FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5137
January 11, 1962]

Treasury Will Borrow $1 Billion By Offering More 4% Bonds of 1969

*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 announced today that it will complete the borrowing for its present seasonal cash requirements by offering investors an additional $1 billion of the 4 percent bonds maturing October 1, 1969. About $1.4 billion of these bonds are already outstanding, of which about $1.2 billion are held outside Federal Reserve and other official accounts. Subscriptions will be received for one day only, on Monday, January 15, at a price of 99.75 (to yield about 4.04 percent), plus the accrued interest from last October 1 to the payment date. Payment may be made through credit to Treasury Tax and Loan Accounts and will be due on January 24.

In addition to the amount of bonds to be offered for public subscription, the Secretary of the Treasury reserves the right to allot up to $100 million of the bonds to Government investment accounts.

Any subscriptions for the bonds addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, Washington 25, D. C., and placed in the mail before midnight, January 15, will be considered as timely.

Subscriptions to the 4 percent Treasury Bonds of 1969 from banking institutions generally for their own account and from States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, and 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, will be received without deposit. Subscriptions from all others must be accompanied by payment of 25 percent of the amount of bonds applied for, not subject to withdrawal until after allotment. Subscriptions from commercial banks for their own account will be restricted in each case to an amount not exceeding 5 percent of the combined amount of time and savings deposits, including time certificates of deposit, or 15 percent of the combined capital, surplus, and undivided profits of the subscribing bank, whichever is greater.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of bonds applied for, and to make different percentage allotments to various classes of subscribers. Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the bonds subscribed for, to cover the deposits required to be paid when subscriptions are entered, and banks will be required to make the usual certification to that effect.

All subscribers to the bonds 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 the additional bonds subscribed for under this offering until after midnight, January 15.

Circulars and subscription forms for this offering will be mailed to reach you by Monday, January 15.

ALFRED HAYES,
President.