FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5406
October 23, 1963]

Treasury Announces Plans for November Refunding and Issuance of $1 Billion of One-Year Treasury Bills

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 will borrow $7.6 billion, or thereabouts, through the issuance of 18-month 3⅞ percent Treasury notes, at par, on November 15, 1963, for the purpose of paying off in cash $7.6 billion of the following Treasury securities maturing November 15, 1963:

$4,554 million of 3⅛ percent Treasury Certificates of Indebtedness of Series D-1963, dated November 15, 1962; and

$3,011 million of 4⅞ percent Treasury Notes of Series C-1963, dated November 15, 1959.

The new notes will be dated November 15, 1963, and will mature May 15, 1965. Interest will be payable semiannually on May 15 and November 15, 1964, and on May 15, 1965. The notes will be made available in registered as well as bearer form.

Subscriptions to the new Treasury notes will be received subject to allotment. All subscribers requesting registered notes will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service. Payment may be made in cash, or in 3⅛ percent Treasury Certificates of Indebtedness of Series D-1963 or 4⅞ percent Treasury Notes of Series C-1963, maturing November 15, 1963, which will be accepted at par, in payment or exchange, in whole or in part, for the Treasury notes subscribed for, to the extent such subscriptions are allotted by the Treasury.

The subscription books will be open for the 3⅞ percent Treasury notes only on Monday, October 28.

Any subscriptions for the 3⅞ percent Treasury notes with the required deposits addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight, October 28, 1963, will be considered timely.

The new issue may not be paid for by credit in Treasury Tax and Loan Accounts.

Other details concerning the new 3⅞ percent Treasury notes are as follows:

Subscriptions from commercial banks for their own account will be restricted in each case to an amount not exceeding 50 percent of the combined capital, surplus and undivided profits of the subscribing bank.

Subscriptions from commercial and other banks for their own account, Federally insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, 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, Government Investment Accounts, and the Federal Reserve Banks will be received without deposit.

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Subscriptions from all others must be accompanied by payment of 2 percent (in cash, or Treasury Certificates of Indebtedness of Series D-1963, or Treasury Notes of Series C-1963, maturing November 15, 1963, at par) of the amount of notes applied for not subject to withdrawal until after allotment.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of 3⅞ percent notes 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. Subject to these reservations, and the submission of a written certification by the subscriber that the amount of the subscription does not exceed the amount of the two eligible securities owned or contracted for purchase for value, at 4 p.m., Eastern Daylight Saving time, October 23, 1963, all subscriptions from States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks, will be allotted in full. Provided, however, when any such subscriber elects to enter any subscription which does not carry the certification as to ownership of the maturing securities, any and all subscriptions received from the subscriber will be allotted on the basis of the allotment to be publicly announced. The basis of the allotment of all other subscriptions will be publicly announced, and allotment notices will be sent out promptly upon allotment.

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 of the 3⅞ percent notes until after midnight, October 28, 1963.

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.

Treasury bills

The Treasury will also issue $1 billion, or thereabouts, of one-year Treasury bills on Monday, November 4, for cash. The bills will be sold on an auction basis, and tenders for such bills will be received on Wednesday, October 30, 1963. Payment for such bills by credit in Treasury Tax and Loan Accounts will *not* be permitted.

Full details concerning these Treasury bills are contained in the Treasury's announcement inviting tenders, which is being released today.

The official offering circular and subscription form for the new notes will be mailed to reach you by Monday, October 28.

Alfred Hayes,
President.