

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 4385]
November 8, 1956

Special Cash Offering of \$1,750,000,000 of 91-Day Treasury Bills

Dated November 16, 1956

Maturing February 15, 1957

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

Following is the text of a notice published today:

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, November 8, 1956.

TREASURY DEPARTMENT
Washington

The Treasury Department, by this public notice, invites tenders for \$1,750,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated November 16, 1956, and will mature February 15, 1957, 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, one-thirty o'clock p.m., Eastern Standard time, Tuesday, November 13, 1956. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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 expressed 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 Treasury Department 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, noncompetitive 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. 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 November 16, 1956, provided, however, any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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 is considered to be interest. Under Sections 454(b) and 1221(5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are 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, Revised, 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.

This Bank will receive tenders up to 1:30 p.m., Eastern Standard time, Tuesday, November 13, 1956, at the Securities Department of its Head Office and at its Buffalo Branch. Please use the form on the reverse side of this circular to submit a tender, and return it in an envelope marked "Tender for Treasury Bills—Special Cash Offering." Tenders may be submitted by telegraph, subject to written confirmation; they may not be submitted by telephone. *Settlement for accepted tenders must be made in cash or other immediately available funds, except that any qualified depository may make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers, up to any amount for which it shall be qualified in excess of existing deposits.*

In a statement made public yesterday, the Treasury Department said that the purpose of this special cash offering is to raise cash for current requirements.

ALFRED HAYES,
President.

(OVER)

IMPORTANT—If you desire to bid on a *competitive* basis, fill in rate per 100 and maturity value in paragraph headed "Competitive Bid." If you desire to bid on a *noncompetitive* basis, fill in only the maturity value in paragraph headed "Noncompetitive Bid." **DO NOT fill in both paragraphs on one form.** A separate tender must be used for each bid, except that banks submitting bids on a competitive basis for their own and their customers' accounts may submit one tender for the total amount bid at each price, provided a list is attached showing the name of each bidder, the amount bid for his account, and method of payment. Forms for this purpose will be furnished upon request.

No.

**TENDER FOR 91-DAY TREASURY BILLS
SPECIAL CASH OFFERING**

Dated November 16, 1956

Maturing February 15, 1957

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

Dated at
..... 1956

COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, Revised, and to the provisions of the public notice on November 8, 1956, as issued by the Treasury Department, the

undersigned offers* for
(Rate per 100)

a total amount of \$.....
(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 indicated below:

- By credit to Treasury Tax and Loan Account
- By cash or other immediately available funds

*Price must be expressed on the basis of 100, with not more than three decimal places, for example, 99.925.

The Treasury bills for which tender is hereby made are to be dated November 16, 1956, and are to mature on February 15, 1957.

This tender will be inserted in special envelope marked "Tender for Treasury Bills—Special Cash Offering."

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 by a bank 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)

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).
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.

*Be sure to return tender in special envelope marked
"Tender for Treasury Bills—Special Cash Offering."*

(OVER)

FEDERAL RESERVE BANK OF NEW YORK

NOTICE OF ALLOTMENT
OF UNITED STATES OF AMERICA TREASURY BILLS
SPECIAL CASH OFFERING

November 14, 1956.

Your competitive noncompetitive tender for Treasury bills (Special Cash Offering), dated November 16, 1956, maturing February 15, 1957, has been accepted at the rate of _____ (per 100), in the amount of \$ _____ (maturity value).

Settlement therefor must be made in cash or other immediately available funds at the Federal Reserve Bank of New York on or before November 16, 1956, except that a qualified depository may make settlement by credit to Treasury Tax and Loan Account.

To obtain delivery of the Treasury bills, please complete both copies of the attached Letter of Instructions, and return them promptly to the Federal Reserve Bank of New York. If settlement is to be made by check on a bank other than the Federal Reserve Bank of New York, the check should be received by us in time for collection on date bills are issued, otherwise it will be necessary for the bidder to pay for the bills allotted at the price computed on the rate of discount on such bills to the date of collection. If settlement is to be made by credit to Treasury Tax and Loan Account, the Certificate of Deposit, which is part of the attached form, must be executed and officially signed.

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

Checked by

STB

LETTER OF INSTRUCTIONS

To FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Government Bond Division,
New York 45, N. Y.

From

(Date)

Referring to our competitive noncompetitive tender for Treasury bills (Special Cash Offering), dated November 16, 1956, maturing February 15, 1957, which has been accepted at the rate of _____ (per 100), in the amount of \$ _____ (maturity value), please issue and make delivery of the bills as instructed below.

Settlement will be made as indicated below:

By cash \$..... By check in funds available on issue date \$.....

By charge to our reserve account, which you are authorized to make ... \$.....

By credit to Treasury Tax and Loan Account on our books as indicated on the attached Certificate of Deposit which we have officially executed.. \$.....

Issue bills in the following denominations			(Please do not use this space)		Dispose of bills as indicated below
Pieces	Denomination	Maturity value	Numbers		
	\$ 1,000				<input type="checkbox"/> 1. Deliver over the counter to the undersigned
	5,000				<input type="checkbox"/> 2. Ship to the undersigned
	10,000				<input type="checkbox"/> 3. Hold in safekeeping (for member bank only)
	100,000				<input type="checkbox"/> 4. Hold as collateral for Treasury Tax and Loan Account
	500,000				<input type="checkbox"/> 5. Special instructions:
	1,000,000				
	Totals—				

IMPORTANT: No changes in delivery instructions will be accepted.

The undersigned (if a bank or trust company) hereby certifies that the Treasury bills which you are hereby instructed to dispose of in the manner indicated in item 3 or 4 above are the sole property of the undersigned.

(Fill in all required spaces before signing)

Name of subscriber (Please print)

By By (Official signature required)

Title Title

Address

(Spaces below are for the use of Federal Reserve Bank of New York)

Government Bond Division	Security Custody Department	Safekeeping Division
Payment received signed:	Taken from vault	Checked
Deliver against payment of \$.....	Counted	Delivered
signed:	Checked	

DELIVERY RECEIPT

Received from Federal Reserve Bank of New York, Fiscal Agent of the United States, the above described Treasury bills allotted in the amount indicated above.

Date..... Subscriber..... By.....

If payment is to be made by credit to Treasury Tax and Loan Account, the following Certificate of Deposit should be officially executed.

FEDERAL RESERVE BANK OF NEW YORK
GOVERNMENT BOND DIVISION

(This certificate must be executed when subscriber is making payment through Treasury Tax and Loan Account.)

Certificate of Deposit in Treasury Tax and Loan Account

The undersigned depository certifies that it will deposit on November 16, 1956, to the credit of Federal Reserve Bank of New York, Fiscal Agent of the United States, in the Treasury Tax and Loan Account, to be held subject to withdrawal on demand the above sum in payment of \$ _____ (maturity value) Treasury bills dated November 16, 1956, due February 15, 1957, allotted as per Notice of Allotment dated November 14, 1956.

(Name of depository)

By (Official signature required) (Title)

Street address

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

STB

LETTER OF INSTRUCTIONS

To FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Government Bond Division,
New York 45, N. Y.

From

(Date)

Referring to our [] competitive [] noncompetitive tender for Treasury bills (Special Cash Offering), dated November 16, 1956, maturing February 15, 1957, which has been accepted at the rate of (per 100), in the amount of \$ (maturity value), please issue and make delivery of the bills as instructed below.

Settlement will be made as indicated below:

By cash \$ By check in funds available on issue date \$

By charge to our reserve account, which you are authorized to make ... \$

By credit to Treasury Tax and Loan Account on our books as indicated on the attached Certificate of Deposit which we have officially executed.. \$

Table with 3 main columns: Issue bills in the following denominations, (Please do not use this space), and Dispose of bills as indicated below. Includes rows for denominations like \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, \$1,000,000 and disposal options like 'Deliver over the counter to the undersigned'.

IMPORTANT: No changes in delivery instructions will be accepted.

The undersigned (if a bank or trust company) hereby certifies that the Treasury bills which you are hereby instructed to dispose of in the manner indicated in item 3 or 4 above are the sole property of the undersigned.

(Fill in all required spaces before signing)

Name of subscriber (Please print)

By (Official signature required)

Title

Address

(Spaces below are for the use of Federal Reserve Bank of New York)

Table with 3 columns: Government Bond Division, Security Custody Department, and Safekeeping Division. Includes fields for 'Payment received', 'Deliver against payment of \$', 'Taken from vault', 'Checked', and 'Delivered'.

DELIVERY RECEIPT

Received from Federal Reserve Bank of New York, Fiscal Agent of the United States, the above described Treasury bills allotted in the amount indicated above.

Date Subscriber By

FEDERAL RESERVE BANK OF NEW YORK

STB

**PENDING DELIVERY TICKET
OF UNITED STATES OF AMERICA TREASURY BILLS
SPECIAL CASH OFFERING**

November 14, 1956.

Your competitive noncompetitive tender for Treasury bills (Special Cash Offering), dated November 16, 1956, maturing February 15, 1957, has been accepted at the rate of _____ (per 100), in the amount of \$ _____ (maturity value).

COMPUTATION OF COST					PAYMENT AND DISPOSITION					MASTER				
PAR					RESERVE ACCT.....	<input type="checkbox"/>								
					EXCHANGE.....	<input type="checkbox"/>								
					CHECK.....	<input type="checkbox"/>								
SCOUNT					DEL. TELLER.....	<input type="checkbox"/>								
					OVER COUNTER.....	<input type="checkbox"/>								
					SAFEKEEPING.....	<input type="checkbox"/>								
INCIPAL					SHIP.....	<input type="checkbox"/>								
					A. D. TRANSFER.....	<input type="checkbox"/>								

FEDERAL RESERVE BANK OF NEW YORK

STB

FILLED ALLOTMENT DELIVERY TICKET
OF UNITED STATES OF AMERICA TREASURY BILLS
SPECIAL CASH OFFERING

November 14, 1956.

Your competitive noncompetitive tender for Treasury bills (Special Cash Offering), dated November 16, 1956, maturing February 15, 1957, has been accepted at the rate of _____ (per 100), in the amount of \$ _____ (maturity value).

STB**SECURITIES DEPARTMENT COPY****SPECIAL CASH OFFERING**

November 14, 1956.

Your competitive noncompetitive tender for Treasury bills (Special Cash Offering), dated November 16, 1956, maturing February 15, 1957, has been accepted at the rate of (per 100), in the amount of \$ (maturity value).

FEDERAL RESERVE BANK OF NEW YORK

STB

**NOTICE OF ALLOTMENT
OF UNITED STATES OF AMERICA TREASURY BILLS
SPECIAL CASH OFFERING**

November 14, 1956.

Your competitive noncompetitive tender for Treasury bills (Special Cash Offering), dated November 16, 1956, maturing February 15, 1957, has been accepted at the rate of _____ (per 100), in the amount of \$ _____ (maturity value).