

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 3404 ]  
[ December 20, 1948 ]

**CONSUMER INSTALMENT CREDIT CONTROL**

**Amendment No. 2 to Regulation W of the Board of Governors of the  
Federal Reserve System**

*To Registrants under Regulation W  
in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System has adopted Amendment No. 2 to Regulation W, effective January 1, 1949. For your information we quote below from a press statement issued by the Board of Governors relating to this amendment, and released for publication on December 18, 1948:

The Board of Governors of the Federal Reserve System has adopted an amendment to Regulation W—Consumer Instalment Credit—which will release from the scope of the regulation articles priced just under \$50 in localities having sales taxes which make the price to the purchaser exceed \$50. Hitherto certain articles which sold for \$50 or more only because of the inclusion of the applicable sales tax were subject to the regulation.

The amendment, which becomes effective January 1, 1949, was adopted to reduce operating difficulties in the trade, particularly for those merchants serving areas which include some localities with and others without sales taxes.

A printed copy of Amendment No. 2 to Regulation W is enclosed. Additional copies may be obtained upon request.

ALLAN SPROUL,  
*President.*

## AMENDMENT NO. 2 TO REGULATION W

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Regulation W is hereby amended in the following respects, effective January 1, 1949:

By inserting after "\$50.00" in Part 1 of the Supplement to Regulation W the following language and footnote reference:

*"exclusive of any applicable sales tax<sup>5</sup>",*

and by adding the following footnote to Part 1 of the Supplement:

*"The exclusion of sales taxes in this part of the Supplement does not affect the use of the term 'cash price' elsewhere in the regulation. 'Cash price' as defined in section 8(h)(7) generally includes applicable sales taxes."*

at 3404

FEDERAL RESERVE BANK  
OF NEW YORK

Fiscal Agent of the United States

December 21, 1948

PAYMENT AT MATURITY OF UNITED STATES SAVINGS BONDS OF SERIES D-1939  
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 D-1939, beginning on January 1, 1949. 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 bonds of Series D-1939 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 D 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 D 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 D bonds should be marked in the lower left corner, as follows:

EXCH

Rubber stamps to be used in imprinting this notation on the stubs were sent to all qualified paying agents in this District in January, 1948. Additional stamps will be furnished by us upon request. 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 D 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)

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,  
Monday, December 20, 1948.

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 combating 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 D-1939 savings bonds, which start maturing January 1, 1949, 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 \$10,000 (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 D-1939 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 D-1939 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.