

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5046]
June 7, 1961

OFFERING OF TWO SERIES OF TREASURY BILLS

**\$1,100,000,000 of 91-Day Bills, Additional Amount, Series Dated March 16, 1961, Due Sept. 14, 1961
(To Be Issued June 15, 1961)**

\$500,000,000 of 182-Day Bills, Dated June 15, 1961, Due December 14, 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 Daylight Saving 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 June 15, 1961, in the amount of \$1,601,254,000, as follows:

91-day bills (to maturity date) to be issued June 15, 1961, in the amount of \$1,100,000,000, or thereabouts, representing an additional amount of bills dated March 16, 1961, and to mature September 14, 1961, originally issued in the amount of \$600,004,000 (including \$100,000,000 to be issued June 14, 1961), the additional and original bills to be freely interchangeable.

182-day bills, for \$500,000,000, or thereabouts, to be dated June 15, 1961, and to mature December 14, 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 Daylight Saving time, Monday, June 12, 1961. 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 March 16, 1961, (91 days remaining until maturity date on September 14, 1961) and noncompetitive tenders for \$100,000 or less for the 182-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 June 15, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 15, 1961. 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 Daylight Saving time, Monday, June 12, 1961, 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 June 8, 1961, representing an additional amount of bills dated March 9, 1961, and maturing September 7, 1961; and 182-day bills dated June 8, 1961, maturing December 7, 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
JUNE 8, 1961)**

Range of Accepted Competitive Bids

<i>91-Day Treasury Bills Maturing September 7, 1961</i>			<i>182-Day Treasury Bills Maturing December 7, 1961</i>		
	<u>Price</u>	<u>Approx. equiv. annual rate</u>		<u>Price</u>	<u>Approx. equiv. annual rate</u>
High	99.369 ^a	2.496%		98.636 ^b	2.698%
Low	99.361	2.528%		98.616	2.738%
Average	99.364	2.516% ¹		98.621	2.727% ¹

^a Excepting two tenders totaling \$350,000.

^b Excepting one tender of \$200,000.

¹ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.57 percent for the 91-day bills, and 2.80 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.

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

(79 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)

<u>District</u>	<i>91-Day Treasury Bills Maturing September 7, 1961</i>		<i>182-Day Treasury Bills Maturing December 7, 1961</i>	
	<u>Applied for</u>	<u>Accepted</u>	<u>Applied for</u>	<u>Accepted</u>
Boston	\$ 23,891,000	\$ 12,891,000	\$ 2,889,000	\$ 2,650,000
New York	1,655,702,000	798,159,000	799,686,000	383,830,000
Philadelphia	28,510,000	13,099,000	5,954,000	954,000
Cleveland	31,908,000	25,083,000	20,714,000	7,863,000
Richmond	8,598,000	8,171,000	1,749,000	1,749,000
Atlanta	17,486,000	15,386,000	4,826,000	2,340,000
Chicago	233,569,000	142,731,000	69,857,000	27,101,000
St. Louis	24,445,000	17,547,000	17,678,000	17,078,000
Minneapolis	19,038,000	8,983,000	5,942,000	3,342,000
Kansas City	23,281,000	19,851,000	7,482,000	7,312,000
Dallas	12,967,000	12,667,000	4,926,000	3,276,000
San Francisco	58,011,000	25,841,000	56,601,000	42,859,000
Totals	\$2,137,406,000	\$1,100,409,000 ^c	\$998,304,000	\$500,354,000 ^d

^c Includes \$200,088,000 noncompetitive tenders accepted at the average price of 99.364.

^d Includes \$44,016,000 noncompetitive tenders accepted at the average price of 98.621.

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

FISCAL AGENT OF THE UNITED STATES

June 7, 1961

"DUPLICATE" SAVINGS BONDS

To All Financial Institutions in the
Second Federal Reserve District
Qualified to Pay United States
Savings Bonds:

Paying Agents of United States Savings Bonds are now authorized to pay bonds that are marked "Duplicate," if the bonds are otherwise in order, and eligible for payment by agents. This authorization is provided for in recent amendments to Treasury Department Circular No. 750 and its accompanying Memorandum of Instructions.

The authority of agents to pay duplicates applies to bonds of Series A, B, C, D, and E that are presented for cash payment, and to bonds of Series E, F, and J that are presented for redemption-exchange for Series H bonds under the provisions of Treasury Department Circular No. 1036.

Savings bonds of Series F that are not eligible for redemption-exchange under Department Circular No. 1036 and bonds of Series G, H, and K may not be paid by an agent if they are marked "Duplicate." Agents should continue to send these duplicates to this Bank for payment.

Copies of the amendments to Treasury Department Circular No. 750 and its accompanying Memorandum of Instructions are enclosed. Any questions you may have about the amendments, and any requests for additional copies should be addressed to our Savings Bond Department.

Very truly yours,



F. T. Davis,
Assistant Vice President.

Enclosures 2

REGULATIONS GOVERNING PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS
IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

1961
Fourth Amendment
Department Circular No. 750
Revised

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, May 16, 1961

Fiscal Service
Bureau of the Public Debt

Section 321.9 of Treasury Department Circular No. 750, Revised, dated June 30, 1945, as amended and supplemented (31 C.F.R. 321), is hereby amended to read as follows:

Sec. 321.9. Specific limitations of payment authority. - An agent is not authorized to pay a bond:

- (a) If the bond is presented for payment prior to the expiration of two months from the issue date (the issue date should not be confused with the date appearing in the issuing agent's dating stamp). Any payment or advance to a bond owner before a bond is eligible for redemption is not authorized in any circumstance.
- (b) If the agent does not know or cannot establish to its complete satisfaction the identity of the person requesting payment as the owner of the bond (including the establishment of the identity of parents requesting payment on behalf of minor children, as set forth in Sec. 321.8 (b)).
- (c) If the owner requesting payment (form for which appears on the back of each bond) does not sign his name in ink as it is inscribed on the face of the bond and show his home or business address. (See also Secs. 321.8 (a) and (b) and 321.10 (d).)
- (d) If the bond appears to bear a material irregularity, for example, an altered, illegible, incomplete or unauthorized inscription, issue date or issuing agent's validating stamp impression; or if a bond appears to be altered, or is mutilated or defaced in such a manner as to create doubt or arouse suspicion with respect to the bond or any essential part thereof.

- (e) If Treasury Department regulations require the submission of documentary evidence to support the redemption of the bond, as in the case of deceased owners, incompetents or minors under legal guardianship or the change of an owner's name as inscribed on a bond if for any reason other than marriage.
- (f) If the owner named on the bond and requesting payment is a minor who, in the opinion of the agent, is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of such act. (Note the authority granted to agents to make payments of bonds to either parent on behalf of a minor child under the provisions of Sec. 321.8 (b).)
- (g) If it is known to the agent that the owner has been declared, in accordance with law, incompetent to manage his estate.
- (h) If partial redemption is requested.

Attention is directed to Sec. 321.17 hereof for handling bonds of the foregoing classes of cases which may not be paid by agents.



Robert V. Roosa
Under Secretary of the Treasury
for Monetary Affairs

MEMORANDUM OF INSTRUCTIONS AND EXPLANATION ISSUED IN CONJUNCTION
WITH DEPARTMENT CIRCULAR NO. 750, REVISED, PRESCRIBING REGULATIONS
GOVERNING PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN
CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, May 16, 1961

Fourth Amendment to
Revised Memorandum
dated June 30, 1945

The Fourth Amendment to Treasury Department Circular No. 750, Revised, eliminates from Section 321.9 the prohibition against the payment by paying agents of bonds marked "Duplicate." In view of the provisions of this amendment to the Circular, Paragraph 19 of the Memorandum is hereby rescinded. Bonds marked "Duplicate" may hereafter be paid by paying agents if the bonds are otherwise in order in all respects for payment by the agents.


W. T. Heffelfinger
Fiscal Assistant Secretary