

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 4867]  
March 31, 1960]

**TREASURY FINANCING**

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

The following statement was made public today:

The Treasury will borrow \$2½ billion, or thereabouts, to cover its estimated requirements for funds for the balance of the fiscal year ending June 30, 1960. These funds will be obtained from the issue of:

4¼ percent Treasury bonds to be dated April 5, 1960, and to mature May 15, 1985, callable at the option of the United States on any interest date on and after May 15, 1975, up to \$1½ billion, at par and accrued interest for delivery and payment April 14, 1960, and

4 percent Treasury notes to be dated April 14, 1960, and to mature May 15, 1962, in an amount of \$2 billion, or thereabouts.

To the extent that the amount of public subscriptions to the 4¼ percent Treasury bonds of 1975-85, when added to the amount of the 4 percent Treasury notes issued exceed \$2½ billion in the aggregate, the excess funds borrowed in this operation will be used by the Treasury to reduce the amounts of the weekly issues of 91-day Treasury bills in the weeks ahead.

In addition the Treasury will issue on April 15, 1960, \$2 billion of 1-year Treasury bills, to be sold at auction, the proceeds of which will be used to redeem \$2 billion of quarterly Treasury bills maturing on that date.

The subscription books will be open for the Treasury bonds and notes only on Monday, April 4, and Tuesday, April 5, 1960. The Treasury bill auction will be held on Tuesday, April 12, 1960.

*4¼ percent Treasury bonds*

Cash subscriptions to the 4¼ percent Treasury bonds from commercial banks, for their own account, and from States, political subdivisions or instrumentalities thereof, and public pension and retirement and other public funds will be received without deposit.

Savings-type investors will be permitted to pay for bonds allotted to them in installments up to June 15, 1960 (not less than 40 percent by April 14, the delivery date; 70 percent by May 15; and full payment by June 15). Amounts allotted to other classes of subscribers must be paid for in full on April 14. All subscriptions from others than commercial banks for their own account and from States, political subdivisions or instrumentalities thereof and public funds must be accompanied by a cash down-payment of 20 percent at the time of the subscription. Commercial bank subscriptions will be limited to an amount not exceeding 4 percent of the combined amount of time certificates of deposit (but only those issued in the names of individuals, and of corporations, associations, and other organizations not operated for profit) and of savings deposits, or 10 percent of the combined capital, surplus and undivided profits, whichever is greater. In addition to the amount offered for public subscription, the Secretary of the Treasury may allocate up to \$100,000,000 of these bonds to Government Investment Accounts. Subscription books for this issue will be open on April 4 and April 5.

All subscriptions will be allotted in full unless the total public subscriptions exceed \$1½ billion. In that event subscriptions will be subject to allotment, except that subscriptions up to a maximum of \$25,000 if they are accompanied by 100 percent payment at the time the subscriptions are entered, will be allotted in full to all subscribers. Savings-type investors who may subscribe to the 4¼ percent bonds on a deferred payment basis are:

Pension and retirement funds—public and private  
Endowment funds

(OVER)

Common trust funds under Regulation F of the Board of Governors of the Federal Reserve System

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)

States, political subdivisions or instrumentalities thereof, and public funds.

Where subscribers in this group (except States, political subdivisions or instrumentalities thereof, and public pension and retirement and other public funds) 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 bonds may be paid for by credit in Treasury Tax and Loan Accounts. The bonds will be redeemable at par prior to maturity in payment of Federal estate taxes if owned by the decedent at time of death.

#### *4 percent Treasury notes*

Subscriptions to the 4 percent Treasury notes of May 15, 1962, from commercial banks, for their own account, will be received without deposit, but will be restricted to 50 percent of the combined capital, surplus, and undivided profits of the subscribing bank, and subscriptions from all others must be accompanied by payment of 2 percent of the amount of notes applied for not subject to withdrawal until after allotment. Payment for 75 percent of these Treasury notes may be made by credit in Treasury Tax and Loan Accounts.

#### *General requirements for 4 $\frac{1}{4}$ percent Treasury bonds and 4 percent Treasury notes*

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of bonds or notes applied for, and to make different percentage allotments to various classes of subscribers.

Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the notes or bonds 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.

All subscribers to the bonds and notes are required to agree not to purchase or sell, or to make any agreements with respect to the purchase or sale or other disposition of the securities subscribed for under this offering, until after midnight, April 5.

Any subscriptions for the notes or the bonds addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight April 5, will be considered as timely.

#### *Treasury bills maturing April 15, 1960*

The Treasury also will issue \$2,000 million or thereabouts, of 1-year Treasury bills on April 15, 1960, for cash or in exchange for the \$2,003 million of Treasury bills which mature on that date. The new bills will be sold on an auction basis, and tenders for such bills will be received on April 12, 1960. Payment for these bills cannot be made by credit in Treasury Tax and Loan Accounts.

Full details regarding the offering of the bills to be issued on April 15, 1960, will be released next week.

The circulars and subscription forms for the bond and note offerings will be mailed to reach you by Monday, April 4, 1960.

ALFRED HAYES,  
*President.*