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

[Circular No. 3816
January 31, 1952]

First Amendment to Treasury Circular No. 885

Interest on Matured Series E Savings Bonds

To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:

On March 27, 1951, we sent you with our Circular No. 3680 a copy of Treasury Department Circular No. 885, Regulations Governing Options Open to Owners of Maturing United States Savings Bonds of Series E. The Treasury has now issued an amendment to its circular that clarifies the language of Sec. 329.3. A copy of this First Amendment to Circular No. 885 is printed on the reverse side. The reason for the amendment is explained in its footnote.

Additional copies of this circular will be furnished upon request.

Allan Sproul,
President.

(OVER)

REGULATIONS GOVERNING OPTIONS OPEN TO OWNERS OF MATURING UNITED STATES SAVINGS BONDS OF SERIES E

1952
First Amendment to
Department Circular No. 885
dated March 26, 1951

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, January 9, 1952.

To Owners of United States Savings Bonds of Series E and Others Concerned:

Pursuant to the Second Liberty Bond Act, as amended, Subpart B of Department Circular No. 885, dated March 26, 1951, is hereby amended and revised to read as follows:

Subpart B—FURTHER INTEREST AFTER MATURITY

Sec. 329.3. Owners of Bonds of Series E, which mature on and after May 1, 1951, have the option of retaining the matured bonds for a further 10-year period and earning interest upon the maturity values thereof, payable at the rate of 2½ percent simple interest per annum, if redeemed during the first 7½ years, as provided in the Table of Redemption Values at the end of these regulations, and payable at a higher rate thereafter so that the aggregate return for the 10-year extension period will be about 2.9 percent compounded semiannually. NO ACTION IS REQUIRED OF OWNERS DESIRING TO TAKE ADVANTAGE OF THE EXTENSION. MERELY BY CONTINUING TO HOLD THEIR BONDS AFTER MATURITY OWNERS WILL EARN FURTHER INTEREST IN ACCORDANCE WITH THE SCHEDULE SET FORTH IN THE TABLE AT THE END OF THESE REGULATIONS.*

Sec. 329.4. Interest hereunder accrues at the end of the first half-year period following maturity and each successive half-year period thereafter. If the bonds are redeemed before the end of the first half-year period following maturity, the owner is entitled to payment only at the face value thereof.

JOHN W. SNYDER,
Secretary of the Treasury.

---

*The first sentence of Sec. 329.3 of Subpart B as originally issued stated that interest upon the maturity values of the bonds would *accrue* at the rate of 2½ percent simple interest per annum for the first 7½ years, whereas the last sentence of that section makes it clear that the rate of accrual is governed by the schedule set forth in the table at the end of the regulations. Actually the schedule provides for the accrual of interest at a rate *higher* than 2½ percent for the 7 to 7½ year period following maturity, although such rate is collectible during (but not before) the 7½ to 8 year period (which in the schedule is designated as the 17½ to 18 year period after issue date). The purpose of this amendment is to render clear this attractive feature of the extended maturity value of bonds of Series E.