

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 2621]
May 6, 1943]

CHANGES IN TREASURY BILL PROCEDURE EFFECTIVE MAY 6, 1943

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

For your information we quote below the text of a statement in which the Secretary of the Treasury has announced certain changes in procedure regarding Treasury bills.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
Thursday, May 6, 1943.

Press Service

Secretary of the Treasury Morgenthau today announced a change in procedure with respect to bidding for the weekly issues of Treasury bills, in the interest of wider distribution of these securities. The offering of Treasury bills to be dated May 12, and future weekly offerings until further notice, will include a provision for the receipt of tenders for \$100,000 or less from any one bidder at a fixed price of 99.905, in addition to the conventional bidding on a competitive basis. The decision to accept bids on a fixed-price basis was made in recognition of the fact that many of the smaller banks and other investors who have not been interested in competitive bidding for Treasury bills will submit tenders at a fixed price which assures them a return of about three-eighths of one percent on an annual basis. Subject to the usual reservation with respect to the acceptance or rejection of tenders, the Secretary plans to accept in full all tenders entered on a fixed-price basis.

For a number of years the Treasury has ordinarily opened bids on Treasury bills on Monday of each week, with payment the following Wednesday. It has been found that with the increasing congestion in communication facilities the two-day period is hardly sufficient in which to notify successful bidders and obtain payment. To meet this difficulty, the Secretary announced that for thirteen weeks 92-day Treasury bills will be offered. At the end of this cycle, Treasury bills will be maturing on Thursdays, and an additional day will have been provided between the opening of tenders and the payment date.

These changes will be embodied in the press statements announcing the weekly offerings.

We enclose a copy of our Circular No. 2622 containing public notice of the offering of 92-day Treasury bills to be dated May 12, 1943. In submitting the form of tender printed on the reverse side of Circular No. 2622, the first paragraph should be filled in by a bidder making a competitive bid, and the second paragraph should be filled in by a bidder making a fixed-price bid of 99.905. A competitive bid and a fixed-price bid should not be made on the same form. If the tender is submitted for account of a customer, the customer's name and address should be given. A separate form should be used for each bid submitted for account of each customer.

Subject to the reservations set forth in the public notice of the offering of Treasury bills to be dated May 12, 1943 tenders for \$100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. If a bidder wishes to obtain full allotment of \$100,000 and desires to bid for a larger amount he should enter one tender for \$100,000 at 99.905 on a fixed-price basis and a separate tender or tenders for an additional amount or amounts on a competitive basis.

ALLAN SPROUL,
President.