To all Banks and Trust Companies in the Second Federal Reserve District,

Dear Sirs:

The subscription books for the new issue of tax certificates, to be dated January 2, 1920 and to bear interest at 4 3/4%, are now open. The details of this offering are fully covered in the Circular No. 240 mailed to you under date of December 29, 1919.

Your attention is particularly requested to the statement of Secretary Glass accompanying that circular in which he pointed out the material reduction in amount of the floating debt of the Government effected in September, 1919, and the policy of the Treasury Department in refunding maturing loan certificates by issues of certificates in anticipation of the payment of the quarterly installments of Federal taxes, whereby the floating debt will be liquidated gradually from revenues and without further creation of funded debt.

During the past year many banks have achieved a wide distribution of certificates subscribed by them through sales to their friends and clients, corporate and individual who desired to provide from current revenues for their future tax payments, as well as to investors merely. These tax certificates offer exceptional opportunity to both classes and their possession further carries valuable tax benefits.

Recent offerings of Treasury tax certificates have been well subscribed by banking institutions as well as corporations and individuals. $728,130,000 was subscribed to the December 15 issue of 4 1/2% certificates due June 15, 1920, of which $281,882,500, was subscribed by the Second Federal Reserve District.

No quotas have been assigned with regard to the issue now offered but the Treasury Department has indicated that it expects subscriptions to equal at least the amounts subscribed to the December 15 issue. In view of the increased rate on the issue now offered an even wider and larger demand for them by investors is anticipated, and it is respectfully suggested that the banks of this Federal Reserve District shall have this prospective demand in mind in making their subscriptions.

Yours very truly,

Benj. Strong,
Governor.