refunding of this loan was begun in March last, \$3,104,520,050 remained outstanding. On March 15, \$1,360,456,450 of these bonds were refunded into $3\frac{1}{2}$ per cent Treasury notes of 1930-32 and on June 15 a further amount of \$245,256,000 was refunded into $3\frac{3}{8}$ per cent Treasury bonds of 1943-47. Further reductions were made through purchases for sinking fund account and from surplus money. As a result of all these operations the amount of Second Liberty Loan bonds outstanding at the present time is something less than \$1,200,000,000 of which \$1,180,924,400 are Second $4\frac{1}{4}$'s. The issue of the new Treasury notes in exchange for these bonds is in furtherance of the Treasury's refunding program. Except for the premium the present exchange offering is substantially the same as that of March 15th last.

SUBSCRIPTION BOOKS OPEN SEPTEMBER 6

The subscription books for the new issues are now open and applications will be received by this bank as fiscal agent of the United States. The details of the offerings will be found in the accompanying circulars.

Very truly yours,

BENJ. STRONG,
Governor.