

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5175]
April 9, 1962

CASH OFFERING

3 $\frac{3}{4}$ Percent Treasury Bonds of 1968

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

The subscription books are open for a cash offering, at par, of 3 $\frac{3}{4}$ percent Treasury Bonds of 1968, dated April 18, 1962, maturing August 15, 1968.

The terms of the offering are set forth in Treasury Department Circular No. 8-62, Public Debt Series, a copy of which is printed on the following pages.

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 bonds of this issue, until after midnight April 9, 1962.

A commercial bank submitting a subscription direct to the Federal Reserve Bank of its District may, if it is a qualified depository, pay by credit in its Treasury Tax and Loan Account for bonds allotted on such subscription; however, a commercial bank submitting a subscription through a correspondent bank may not pay by credit in its Tax and Loan Account for bonds allotted on the subscription of the correspondent bank.

Subscriptions will be received by this Bank as fiscal agent of the United States. Subscriptions should be made on official subscription forms, copies of which are enclosed, and should be mailed immediately. If filed by telegram or letter, subscriptions should be confirmed immediately by mail on the forms provided. The subscription books will remain open for *one day only, Monday, April 9*. Any subscription addressed to a Federal Reserve Bank or Branch or to the Treasury Department and placed in the mail before midnight April 9, will be considered timely.

ALFRED HAYES,
President.

UNITED STATES OF AMERICA

3 $\frac{3}{4}$ PERCENT TREASURY BONDS OF 1968

Dated and bearing interest from April 18, 1962

Due August 15, 1968

Interest payable February 15 and August 15

DEPARTMENT CIRCULAR
Public Debt Series—No. 8-62

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, April 9, 1962.

I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for bonds of the United States, designated 3 $\frac{3}{4}$ percent Treasury Bonds of 1968. The amount of the offering under this circular is \$1,000,000,000, or thereabouts. In addition to the amount offered for public subscription, the Secretary of the Treasury reserves the right to allot up to \$100,000,000 of these bonds to Government Investment Accounts. The books will be open *only on April 9, 1962*, for the receipt of subscriptions for this issue.

II. DESCRIPTION OF BONDS

1. The bonds will be dated April 18, 1962, and will bear interest from that date at the rate of 3 $\frac{3}{4}$ percent per annum, payable on a semiannual basis on August 15, 1962, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature August 15, 1968, and will not be subject to call for redemption prior to maturity.

2. The income derived from the bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds 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.

3. The bonds will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of \$500, \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for

the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

5. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington 25, D. C. Only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit subscriptions for account of customers provided the names of the customers are set forth in such subscriptions. Others than commercial banks will not be permitted to enter subscriptions except for their own account. 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 deposits, or 25 percent of the combined capital, surplus and undivided profits, of the subscribing bank, whichever is greater. Subscriptions 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. Following allotment, any portion of the 25 percent payment in excess of 25 percent of the amount of bonds allotted may be released upon the request of the subscribers.

2. All subscribers are required to agree not to purchase or to sell, or to make any agreements with re-

spect to the purchase or sale or other disposition of any bonds of this issue, until after midnight April 9, 1962.

3. 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.

4. 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; and any action he may take in these respects shall be final. The basis of the allotment will be publicly announced, and allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par and accrued interest, if any, for bonds allotted hereunder must be made or completed on or before April 18, 1962, or on later allotment. In every case where payment is not so completed, the payment with application up to 25 percent of the amount of bonds allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be

forfeited to the United States. Any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account for bonds allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts, to issue allotment notices, to receive payment for bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

DOUGLAS DILLON,
Secretary of the Treasury.

The undersigned agrees not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bonds of this issue, until after midnight, April 9, 1962.

TO SUBSCRIBER:

(Fill in all required spaces before signing)

Mark (X) in proper space to indicate if this is:

Original subscription

.....
(Name of subscriber—Please print or typewrite)

Confirmation of a telegram

By
(Official signature) (Title)

Confirmation of a letter

Address

(Spaces below are for the use of Federal Reserve Bank of New York)

DEPOSIT	Examined..... Acknowledged..... Coded..... Carded.....	ALLOTMENT \$ Figured Advised
\$		

(If acknowledgment of this subscription is desired, complete this stub)

Receipt is acknowledged of your subscription for \$....., 3¾% Treasury Bonds of 1968, dated April 18, 1962 and maturing August 15, 1968.

To
(Name)

.....
(Address)

For use of Federal Reserve Bank

Time Stamp

CASH SUBSCRIPTION

For United States of America 3¾ Percent Treasury Bonds of 1968

Dated April 18, 1962, Due August 15, 1968

Subscription books will be open only on Monday,
April 9, for the receipt of cash subscriptions.

Important

1. Payment at par for these securities must be made on or before April 18, 1962.
2. Subscriptions 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.
3. Commercial banks subscribing for account of customers should hold the 25 percent deposits paid to them by their customers (see certification below).
4. Checks accompanying the subscriptions of others than commercial banks should be made payable to the order of the Federal Reserve Bank of New York, Fiscal Agent of the United States.
5. Amount of bonds applied for must be in multiples of \$500.

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Federal Reserve P. O. Station,
New York 45, N. Y.

Dated at
.....1962

Attention: Securities Department—9th Floor

DEAR SIRs:

Pursuant to the provisions of Treasury Department Circular No. 8-62, Public Debt Series, dated April 9, 1962, the undersigned hereby subscribes at par for United States of America 3¾ percent Treasury Bonds of 1968, as follows:

For own account	\$.....
For our customers, shown on reverse side (for use of commercial banks)	\$.....
Total subscription.....	\$.....

The undersigned subscriber is, or is subscribing for account of, a savings-type investor, as follows (a commercial bank, when listing its savings-type investor customers on reverse side, should indicate the kinds of investors by the letters used below):

- | | |
|---|--|
| <input type="checkbox"/> A. Pension and retirement funds—public and private
<input type="checkbox"/> B. Endowment funds (where principal ordinarily is not expendable)
<input type="checkbox"/> C. Insurance companies
<input type="checkbox"/> D. Mutual savings banks
<input type="checkbox"/> E. Fraternal benefit associations and labor unions' insurance funds
<input type="checkbox"/> F. Savings and loan associations | <input type="checkbox"/> G. Credit unions
<input type="checkbox"/> H. Other savings organizations, not including commercial banks (state type)
<input type="checkbox"/> I. States, political subdivisions or instrumentalities thereof, and public funds
<input type="checkbox"/> J. Common trust funds under Regulation F of the Board of Governors of the Federal Reserve System. |
|---|--|

(Commercial banks should not include savings-type investor customers on the same form with other customers)

(If a commercial bank is subscribing for its own account or for account of customers, the following certifications are made a part of this subscription)

WE HEREBY CERTIFY that we have received applications from our customers in the amounts set opposite the customers' names on the list which is made a part of this subscription; that there has been paid to us by each such customer as required by the official offering circular, not subject to withdrawal until after allotment, not less than 25 percent of the amount applied for; that we have not made unsecured loans, or loans collateralized in whole or in part by the securities applied for, to supply the amounts of such payments to any of such customers; that we have no beneficial interest in the applications of such customers, and that none of our customers has any beneficial interest in the amount subscribed for our own account.

WE FURTHER CERTIFY that all subscribers for whom subscriptions are hereby entered, have agreed not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bonds of this issue, until after midnight, April 9, 1962.

WE FURTHER CERTIFY that the subscription for our own account does not exceed 5 percent of the combined amount of our time and savings deposits, including time certificates of deposit, or 25 percent of our combined capital, surplus and undivided profits, whichever is greater.

WE FURTHER CERTIFY that applications received by us, if any, from other commercial banks for their own account and for account of their customers have been entered with us under the same conditions, agreements, and certifications as those entered on this subscription form.

NOTICE OF ALLOTMENT

1

For United States of America 3 $\frac{3}{4}$ Percent Treasury Bonds of 1968

To Subscriber:

On your subscription, numbered as above, for \$ (par amount) of—

UNITED STATES OF AMERICA 3 $\frac{3}{4}$ PERCENT TREASURY BONDS OF 1968
DATED APRIL 18, 1962, DUE AUGUST 15, 1968

which you filed pursuant to the provisions of Treasury Department Circular No. 8-62, Public Debt Series, dated April 9, 1962, the Secretary of the Treasury has allotted bonds to you in the amount of—

\$

Important

1. To expedite delivery of the securities allotted to you and to facilitate prompt completion of this transaction, please fill in, sign and return immediately the attached Letter of Instructions to the Federal Reserve Bank of New York, Fiscal Agent of the United States, New York 45, N. Y.

Payment

2. Payment at par for securities allotted must be made on or before April 18, 1962. Payment may be made by check, cash, charge, or credit as follows:

By Check—The check should be made payable to the order of the FEDERAL RESERVE BANK OF NEW YORK, FISCAL AGENT OF THE UNITED STATES. The securities will not be delivered by this Bank until the proceeds of a check have been collected. The proceeds of a check drawn on the Federal Reserve Bank of New York are immediately available.

By Cash—Payment may be made in cash.

By Charge—A member bank may make payment by requesting us to charge its reserve account, or a nonmember clearing bank may make payment by requesting us to charge its clearing account.

By Credit—(a) If subscriber is a depository of public moneys qualified under the provisions of Treasury Department Circular No. 92 (Revised), it will be permitted to make payment by credit in the Treasury Tax and Loan Account for the securities allotted to it for its own account and for its customers (up to any amount for which it shall be qualified in excess of existing deposits).

(b) Securities of this issue allotted to a qualified depository for its own account may be pledged with the Federal Reserve Bank of New York as collateral security for deposits in the Treasury Tax and Loan Account.

Delivery

3. (a) Delivery of the securities allotted will be made by the Federal Reserve Bank of New York at its Head Office in New York City, and will not be made before April 18, 1962.

(b) The securities will be delivered over the counter to a representative of the subscriber, provided the representative presents a letter of authority identifying him and signed officially by the subscriber.

Safekeeping

4. Securities allotted to member banks for their own account may be left with this Bank for safekeeping pursuant to the terms of our Operating Circular No. 14.

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States.

Checked by

LETTER OF INSTRUCTIONS

To FEDERAL RESERVE BANK OF NEW YORK, Fiscal Agent of the United States, Federal Reserve P. O. Station, New York 45, N. Y.

Attention: Government Bond Division—2nd Floor

From (Name and address of Subscriber)

Dated at

1962

On our subscription, numbered as above, for \$ (par amount) of—

UNITED STATES OF AMERICA 3 3/4 PERCENT TREASURY BONDS OF 1968 DATED APRIL 18, 1962, DUE AUGUST 15, 1968

which we filed pursuant to the provisions of Treasury Department Circular No. 8-62, Public Debt Series, dated April 9, 1962, we have received your notice of allotment stating that the Secretary of the Treasury has allotted bonds to us in the amount of—

\$

As requested, we send you the following instructions:

Payment at par will be made in the total amount of \$, as follows:

- By credit to Treasury Tax and Loan Account as indicated in the attached Advice of Deposit \$
By charge to our reserve account, which you are authorized to make \$
By check or cash herewith \$
Total payment \$

BEARER BONDS DESIRED

(For REGISTERED bonds—use only reverse side)

Table with columns: Pieces, Denomination, Face amount, (Leave this space blank). Rows include denominations \$500, 1,000, 5,000, 10,000, 100,000, 1,000,000 and a TOTAL row.

Dispose of securities issued, as follows:

- 1. Deliver over the counter to the undersigned
2. Hold in safekeeping (for member bank only)
3. Hold as collateral for Treasury Tax and Loan Account
4. Ship to the undersigned
5. Special instructions:

The undersigned (if a bank or trust company) hereby certifies that the securities to be disposed of as indicated in item 2 or 3 above are owned solely by the undersigned.

(IMPORTANT: No changes in delivery instructions will be accepted.)

This letter of instructions must be signed officially in the space provided and returned immediately to

Federal Reserve Bank of New York, Fiscal Agent of the United States.

Submitted by (Please print)
By (Authorized signature(s) required)
Title
Address

(Spaces below are for the use of Federal Reserve Bank of New York)

Table with columns: GOVERNMENT BOND DIVISION, SAFEKEEPING DIVISION. Rows: Payment received, Checked, Deliver against payment of \$, Delivered.

DELIVERY RECEIPT

Received from Federal Reserve Bank of New York, Fiscal Agent of the United States, the above described securities allotted in the amount indicated above.

Date Subscriber By

If payment is to be made by credit to Treasury Tax and Loan Account, an advice of the deposit should be furnished to the Federal Reserve Bank of New York on the form below.

Advice of Deposit in Treasury Tax and Loan Account

To Federal Reserve Bank of New York Government Bond Division

We will deposit on April 18, 1962, \$ to the credit of Federal Reserve Bank of New York, Fiscal Agent of the United States, in Treasury Tax and Loan Account, to be held subject to withdrawal on demand in payment for \$ (par value) 3 3/4 percent Treasury Bonds of 1968, dated April 18, 1962, due August 15, 1968, allotted as per Notice of Allotment received from you.

(Name of depositor)

Address (City and State)

SCHEDULE FOR ISSUE OF REGISTERED BONDS DESIRED

(Names and addresses must be printed or typewritten)

(If registered bonds, which are mailed directly by Treasury Department, Washington, D. C., are not to be sent to the registered owner, give mailing instructions below.)

Names in which bonds of this issue shall be registered, and post-office addresses for mailing interest checks	(Indicate number of bonds desired in each denomination)						
	Par amount desired	\$500	\$1,000	\$5,000	\$10,000	\$100,000	\$1,000,000
1.							
2.							
3.							
4.							
Total							

Mail registered bonds to

.....

(DUPLICATE COPY FOR USE OF FEDERAL RESERVE BANK OF NEW YORK)

LETTER OF INSTRUCTIONS

To FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Federal Reserve P. O. Station,
New York 45, N. Y.

Attention: Government Bond Division—2nd Floor

From (Name and address of Subscriber)

Dated at
.....1962

On our subscription, numbered as above, for \$ (par amount) of—

UNITED STATES OF AMERICA 3 3/8 PERCENT TREASURY BONDS OF 1968
DATED APRIL 18, 1962, DUE AUGUST 15, 1968

which we filed pursuant to the provisions of Treasury Department Circular No. 8-62, Public Debt Series, dated April 9, 1962, we have received your notice of allotment stating that the Secretary of the Treasury has allotted bonds to us in the amount of—

\$

As requested, we send you the following instructions:

Payment at par will be made in the total amount of \$....., as follows:

- By credit to Treasury Tax and Loan Account as indicated in the attached Advice of Deposit \$.....
- By charge to our reserve account, which you are authorized to make \$.....
- By check or cash herewith \$.....
- Total payment \$.....

BEARER BONDS DESIRED

(For REGISTERED bonds—use only reverse side)

Pieces	Denomination	Face amount	(Leave this space blank)
	\$ 500		
	1,000		
	5,000		
	10,000		
	100,000		
	1,000,000		
	TOTAL		

Dispose of securities issued, as follows:

- 1. Deliver over the counter to the undersigned
- 2. Hold in safekeeping (for member bank only)
- 3. Hold as collateral for Treasury Tax and Loan Account
- 4. Ship to the undersigned
- 5. Special instructions:

The undersigned (if a bank or trust company) hereby certifies that the securities to be disposed of as indicated in item 2 or 3 above are owned solely by the undersigned.

(IMPORTANT: No changes in delivery instructions will be accepted.)

This letter of instructions must be signed officially in the space provided and returned immediately to

Federal Reserve Bank of New York,
Fiscal Agent of the United States.

Submitted by
(Please print)
By By
(Authorized signature(s) required)
Title Title
Address

(Spaces below are for the use of Federal Reserve Bank of New York)

GOVERNMENT BOND DIVISION	SAFEKEEPING DIVISION
Payment received	Checked
Deliver against payment of \$.....	Delivered

DELIVERY RECEIPT

Received from Federal Reserve Bank of New York, Fiscal Agent of the United States, the above described securities allotted in the amount

SCHEDULE FOR ISSUE OF REGISTERED BONDS DESIRED

(Names and addresses must be printed or typewritten)

(If registered bonds, which are mailed directly by Treasury Department, Washington, D. C., are not to be sent to the registered owner, give mailing instructions below.)

Names in which bonds of this issue shall be registered, and post-office addresses for mailing interest checks	(Indicate number of bonds desired in each denomination)						
	Par amount desired	\$500	\$1,000	\$5,000	\$10,000	\$100,000	\$1,000,000
1.							
2.							
3.							
4.							
Total							

Mail registered bonds to

.....

To Subscriber:

\$ (par amount) of—
 UNITED STATES OF AMERICA 3¾ PERCENT TREASURY BONDS OF 1968
 DATED APRIL 18, 1962, DUE AUGUST 15, 1968

\$

					DISPOSITION			
					Over Counter			
Deposit								
					Safekeeping			
					T. T. & L.			
Balance due								
Method of payment					Treas. Tax & Loan Acc.			
					Reserve Account			
					Check or Cash			
Refund								
					Refund			
					Special Instructions			

To Subscriber:

\$ (par amount) of—
UNITED STATES OF AMERICA 3¾ PERCENT TREASURY BONDS OF 1968
DATED APRIL 18, 1962, DUE AUGUST 15, 1968

\$

FEDERAL RESERVE BANK OF NEW YORK

Head Office of the United States

1962 APR 18 11 17 AM '62

OFFERING OF TWO SERIES OF TREASURY BILLS

To Subscriber:

191-Day Bills, Additional Amount, Series Dated January 18, 1962, Due July 19, 1962 (To Be Issued April 19, 1962)

\$400,000,000 of 123-Day Bills, Dated April 19, 1962, Due October 18, 1962

To All Incorporated Banks and Trust Companies, and Others Connected with the Second Federal Reserve District:

Following is the text of a notice issued by the Treasury Department, released at 4 p.m., Eastern Standard Time, April 18, 1962, (par amount) of—

UNITED STATES OF AMERICA 3 3/4 PERCENT TREASURY BONDS OF 1968 DATED APRIL 18, 1962, DUE AUGUST 15, 1968

The Treasury Department has authorized the issue of two series of Treasury bills, to be issued on the following dates and in the amount of \$1,000,000,000 for each, and to exchange for Treasury bills maturing April 18, 1962, in the amount of \$1,000,000,000 as follows:

191-day bills (to maturity date) to be issued April 19, 1962, in the amount of \$1,000,000,000, representing an additional amount of bills dated January 18, 1962, and to mature July 19, 1962, originally issued in the amount of \$600,000,000, for additional and original bills to be freely interchangeable.

123-day bills, to be issued on the following dates: \$200,000,000 to be dated April 19, 1962, and to mature October 18, 1962.

The bills of both series will be issued at a discount from par, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$100,000, \$50,000, \$10,000, \$5,000, \$1,000 and \$500 (minimum) bills.

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, Eastern Standard Time, Monday, April 16, 1962. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$100, and in the case of consecutive tenders the price offered must be expressed in the form of 1/32 with not more than three decimals, e.g., 1/32 1/4. Preference may be given, if it is found that tenders be made on the present terms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application thereto.

Banking institutions generally may submit tenders for amounts of customers, provided the names of the customers are not made known to such tenders. Orders from banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from non-member banks and trust companies and from corporations and foreign dealers in commercial securities. Tenders from others may be accompanied by payment of 1 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 other guarantor.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which allotment arrangements will be made by the Treasury Department on the amount and price range of accepted bids. These allocations will be made on a pro rata basis.

This Bank will receive tenders for both series up to 1:30 p.m., Eastern Standard Time, Monday, April 16, 1962, 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 form to submit tenders and return them in an envelope marked "Tenders for Treasury Bills." Tenders may be submitted by telegraph subject to written confirmation; they may not be submitted by check. Payment for the Treasury bills cannot be made through the Treasury Tax and Loan Account. Settlement must be made in cash or other immediately available funds for the maturing Treasury bills.

Details of the last offering of Treasury bills (91-day bills to be issued April 12, 1962, representing an additional amount of \$750,000,000 dated January 11, 1962, and maturing July 12, 1962; and 123-day bills dated April 12, 1962, maturing October 11, 1962) are shown on the reverse side of this circular.

The Treasury Department of the Treasury Department reserves the right to accept or reject any or all tenders, in whole or in part, and no action or any such request shall be taken. Subject to these restrictions, noncompetitive tenders for \$50,000 or less for the additional bills dated January 18, 1962, will have preference until noon, by date on July 19, 1962, and noncompetitive tenders for \$100,000 or less for the 123-day bills without stated price limit will be accepted in full at the average price of three percent of accepted competitive bids for the respective series. In the case of accepted tenders in accordance with the bids must be made or transferred at the Federal Reserve Bank on April 19, 1962, in cash or other immediately available funds or in a like form amount of Treasury bills maturing April 18, 1962. Cash and exchange tenders will receive equal treatment. Cash payments 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 to the United States is considered to be interest. Under Sections 454(b) and 1221(3) 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 capital of Treasury bills which have been purchased must include the amount of discount at the income tax return only the difference between the price paid for such bills, whether an original issue or an subsequent purchase, and the amount actually received either upon sale or redemption or maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 416 (current version) 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.

Attest: Charles W. Brannan, Treasurer