

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2476]
August 8, 1942]

PURCHASE AND RESALE OF TREASURY BILLS
BY FEDERAL RESERVE BANKS

*To all Incorporated Banks and Trust Companies in the
Second Federal Reserve District and Others Concerned:*

In this bank's Circular No. 2430 dated May 8, 1942, it was stated that as an added means of assuring the liquidity of investments in Treasury bills, aside from the short maturity and ready marketability of the securities, the Board of Governors of the Federal Reserve System announced on April 30, 1942, that the Federal Open Market Committee had directed the Federal Reserve banks to purchase for the System Open Market Account all Treasury bills that may be offered to them, on a discount basis at the rate of $\frac{3}{8}$ per cent per annum. Also in this bank's Circular No. 2453, dated June 26, 1942, there was outlined the procedure used in submitting tenders for new issues of Treasury bills and other pertinent data.

Your attention is now invited to the announcement on August 7, 1942, by the Board of Governors of the Federal Reserve System, that

“The Federal Open Market Committee has supplemented its direction of April 30, 1942, to the Federal Reserve banks to purchase all Treasury bills that may be offered to such banks on a discount basis at the rate of $\frac{3}{8}$ per cent per annum, by a further direction that any such purchases shall, if desired by the seller, be upon the condition that the Federal Reserve bank, upon the request of the seller before the maturity of the bills, will sell to him Treasury bills of a like amount and maturity at the same rate of discount.”

If sellers desire this option to repurchase Treasury bills sold by them to this bank, it is requested that they so notify this bank in writing at the time of sale.

ALLAN SPROUL,
President.