

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 3111]
July 19, 1946

Public Notice of Offering of \$1,300,000,000, or thereabouts, of 91-Day Treasury Bills

Dated July 25, 1946

Maturing October 24, 1946

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

Following is the text of a notice today made public by the Treasury Department with respect to a new offering of Treasury bills payable at maturity without interest to be sold on a discount basis under competitive and fixed-price bidding.

FOR RELEASE, MORNING NEWSPAPERS,
Friday, July 19, 1946.

TREASURY DEPARTMENT
Washington

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated July 25, 1946, and will mature October 24, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, July 22, 1946. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on July 25, 1946.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, as amended, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

In accordance with the above announcement tenders will be received at the Securities Department of this bank (9th floor, 33 Liberty Street) New York 7, N. Y., or at the Buffalo Branch of this bank (270 Main Street) Buffalo 5, N. Y., up to two o'clock p.m., Eastern Standard time (three o'clock p.m., "Daylight Saving time"), on Monday, July 22, 1946. It is requested that tenders be submitted on special form printed on reverse side and returned in special envelope enclosed herewith. *Payment for the Treasury bills cannot be made by credit through the War Loan Deposit Account. Payment must be made in cash or other immediately available funds.*

ALLAN SPROUL, *President.*

(Extract from Treasury Department statement released for publication July 16, 1946, announcing results after tenders were opened for Treasury bills dated July 18, 1946 maturing October 17, 1946)

<p>Total applied for\$1,894,854,000</p> <p>Total accepted\$1,310,517,000 (includes \$40,356,000 entered on a fixed-price basis at 99.905 and accepted in full)</p> <p>Average price 99.905+ Equivalent rate of discount approx. 0.375% per annum</p> <p>Range of accepted competitive bids:</p> <p>High 99.907 Equivalent rate of discount approx. 0.368% per annum</p> <p>Low 99.905 Equivalent rate of discount approx. 0.376% per annum</p> <p>(61 percent of the amount bid for at the low price was accepted)</p>	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Federal Reserve District</th> <th style="text-align: right; border-bottom: 1px solid black;">Total Applied for</th> <th style="text-align: right; border-bottom: 1px solid black;">Total Accepted</th> </tr> </thead> <tbody> <tr><td>Boston</td><td style="text-align: right;">\$ 15,275,000</td><td style="text-align: right;">\$ 10,985,000</td></tr> <tr><td>New York</td><td style="text-align: right;">1,427,782,000</td><td style="text-align: right;">920,236,000</td></tr> <tr><td>Philadelphia</td><td style="text-align: right;">18,735,000</td><td style="text-align: right;">14,445,000</td></tr> <tr><td>Cleveland</td><td style="text-align: right;">5,450,000</td><td style="text-align: right;">5,450,000</td></tr> <tr><td>Richmond</td><td style="text-align: right;">10,145,000</td><td style="text-align: right;">8,702,000</td></tr> <tr><td>Atlanta</td><td style="text-align: right;">11,515,000</td><td style="text-align: right;">11,476,000</td></tr> <tr><td>Chicago</td><td style="text-align: right;">277,280,000</td><td style="text-align: right;">243,350,000</td></tr> <tr><td>St. Louis</td><td style="text-align: right;">29,629,000</td><td style="text-align: right;">19,216,000</td></tr> <tr><td>Minneapolis</td><td style="text-align: right;">1,955,000</td><td style="text-align: right;">1,955,000</td></tr> <tr><td>Kansas City</td><td style="text-align: right;">26,438,000</td><td style="text-align: right;">21,368,000</td></tr> <tr><td>Dallas</td><td style="text-align: right;">9,875,000</td><td style="text-align: right;">9,719,000</td></tr> <tr><td>San Francisco</td><td style="text-align: right;">60,775,000</td><td style="text-align: right;">43,615,000</td></tr> <tr><td>TOTAL</td><td style="text-align: right;">\$1,894,854,000</td><td style="text-align: right;">\$1,310,517,000</td></tr> </tbody> </table>	Federal Reserve District	Total Applied for	Total Accepted	Boston	\$ 15,275,000	\$ 10,985,000	New York	1,427,782,000	920,236,000	Philadelphia	18,735,000	14,445,000	Cleveland	5,450,000	5,450,000	Richmond	10,145,000	8,702,000	Atlanta	11,515,000	11,476,000	Chicago	277,280,000	243,350,000	St. Louis	29,629,000	19,216,000	Minneapolis	1,955,000	1,955,000	Kansas City	26,438,000	21,368,000	Dallas	9,875,000	9,719,000	San Francisco	60,775,000	43,615,000	TOTAL	\$1,894,854,000	\$1,310,517,000
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IMPORTANT—If it is desired to bid on a competitive basis, fill in rate per 100 and maturity value in paragraph headed "Competitive Bid". If it is desired to bid on a fixed-price basis, fill in only the maturity value in paragraph headed "Fixed-Price Bid". **DO NOT fill in both paragraphs on one form. A separate tender must be used for each bid.**

No.

TENDER FOR 91-DAY TREASURY BILLS

Dated July 25, 1946.

Maturing October 24, 1946.

Dated at
.....1946

To FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States.

COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on July 19, 1946, as issued by the Secretary of the Treasury, the undersigned offers to pay

.....* for a total amount of
(Rate per 100)

\$..... (maturity value) of the Treasury bills therein described, or for any less amount that may be awarded, payment therefor to be made at your bank in cash or other immediately available funds on the date stated in the public notice.

FIXED-PRICE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on July 19, 1946, as issued by the Secretary of the Treasury, the undersigned offers to pay a fixed-price of 99.905 (rate per 100) for a total amount of

\$..... (maturity value)
(Not to exceed \$200,000)

of the Treasury bills therein described, payment therefor to be made at your bank in cash or other immediately available funds on the date stated in the public notice.

The Treasury bills for which tender is hereby made are to be dated July 25, 1946, and are to mature on October 24, 1946.

This tender will be inserted in special envelope entitled "Tender for Treasury bills."

Name of Bidder.....
(Please print)

By
(Official signature required) (Title)

Street Address
(City, Town or Village, P.O. No., and State)

If this tender is submitted for the account of a customer, indicate the customer's name on line below:

.....
(Name of Customer) (City, Town or Village, P.O. No., and State)

Use a separate tender for each customer's bid.

IMPORTANT INSTRUCTIONS:

1. No tender for less than \$1,000 will be considered, and each tender must be for an even multiple of \$1,000 (maturity value). A separate tender must be executed for each bid.

2. If the person making the tender is a corporation, the tender should be signed by an officer of the corporation authorized to make the tender, and the signing of the tender by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership, it should be signed by a member of the firm, who should sign in the form "....., a copartnership, by, a member of the firm."

3. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

4. If the language of this tender is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

Payment by credit through War Loan Deposit Account will not be permitted.

* Price must be expressed on the basis of 100, with not more than three decimal places. Fractions may not be used.

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

July 19, 1946.

UNITED STATES SAVINGS BONDS

Received for Payment Shortly Before Increase in Redemption Value

To all Financial Institutions in the Second Federal Reserve
District Authorized to Make Payments in Connection with
the Redemption of United States Savings Bonds:

Paragraph 25 of the "Memorandum of Instructions and Explanation Issued in Conjunction with Department Circular No. 750, Revised, Prescribing Regulations Governing Payments by Banks and Other Financial Institutions in Connection with the Redemption of United States Savings Bonds", which appears at page 19 of our Circular No. 2972, dated July 10, 1945, provides as follows:

"Bonds increase in redemption value at the end of the first year from the issue date and at the end of each successive half-year period thereafter until maturity. In the event a bond is presented to an agent for payment just prior to a change in value of the bond, the owner should be reminded of this fact by the agent, if practicable, so that the owner may take advantage of the pending increase in value, if he so desires. In those cases, of course, payment will be postponed to the appropriate time."

The Treasury Department has received complaints from some bond owners that bonds, which they presented for payment shortly before the dates on which such bonds increased in value, have been redeemed at the redemption values current on the respective dates of presentation. These owners felt that they were entitled to the increased value which became effective shortly after the bonds were presented. It appears that this situation has arisen in some cases as the result of misunderstanding or lack of specific instructions from the owners to defer payment until the date on which the value increased, and in other cases as the result of the disregard by paying agents of such instructions given by the owners.

In order to avoid situations of this nature and to insure that bond owners will receive payment at the redemption values which they desire and to which they may be entitled, the Treasury Department has requested us to instruct all paying agents to the following effect:

Whenever a bond is presented over-the-counter to a paying agent within 10 days prior to the maturity date or any other date on which the bond increases in value, the paying agent should request the bond owner to give it specific instructions whether he desires to wait until such date and receive, at that time, the increased value of the bond. If the owner desires to obtain such increased value, he should be requested to present the bond again on or after the date on which such increased value becomes payable. Whenever a paying agent receives a bond for payment by mail, or otherwise than over-the-counter, within or just prior to the ten-day period before the maturity date or other date on which the bond increases in value, the paying agent (in the absence of specific or implied instructions that immediate payment is desired) may assume that the owner desires payment at the increased value; in such a case, the paying agent should hold the bond until such date and make payment in the usual manner at that time. In no case should the increased redemption value be paid to a bond owner prior to the date on which such increase becomes effective.

Additional copies of this letter will be furnished to any paying agent upon request.

ALLAN SPROUL,
President.