

# FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5049]  
June 21, 1961

## OFFERING OF TWO SERIES OF TREASURY BILLS

**\$1,100,000,000 of 91-Day Bills, Additional Amount, Series Dated March 30, 1961, Due Sept. 28, 1961  
(To Be Issued June 29, 1961)**

**\$500,000,000 of 182-Day Bills, Dated June 29, 1961, Due December 28, 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 29, 1961, in the amount of \$1,600,554,000, as follows:

91-day bills (to maturity date) to be issued June 29, 1961, in the amount of \$1,100,000,000, or thereabouts, representing an additional amount of bills dated March 30, 1961, and to mature September 28, 1961, originally issued in the amount of \$600,189,000 (including \$100,104,000 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 29, 1961, and to mature December 28, 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 26, 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

This Bank will receive tenders for both series up to 1:30 p.m., Eastern Daylight Saving time, Monday, June 26, 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 (90-day bills to be issued June 23, 1961, representing an additional amount of bills dated March 23, 1961, and maturing September 21, 1961; and 181-day bills dated June 23, 1961, maturing December 21, 1961) are shown on the reverse side of this circular.

ALFRED HAYES,  
President.

**RESULTS OF LAST OFFERING OF TREASURY BILLS (TWO SERIES TO BE ISSUED  
JUNE 23, 1961)**

**Range of Accepted Competitive Bids**

<i>90-Day Treasury Bills Maturing September 21, 1961</i>			<i>181-Day Treasury Bills Maturing December 21, 1961</i>	
	<u>Price</u>	<u>Approx. equiv. annual rate</u>	<u>Price</u>	<u>Approx. equiv. annual rate</u>
<b>High</b> .....	99.425	2.300%	98.744	2.498%
<b>Low</b> .....	99.415	2.340%	98.730	2.526%
<b>Average</b> .....	99.419	2.325% <sup>1</sup>	98.733	2.519% <sup>1</sup>

<sup>1</sup> On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.37 percent for the 90-day bills, and 2.59 percent for the 181-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.

(32 percent of the amount of 90-day bills bid for at the low price was accepted.)

(65 percent of the amount of 181-day bills bid for at the low price was accepted.)

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

<u>District</u>	<i>90-Day Treasury Bills Maturing September 21, 1961</i>		<i>181-Day Treasury Bills Maturing December 21, 1961</i>	
	<u>Applied for</u>	<u>Accepted</u>	<u>Applied for</u>	<u>Accepted</u>
Boston .....	\$ 37,871,000	\$ 17,701,000	\$ 5,112,000	\$ 4,962,000
New York .....	1,425,965,000	591,537,000	823,715,000	382,915,000
Philadelphia .....	23,410,000	8,410,000	9,940,000	4,908,000
Cleveland .....	39,577,000	34,577,000	23,996,000	13,876,000
Richmond .....	10,864,000	10,371,000	3,398,000	2,548,000
Atlanta .....	20,817,000	16,542,000	6,574,000	4,869,000
Chicago .....	276,623,000	228,923,000	94,191,000	46,396,000
St. Louis .....	37,868,000	35,868,000	6,483,000	5,629,000
Minneapolis .....	16,998,000	11,478,000	5,758,000	3,258,000
Kansas City .....	50,567,000	41,847,000	19,164,000	12,329,000
Dallas .....	16,493,000	13,713,000	4,555,000	3,980,000
San Francisco .....	98,444,000	89,904,000	24,194,000	15,044,000
<b>Total</b> .....	<u>\$2,055,497,000</u>	<u>\$1,100,871,000<sup>a</sup></u>	<u>\$1,027,080,000</u>	<u>\$500,714,000<sup>b</sup></u>

<sup>a</sup> Includes \$232,919,000 noncompetitive tenders accepted at the average price of 99.419.

<sup>b</sup> Includes \$61,629,000 noncompetitive tenders accepted at the average price of 98.733.

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

June 21, 1961

To All Member Banks of the  
Second Federal Reserve District:

The Federal Reserve System has proposed a classification of savings and other time deposits to guide commercial banks adopting automated accounting systems or considering other changes in their deposit accounting procedures. The proposed classification was published in the May issue of the Federal Reserve Bulletin, and a reprint of the article is enclosed. The classification complements a similar proposal for classifying demand deposits that we mailed to you in May 1960.

Although automation of time deposits is not a high-priority project at most banks, some banks already have adopted some form of automatic accounting system for such deposits, while others have requested guidance as to the types of information that should be provided for in any new accounting system.

The enclosed schedule of time and savings deposits classification is presented for your consideration in the belief that its use will be mutually beneficial. Even if your bank now has no plans for automating accounting procedures for time and savings deposits, you may find these classifications of value. If each deposit account is coded, according to its proposed classification, and the code maintained on the current balance cards, statistical reports, such as the quarterly call report, can be completed much more quickly. The problem of how to classify a particular account need then be resolved only once in its lifetime, rather than four times a year.

The classification system provides no actual code numbers, since each bank will wish to incorporate codes compatible with its established system. A minimum 2-digit system from 01 to 20 would encompass all the recommended categories. Such a code structure could be expanded over a wider numeric range, including more digits, to provide for additional information, such as maturity breakdown, type of business, or location of holder.

If you have any questions about the coding system or would like assistance in adapting it to your own needs, the Financial and Trade Statistics Division of our Research Department will be glad to help you. Additional copies of the enclosure are available in whatever volume you desire.

ALFRED HAYES,  
President.

Enclosure

# Classification System for Savings and Other Time Deposits

THE FEDERAL RESERVE SYSTEM has proposed a classification of savings and other time deposits to guide commercial banks adopting automated accounting systems or considering other changes in their deposit accounting procedures. This classification, shown in the next column, complements the one for demand deposits described in the Federal Reserve BULLETIN for July 1960, pages 735-38.

## PURPOSE

The new classification is designed to provide not only the information about deposits that appears now on reports to bank supervisory or other Government agencies, but also some other types of information that would be useful for analytical purposes. It is intended to help banks that are considering automation by indicating what types of information their bookkeeping systems should be able to produce. It should be emphasized that the proposed classification does not involve any request for additional data from banks.

While automation of time deposits has a relatively low priority at most banks, some banks have already adopted automatic or semiautomatic accounting systems for such deposits, particularly savings deposits. Many others, having such installations under consideration or in the planning stages, have requested Federal Reserve guidance as to types of information about savings and time deposits that new accounting systems should be able to provide.

## PROPOSED CLASSIFICATION OF SAVINGS AND OTHER TIME DEPOSITS

- I. Savings deposits<sup>1</sup>
  - A. Domestic nonprofit organizations
  - B. Other savings deposits
- II. Deposits accumulated for payment of personal loans
- III. Christmas savings and similar accounts
- IV. Negotiable time certificates of deposit
  - A. Issued to domestic holders
  - B. Issued to foreign holders<sup>1</sup>
- V. Other time deposits of individuals, partnerships, and corporations in the United States
  - A. Nonprofit organizations
  - B. Individuals and noncorporate nonfinancial business
  - C. Corporate nonfinancial business
  - D. Financial business
    1. Trust departments of banks
      - a. Own bank
      - b. Other commercial banks
    2. Other financial business
- VI. Domestic government
  - A. U. S. Government
    1. Postal Savings System
    2. Other U. S. Government deposits
  - B. States and political subdivisions
- VII. Banks in the United States
  - A. Commercial banks (excluding trust departments of commercial banks)
  - B. Mutual savings banks
- VIII. Other time deposits of foreign holders<sup>1</sup>
  - A. Foreign governments and official institutions, central banks, and international institutions
  - B. Banks in foreign countries (including balances of foreign branches of other American banks)
  - C. Other foreign holders

<sup>1</sup> All banks or banking offices having liabilities to foreigners on their own account or for the account of others averaging \$500,000 or more over any 6-month period are required to report to the Treasury on these liabilities by country. The Treasury Form B-1 provides a 2-digit country code, which could be used to identify each of the approximately 60 countries for which a separate figure must be submitted. Banks reporting on this form also need to provide a 3-way breakdown of foreign-held savings deposits (item I) and negotiable time certificates issued to foreigners (item IV-B) identical with that shown for foreign holdings of other time deposits (item VIII).

NOTE.—Banks desiring to segregate nonnegotiable time certificates of deposit from time deposits, open account, may wish to develop additional codes within this classification structure or to use an overpunch if a punch card tabulating system is used.

Banks desiring to incorporate a maturity classification, such as that established in Regulation Q for determining interest rate ceilings, may wish to develop additional codes within this classification structure. A classification based on time to maturity might be of special interest for internal management purposes.

In preparing the new classification, a System technical committee obtained the advice of representative member banks and interested Government agencies. The Banking Committee of the Budget Bureau's Advisory Council on Federal Reports reviewed an earlier version of the classification. The final version reflects the many helpful suggestions obtained.

#### SUPPLEMENTAL CATEGORIES OF DEPOSITS

To meet important current or potential needs for data, the proposed classification includes the supplemental categories listed below. These are in addition to the various categories of savings and time deposits used in regular reports to (1) bank supervisory authorities and (2) the Treasury, in reports of liabilities to foreigners on Treasury Form B-1.

1. Domestic nonprofit organizations (items I-A and V-A in list). A segregation of both savings and time deposits of domestic nonprofit organizations appears needed in view of the growing financial importance of these organizations and the presumed volatility of their deposits, particularly in response to changes in relative yields among various outlets for short-term funds. In general, nonprofit organizations are readily identifiable from the account name, and segregating their accounts should present no appreciable difficulties for banks.

2. Christmas savings and similar accounts (item III). This category would segregate an important segment of savings that is of a purely temporary nature. Segregating these accounts would generally be compatible with bank accounting practices,

which usually involve a separate ledger for these accounts.

3. Negotiable time certificates (item IV). In late February 1961 a number of large banks in New York City and in other parts of the country began to compete for corporate funds by issuing negotiable time certificates. Since then they have issued an appreciable volume of these certificates. In view of their negotiable form, and of the possibility that an important secondary market for them may develop, the proposed classification provides only two subclassifications. These are by type of holder to whom the certificates are issued initially, that is, foreign and domestic.

4. Financial and nonfinancial business (items V-B through V-D). The subclassifications of other domestically held time deposits of individuals, partnerships, and corporations are designed to provide types of information needed for the Board's quarterly series showing principal financial flows in the United States. The proposed categories would provide less detail than it would be desirable to have. But categories have been held to a minimum in view of the difficulty of identifying and classifying certain types of accounts.

The classification system provides no suggested code numbers, because each bank will wish to incorporate codes compatible with its established system. A minimal 2-digit system from 01 to 20 would encompass all the recommended categories. Such a code structure could be expanded over a wider numeric range, including more digits, to provide for additional information such as maturity breakdown, type of business, or location of holder.