

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 4994]
February 2, 1961

TREASURY FINANCING
Announcement of Terms of New Issue

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

The following statement was made public today by the Treasury Department:

The Treasury will borrow \$6.9 billion, or thereabouts, on February 15, 1961, for the purpose of paying off in cash \$6.9 billion of $4\frac{7}{8}$ percent Treasury certificates of indebtedness maturing February 15, 1961. The \$6.9 billion to be borrowed will be obtained from the issue of:

\$6.9 billion, or thereabouts, of 18-month $3\frac{1}{4}$ percent Treasury notes, at par, to be dated February 15, 1961, and to mature August 15, 1962. Interest to be payable semiannually on February 15 and August 15.

Subscriptions to the new Treasury notes will be received subject to allotment. Payment for the securities may be made in cash, or Treasury Certificates of Indebtedness of Series A-1961, maturing February 15, 1961, which will be accepted at par, in payment or exchange, in whole or in part, for the Treasury notes subscribed for, to the extent such subscriptions are allotted by the Treasury.

The subscription books will be open for the $3\frac{1}{4}$ percent Treasury notes only on Monday, February 6.

Any subscriptions for the Treasury notes with the required deposits addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight, February 6, 1961, will be considered timely.

The new issue may not be paid for by credit in Treasury Tax and Loan Accounts.

Other details concerning the new $3\frac{1}{4}$ percent Treasury notes are as follows:

Subscriptions to the $3\frac{1}{4}$ percent notes from commercial banks, for their own account, will be restricted in each case to an amount not exceeding 50 percent of the combined capital, surplus and undivided profits of the subscribing bank.

Subscriptions to the $3\frac{1}{4}$ percent notes from commercial and other banks for their own account, Federally insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign states, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Government investment accounts, and the Federal Reserve Banks will be received without deposit.

Subscriptions to the $3\frac{1}{4}$ percent notes from all others must be accompanied by payment of 2 percent (in cash, or Treasury certificates of indebtedness maturing February 15, 1961, at par) of the amount of notes applied for, not subject to withdrawal until after allotment.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of notes applied for, and to make different percentage allotments to various classes of subscribers; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions from States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign states, Government investment accounts, and the Federal Reserve Banks, will be allotted in full. The basis of the allotment of all other subscriptions will be publicly announced, and allotment notices will be sent out promptly upon allotment.

All subscribers are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any notes of this issue, until after midnight, February 6, 1961.

Commercial banks in submitting subscriptions will be required to certify that they have no beneficial interest in any of the subscriptions they enter for the account of their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account.

Circulars and subscription forms for the above offering will be mailed to reach you by Monday, February 6. The subscription books will remain open for *one day only, Monday, February 6.*

ALFRED HAYES,
President.