

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 4505]
September 12, 1957]

TREASURY FINANCING

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

The following statement was made public today:

The Treasury Department announced today that on Monday, September 16, it will offer for cash subscription \$3 billion, or thereabouts, of public debt securities. The offering will consist of \$500 million, or thereabouts, of a new 4 percent 12-year Treasury bond; \$1,750 million, or thereabouts, of a new 4 percent 5-year Treasury note redeemable at the option of the holder on February 15, 1960, on 3 months' advance notice; and \$750 million, or thereabouts, of the 4 percent Treasury Certificates of Indebtedness of Series C-1958, dated and bearing interest from August 1, 1957, and due August 1, 1958. In addition, up to \$100 million of each of the three issues may be allotted to Government Investment Accounts.

The new bonds will be dated October 1, 1957, and will mature October 1, 1969. Payment of not more than 50 percent of the amount allotted on this issue may be deferred until not later than October 21, 1957. In the case of deferred payments, accrued interest must be paid at the rate of \$0.11 a day per \$1,000 from October 1 to the dates payments are completed. Interest will be payable on these bonds semiannually on April 1 and October 1 in each year.

The new notes will be dated September 26, 1957, and will mature August 15, 1962. Interest will be payable on a semiannual basis on February 15, 1958, and thereafter each six months until the notes become payable.

Since interest will run from August 1, 1957, in the case of the additional issue of certificates of indebtedness, accrued interest from August 1, 1957, to September 26, 1957, the date payment must be made, will be collected. This interest will amount to about \$6.09 per \$1,000. Interest on this issue will be payable on February 1 and August 1, 1958.

Subscriptions for each of the three issues from commercial banks, which for this purpose are defined as banks accepting demand deposits, for their own account, will be received without deposit, and such banks may subscribe for each issue to an amount not exceeding 50 percent of the combined capital, surplus and undivided profits of the subscribing banks. A payment of 2 percent of the amount of securities subscribed for must be made on all other subscriptions. The securities may be paid for by credit in Treasury Tax and Loan Accounts.

Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the securities subscribed for, to cover the 2 percent deposits required to be paid when subscriptions are entered.

Any subscription addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight, September 16, will be considered as timely.

Subscription forms for the offerings will be mailed to reach you on Monday, September 16. Please note that the subscription books will be open for only **one day**, September 16.

ALFRED HAYES,
President.