FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. **4244**
July 5, 1955]

TREASURY FINANCING

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

The following statement was made public today:

The Secretary of the Treasury announced today that an offering will be made next Monday, July 11, of an additional $750,000,000 of the 3 percent Bonds of 1995, which were issued last February. He also announced that on July 8 an offering would be made of $2,000,000,000 of 1⅞ percent Tax Anticipation Certificates of Indebtedness maturing March 22, 1956.

The offering of 3 percent bonds is designed primarily to meet the recurring investment needs of savings-type investors, such as pension and retirement funds, insurance companies, savings banks and other savings institutions. To encourage subscriptions from such sources, they will be permitted to pay for bonds allotted to them in installments up to October 3 (not less than 25 percent by July 20, the issue date; 60 percent by September 1; and full payment by October 3). Amounts allotted to other classes of subscribers must be paid for in full on July 20. All subscriptions, from others than commercial banks for their own account, must be accompanied by a cash down payment of 10 percent at the time of the subscription. Commercial bank subscriptions will be limited to an amount not exceeding 25 percent of combined capital, surplus and undivided profits, or 10 percent of time deposits, whichever is greater. The Secretary of the Treasury may allocate part of the issue to Government investment accounts.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of bonds applied for, and to make different percentage allotments, if necessary, to avoid excessive allotment of bonds to non-savings-type investors.

Savings-type investors who may subscribe to the 3 percent Bonds on a deferred payment basis are:

Pension and retirement funds—public and private
Endowment funds
Insurance companies
Mutual savings banks
Fraternal benefit associations and labor unions' insurance funds
Savings and loan associations
Credit unions
Other savings organizations (not including commercial banks)

Where subscribers in this group elect to pay for such bonds in installments, delivery of 5 percent of the total par amount allotted will be withheld until payment for the total amount allotted has been completed.

The offering of $2,000,000,000 of 1⅞ percent Tax Anticipation Certificates of Indebtedness will be dated July 18, 1955, will mature March 22, 1956, and will be receivable at par and accrued interest to maturity in payment of income and profits taxes due on March 15, 1956. A cash down payment of 5 percent will be required from non-bank subscribers to this offering. Subscriptions from commercial banks to the certificates will be limited in each case to an amount not exceeding 50 percent of the combined capital, surplus and undivided profits of the subscribing bank.

Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the bonds or certificates subscribed for, to cover the deposits required to be paid when subscriptions are entered, and banks will be required to make the usual certification to that effect.

The subscription books will be open only for one day for each of these offerings; on July 8 for the Tax Anticipation Certificates and on July 11 for the 3 percent Treasury Bonds of 1995. Any subscriptions for either issue addressed to a Federal Reserve Bank or Branch or to the Treasurer of the United States and placed in the mail before midnight of the respective dates will be considered as timely.

The new bonds and certificates may be paid for by credit in Treasury Tax and Loan Accounts.

ALLAN SPROUL,
President.