

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[ Circular No. 5098 ]  
October 18, 1961 ]

OFFERING OF TWO SERIES OF TREASURY BILLS

\$1,100,000,000 of 91-Day Bills, Additional Amount, Series Dated July 27, 1961, Due Jan. 25, 1962  
(To Be Issued October 26, 1961)

\$600,000,000 of 182-Day Bills, Dated October 26, 1961, Due April 26, 1962

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 \$1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing October 26, 1961, in the amount of \$1,600,105,000, as follows:

91-day bills (to maturity date) to be issued October 26, 1961, in the amount of \$1,100,000,000, or thereabouts, representing an additional amount of bills dated July 27, 1961, and to mature January 25, 1962, originally issued in the amount of \$500,080,000, the additional and original bills to be freely interchangeable.

182-day bills, for \$600,000,000, or thereabouts, to be dated October 26, 1961, and to mature April 26, 1962.

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, two o'clock p.m., Eastern Daylight Saving time, Monday, October 23, 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 2 p.m., Eastern Daylight Saving time, Monday, October 23, 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 October 19, 1961, representing an additional amount of bills dated July 20, 1961, and maturing January 18, 1962; and 182-day bills dated October 19, 1961, maturing April 19, 1962) 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  
OCTOBER 19, 1961)**

**Range of Accepted Competitive Bids**

	<i>91-Day Treasury Bills Maturing January 18, 1962</i>		<i>182-Day Treasury Bills Maturing April 19, 1962</i>	
	<u>Price</u>	<u>Approx. equiv. annual rate</u>	<u>Price</u>	<u>Approx. equiv. annual rate</u>
High .....	99.405	2.354%	98.624 <sup>a</sup>	2.722%
Low .....	99.395	2.393%	98.613	2.744%
Average .....	99.398	2.382% <sup>1</sup>	98.618	2.734% <sup>1</sup>

<sup>a</sup> Excepting three tenders totaling \$960,000.

<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 2.43 percent for the 91-day bills, and 2.81 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.

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

(84 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 January 18, 1962</i>		<i>182-Day Treasury Bills Maturing April 19, 1962</i>	
	<u>Applied for</u>	<u>Accepted</u>	<u>Applied for</u>	<u>Accepted</u>
Boston .....	\$ 33,449,000	\$ 15,697,000	\$ 3,744,000	\$ 3,204,000
New York .....	1,645,453,000	714,015,000	899,723,000	457,613,000
Philadelphia .....	31,575,000	11,355,000	7,633,000	2,533,000
Cleveland .....	29,446,000	26,022,000	30,484,000	25,234,000
Richmond .....	10,620,000	10,320,000	7,758,000	7,758,000
Atlanta .....	18,855,000	15,485,000	5,739,000	4,939,000
Chicago .....	192,390,000	122,108,000	94,307,000	57,207,000
St. Louis .....	52,731,000	31,189,000	8,239,000	7,239,000
Minneapolis .....	25,924,000	14,944,000	6,229,000	3,379,000
Kansas City .....	45,896,000	36,049,000	15,818,000	6,928,000
Dallas .....	15,130,000	15,130,000	4,840,000	4,840,000
San Francisco .....	119,395,000	87,719,000	27,558,000	19,483,000
<b>Total .....</b>	<b>\$2,220,864,000</b>	<b>\$1,100,033,000<sup>b</sup></b>	<b>\$1,112,072,000</b>	<b>\$600,357,000<sup>c</sup></b>

<sup>b</sup> Includes \$241,400,000 noncompetitive tenders accepted at the average price of 99.398.

<sup>c</sup> Includes \$60,200,000 noncompetitive tenders accepted at the average price of 98.618.

FEDERAL RESERVE BANK OF NEW YORK

October 18, 1961

PROPOSED AMENDMENTS TO REGULATION U

To All Banks, Members of National Securities Exchanges, and Others Interested, in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System is considering proposed amendments to its Regulation U, intended to prevent credit that might be extended by banks under section 221.2 (f), (g), or (h) of Regulation U from being used to finance transactions in "special cash accounts" under section 220.4 (c) of Regulation T.

Printed below is an excerpt from the Federal Register of October 14, 1961, containing a notice of proposed rule making, setting forth the reasons for, and the text of, the proposed amendments. The notice states that comments and suggestions regarding the proposed amendments may be filed with the Board of Governors not later than November 13, 1961. Any comments or suggestions you may have should be sent to this Bank for transmittal to the Board.

HOWARD D. CROSSE, Vice President.

FEDERAL RESERVE SYSTEM

[ 12 CFR Part 221 ]

[Reg. U]

LOANS BY BANKS FOR PURPOSE OF PURCHASING OR CARRYING REGISTERED STOCKS

Proposed Exceptions to General Rule

The Board of Governors of the Federal Reserve System recently has considered situations arising under paragraph (f) of § 221.2 of Part 221 (Regulation U), which exempts a specified class of bank loans from the margin requirements and other requirements of § 221.1. In order to prevent credit that might be extended by banks under that exemption (or the exemptions provided by paragraphs (g) and (h) of § 221.2) from being used to finance transactions in "special cash accounts" under § 220.4(c) of Part 220 (Regulation T), it is proposed to amend paragraphs (f), (g), and (h) of § 221.2 to read as follows:

§ 221.2 Exceptions to general rule.

\* \* \* \* \*

(f) Any temporary advance to finance the purchase or sale of securities for prompt delivery which is to be repaid in the ordinary course of business upon completion of the transaction, provided the loan is not made to a person described in § 221.3(q) or for the purpose of enabling the borrower to pay for securities purchased in a special cash account subject to § 220.4(c) of this chapter (Regulation T);

(g) Any loan against securities in transit, or surrendered for transfer, which is payable in the ordinary course of business upon arrival of the securities or upon completion of the transfer, provided the loan is not made to a person described in § 221.3(q) or for the purpose of enabling the borrower to pay for securities purchased in a special cash account subject to § 220.4(c) of this chapter (Regulation T);

(h) Any loan which is to be repaid on the calendar day on which it is made, provided the loan is not made to a person described in § 221.3(q) or for the purpose of enabling the borrower to pay for securities purchased

in a special cash account subject to § 220.4(c) of this chapter (Regulation T);

This notice is published pursuant to section 4 of the Administrative Procedure Act and section 2 of the rules of procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.2). The proposed change is authorized under the authority cited at 12 CFR Part 221.

Not later than November 13, 1961, comments and suggestions regarding the proposed amendments may be filed with the Board. Communications should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington 25, D.C.

Dated at Washington, D.C., this 9th day of October 1961.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,

[SEAL] MERRITT SHERMAN, Secretary.

[F.R. Doc. 61-9860; Filed, Oct. 13, 1961; 8:50 a.m.]