FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5716
October 27, 1965]

Treasury Announces November Refinancing Terms

*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 $9.7 billion, or thereabouts, through the issuance of 18-month 4¼ percent Treasury notes, at a price of 99.83 (to yield about 4.37 percent), for the purpose of paying off in cash a like amount of the following Treasury notes maturing November 15, 1965:

$1,617 million of 3½ percent Notes of Series B-1965, dated November 15, 1962; and
$8,099 million of 4 percent Notes of Series E-1965, dated May 15, 1964.

The new notes will be dated November 15, 1965, and will mature May 15, 1967. Interest will be payable semiannually on May 15 and November 15, 1966, and on May 15, 1967.

The notes will be made available in registered as well as bearer form. 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 and delivery date for the notes will be November 15. Payment may be made in cash, or in 3½ percent Notes of Series B-1965 or 4 percent Notes of Series E-1965, which will be accepted at par, in payment or exchange, in whole or in part, for the notes subscribed for, to the extent such subscriptions are allotted by the Treasury. The new issue may *not* be paid for by credit in Treasury Tax and Loan Accounts.

The subscription books will be open *only on Monday, November 1.* Any subscriptions 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 November 1, 1965, will be considered timely.

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 (not including capital notes or debentures), 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.

Subscriptions from all others must be accompanied by the payment of deposits (in cash, or Treasury Notes of Series B-1965 or Series E-1965, maturing November 15, 1965, at par), not subject to withdrawal until after allotment, as follows:

(1) 10 percent for subscriptions in an amount of $200,000 or less, or
(2) 2 percent for subscriptions in an amount in excess of $200,000, with a minimum deposit of $20,000.

(OVER)

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of 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, subscriptions will be allotted:

1. *In full*—

(a) For amounts up to and including $200,000, and

(b) For 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, if a statement is submitted certifying that the amount of the subscription does not exceed the amount of the two maturing securities owned or contracted for purchase for value by the subscriber, at 4 P.M., Eastern Daylight Saving time, October 27, 1965; or

2. *On a percentage basis,* to be publicly announced, if they (other than those covered in Item 1 above) are over $200,000, but such allotment will not be less than $200,000.

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 new 4¼ percent notes at a specific rate or price until after midnight November 1, 1965.

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.

The following additional statement was also made public today by the Treasury Department:

Highlights of November Refinancing

The Treasury today released the terms for refinancing $9.7 billion of notes that will mature on November 15. This financing will take the form of a cash offering of a new 18-month 4¼ percent note in the amount of $9.7 billion. The new note will be priced at 99.83 to yield approximately 4.37 percent. Books will be open for subscriptions only on Monday, November 1.

Remaining requirements for new cash for the balance of this calendar year are now estimated at $2.0 billion–$2.5 billion. It is anticipated that this cash will be provided by an issue of June tax anticipation bills in late November.

The Treasury also announced minimum allotment provisions have been made to facilitate the reinvestment of the holdings of smaller banks and investors, which account for a relatively large percentage of the maturing issues. The provisions are set out in more detail in the accompanying description of terms.

The official offering circular and subscription form for the new notes will be mailed to reach you by Monday, November 1.

Alfred Hayes,
President.