

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 3018]
October 25, 1945]

VICTORY LOAN DRIVE
PREVENTION OF SPECULATIVE SUBSCRIPTIONS TO MARKETABLE ISSUES

*To the President of each Bank and Trust Company in the
Second Federal Reserve District:*

In a letter dated October 8, 1945, sent by the Secretary of the Treasury directly to you and every other banking institution in the country, he urged your cooperation in declining to make loans for speculative purchases of Government securities and also in declining to accept subscriptions from customers which may appear to be entered for speculative purposes. The subscription forms (copies of which were transmitted with our Circular No. 3012, dated October 15, 1945) to be used by your institution in making subscriptions for account of customers to the three marketable issues to be offered in the Drive contain the following certification:

The undersigned banking institution hereby certifies that it has no beneficial interest in the securities subscribed for, and that to the best of its knowledge and belief this subscription is solely for account of the customers listed on the reverse side hereof, and conforms in all respects with the requests of the Treasury concerning subscriptions set forth in the letter of October 8, 1945, from the Secretary of the Treasury regarding the Victory Loan.

The meaning of this certification is clear, and it should not be signed unless you are reasonably sure that it does not cover a speculative subscription.

To emphasize the importance of this certification, the Secretary of the Treasury has requested us to communicate with the banks in the Second Federal Reserve District and to advise them as follows:

- (1) That the Treasury and Federal Reserve Banks as Fiscal Agents of the United States will rely on their certification on the subscriptions filed by them for account of their customers;
- (2) That the Treasury considers it essential that the banks designate a specific officer or officers to pass on the subscriptions to assure so far as possible that they are not for speculative purposes and then to sign the certification;
- (3) That in the event the subscribing bank prefers, for any reason, not to pass judgment on the eligibility of a subscription, the Federal Reserve Bank as Fiscal Agent of the United States stands ready to assume the responsibility. In all cases in which the banking institution has doubt as to the propriety of accepting a subscription presented through it, it should notify the Federal Reserve Bank, stating the circumstances and furnish all available information. The subscription should not be entered with the Federal Reserve Bank until instructions have been received from it.
- (4) That if in our review and examination of the subscriptions submitted questions should arise based on information which we believe may not be available to the subscribing bank, the Treasury would like to have the cooperation of the banks in answering inquiries which the Federal Reserve Banks desire to make to help determine the acceptability of such subscriptions.

I urgently request your wholehearted cooperation in complying with these rules established by the Secretary of the Treasury to help prevent speculative subscriptions for Government securities in the Victory Loan Drive.

ALLAN SPROUL,
President.

