

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 3297
January 9, 1948]

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

Dated January 15, 1948

Maturing April 15, 1948

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 non-competitive bidding.

FOR RELEASE, MORNING NEWSPAPERS,
Friday, January 9, 1948.

TREASURY DEPARTMENT
Washington

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing January 15, 1948, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated January 15, 1948, and will mature April 15, 1948, 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, January 12, 1948. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders 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, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on January 15, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 15, 1948. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 the Internal Revenue Code, or laws amendatory or supplementary thereto. 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 45, 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, on Monday, January 12, 1948. 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. Settlement must be made in cash or other immediately available funds or in maturing Treasury bills.*

ALLAN SPROUL, *President.*

(Extract from Treasury Department statement released for publication January 6, 1948, announcing results after tenders were opened for Treasury bills dated January 8, 1948 maturing April 8, 1948)

Total applied for.....	\$1,914,793,000		
Total accepted	\$1,305,222,000 (includes \$40,111,000 entered on a non-competitive basis and accepted in full at the average price shown below)		
Average price... 99.760	Equivalent rate of discount approx. 0.950% per annum		
Range of accepted competitive bids:			
High..... 99.770	Equivalent rate of discount approx. 0.910% per annum		
Low..... 99.759	Equivalent rate of discount approx. 0.953% per annum		
	(79 percent of the amount bid for at the low price was accepted)		
		<i>Federal Reserve District</i>	<i>Total Applied for</i>
		Boston	\$ 7,961,000
		New York	1,540,832,000
		Philadelphia	1,280,000
		Cleveland	26,550,000
		Richmond	2,310,000
		Atlanta	5,835,000
		Chicago	235,215,000
		St. Louis	7,175,000
		Minneapolis	4,260,000
		Kansas City	19,800,000
		Dallas	8,655,000
		San Francisco	54,920,000
		TOTAL	\$1,914,793,000
			\$1,305,222,000

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 non-competitive basis, fill in only the maturity value in paragraph headed "Non-competitive 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 January 15, 1948.

Maturing April 15, 1948.

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

Dated at
..... 1948

COMPETITIVE BID

NON-COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on January 9, 1948, as issued by the Secretary of the Treasury, the undersigned offers

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on January 9, 1948, as issued by the Secretary of the Treasury, the undersigned offers a non-competitive tender

.....* 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, settlement therefor to be made at your bank, on the date stated in the public notice, as follows:

for a total amount of \$.....
(Not to exceed \$200,000)
(maturity value) of the Treasury bills therein described, at the average price (in three decimals) of accepted competitive bids, settlement therefor to be made at your bank, on the date stated in the public notice, as follows:

By surrender of the maturing issue of Treasury bills..... \$.....
By cash or other immediately available funds..... \$.....

By surrender of the maturing issue of Treasury bills..... \$.....
By cash or other immediately available funds..... \$.....

The Treasury bills for which tender is hereby made are to be dated January 15, 1948, and are to mature on April 15, 1948.

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.

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**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

January 2, 1948

**PAYMENT AT MATURITY OF UNITED STATES SAVINGS BONDS OF SERIES C-1938
Exchange for United States Savings Bonds of Series E**

*To Incorporated Banks and Trust Companies and Other Financial Institutions
in the Second Federal Reserve District Qualified to Make Payments in
Connection with the Redemption of United States Savings Bonds:*

We have been requested by the Secretary of the Treasury to bring to your attention his public statement concerning the payment at maturity of United States Savings Bonds of Series C-1938, beginning on January 1, 1948. A copy of the statement is printed on the reverse side of this letter.

Any individual (natural person), named as owner or coowner of maturing bonds in his own right, has the option of receiving payment of the maturity value in cash, or of exchanging his bonds for United States Savings Bonds of Series E, registered in his own name in any authorized form of registration. Any Series E bonds issued in exchange for Series C bonds will not be subject to the limitation on holdings prescribed for Series E bonds on original issue. The exchange may be made at any time after the maturity of the Series C bonds, but an owner who desires to preserve the continuity of his investment should present his maturing bonds in the month in which they mature and make the exchange at that time.

The Secretary wishes each institution, which is qualified both to pay and to issue savings bonds, to receive maturing Series C bonds and to issue Series E bonds in exchange therefor, when so requested by the individual owner or coowner. Series E bonds may be issued in any authorized denominations, the issue price of which is fully covered by the proceeds of the maturing bonds presented, or such lesser amount as the owner or coowner may direct. Any remaining balance should, of course, be paid to such owner or coowner.

The original registration stubs of Series E bonds issued in exchange for Series C bonds should be marked in the lower left corner, as follows:

EXCH

Rubber stamps to be used in imprinting this notation on the stubs are being sent to all qualified paying agents in this District. Stubs bearing this notation may be included in the same transmittal letter with stubs of bonds issued against regular cash payments. The maturing bonds received in exchange should be stamped with your payment stamp and handled in the same manner as any other paid bonds.

Registered owners of Series C bonds, other than individuals, are not eligible to purchase Series E bonds, and therefore may not exchange their maturing bonds as provided above. Qualified paying agents are authorized to pay only those savings bonds registered in the names of individuals; any bonds bearing other forms of registration should be sent to us for redemption.

Additional copies of this letter will be furnished upon request.

ALLAN SPROUL,
President.

(OVER)

FEDERAL RESERVE BANK
OF NEW YORK
January 3, 1948

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Wednesday, December 31, 1947.

Secretary of the Treasury Snyder today reminded bond holders and bond buyers generally of the fact that the Treasury is urging individuals to buy more savings bonds as a means of combatting inflation.

The campaign to increase the sale of savings bonds is being stimulated in various ways. In furtherance of this campaign, the Secretary has decided to permit individual holders of the Series C-1938 savings bonds, which start maturing January 1, 1948, to reinvest the proceeds, as they mature, in the Series E savings bonds which are currently on sale, without regard to the annual limitation. This can be accomplished through the established payment and issue procedure, and the Series E bonds so acquired will be exempt from the \$5,000 (maturity value) annual limitation on holdings of Series E bonds. Holders will be permitted to reinvest any part of the proceeds of their maturing bonds up to such denominational amount as the proceeds will fully cover. Since Series E bonds may be purchased only in the names of individuals, only those Series C-1938 savings bonds held by individuals will be eligible for this privilege.

Any agent qualified to pay savings bonds, which is also an issuing agent, can accomplish this exchange through the simple procedure of redeeming matured bonds registered in the name of an individual owner or coowner, and applying the proceeds to the purchase of new Series E bonds. The bonds may also be exchanged, of course, at any Federal Reserve Bank or Branch, or at the Treasury Department.

The new bonds will be dated as of the first day of the month in which the matured Series C-1938 savings bonds are presented for payment. In order to preserve the continuity of the investment, individual holders of the maturing bonds should present them for exchange during the month in which they mature.

The Secretary took occasion to express appreciation for the splendid response of the people of the country to the Treasury's savings bond program. He also expressed his confidence that people will divert their spending dollars to savings bonds to the fullest extent, in recognition of the check which this action has against inflationary pressures.