FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 4974
December 14, 1960]

OFFERING OF TWO SERIES OF TREASURY BILLS

$1,100,000,000 of 91-Day Bills, Additional Amount, Series Dated Sept. 22, 1960, Due March 23, 1961 (To Be Issued December 22, 1960)

$500,000,000 of 183-Day Bills, Dated December 22, 1960, Due June 23, 1961

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

Following is the text of a notice issued by the Treasury Department, released for publication today at 4 p.m., Eastern Standard time:

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,600,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing December 22, 1960, in the amount of $1,601,680,000, as follows:

91-day bills (to maturity date) to be issued December 22, 1960, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated September 22, 1960, and to mature March 23, 1961, originally issued in the amount of $500,264,000, the additional and original bills to be freely interchangeable.

183-day bills, for $500,000,000, or thereabouts, to be dated December 22, 1960, and to mature June 23, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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, Monday, December 19, 1960. 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 express 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 for the additional bills dated September 22, 1960, (91 days remaining until maturity date on March 23, 1961) and noncompetitive tenders for $100,000 or less for the 183-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on December 22, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 22, 1960. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 for both series up to 1:30 p.m., Eastern Standard time, Monday, December 19, 1960, at the Securities Department of its Head Office and at its Buffalo Branch. Tender forms for the respective series are enclosed. Please use the appropriate forms to submit tenders and return them in an envelope marked "Tender for Treasury Bills." Tenders may be submitted by telegraph, subject to written confirmation; they may not be submitted by telephone. *Payment for the Treasury bills cannot be made by credit through the Treasury Tax and Loan Account. Settlement must be made in cash or other immediately available funds or in maturing Treasury bills.*

Results of the last offering of Treasury bills (91-day bills to be issued December 15, 1960, representing an additional amount of bills dated September 15, 1960, and maturing March 16, 1961; and 182-day bills dated December 15, 1960, maturing June 15, 1961) are shown on the reverse side of this circular.

ALFRED HAYES,
President.

(OVER)

RESULTS OF LAST OFFERING OF TREASURY BILLS (TWO SERIES TO BE ISSUED DECEMBER 15, 1960)

Range of Accepted Competitive Bids

	91-Day Treasury Bills Maturing March 16, 1961		182-Day Treasury Bills Maturing June 15, 1961	
	Price	*Approx. equiv. annual rate*	*Price*	*Approx. equiv. annual rate*
High	99.421	2.291%	98.696	2.579%
Low	99.403	2.362%	98.671	2.629%
Average	99.410	2.334%[1]	98.675	2.621%[1]

[1] On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.38 percent for the 91-day bills, and 2.69 percent for the 182-day bills. Interest rates on bills are quoted in terms of bank discount, with the return related to the face amount of the bills payable at maturity rather than the amount invested, and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

(40 percent of the amount of 91-day bills bid for at the low price was accepted.)

(57 percent of the amount of 182-day bills bid for at the low price was accepted.)

Total Tenders Applied for and Accepted (By Federal Reserve Districts)

	91-Day Treasury Bills Maturing March 16, 1961		182-Day Treasury Bills Maturing June 15, 1961	
District	*Applied for*	*Accepted*	*Applied for*	*Accepted*
Boston	$ 23,213,000	$ 13,213,000	$ 12,236,000	$ 9,106,000
New York	1,613,460,000	729,560,000	1,169,832,000	371,354,000
Philadelphia	25,539,000	10,539,000	8,404,000	3,404,000
Cleveland	50,090,000	40,090,000	33,780,000	17,880,000
Richmond	14,290,000	14,110,000	6,476,000	1,376,000
Atlanta	26,780,000	23,580,000	12,105,000	6,355,000
Chicago	199,754,000	112,754,000	64,200,000	24,300,000
St. Louis	26,600,000	26,100,000	5,281,000	4,781,000
Minneapolis	15,782,000	12,082,000	4,876,000	2,376,000
Kansas City	35,459,000	29,059,000	14,549,000	8,081,000
Dallas	18,076,000	16,076,000	7,002,000	4,002,000
San Francisco	74,955,000	72,955,000	66,852,000	48,352,000
Total	$2,123,998,000	$1,100,118,000[a]	$1,405,593,000	$501,367,000[b]

[a] Includes $230,152,000 noncompetitive tenders accepted at the average price of 99.410.
[b] Includes $51,647,000 noncompetitive tenders accepted at the average price of 98.675.