

FEDERAL RESERVE BANK
OF NEW YORK

*Certificates of Indebtedness
Department*

[Circular No. 534]
March 8, 1923]

\$400,000,000

(or thereabouts)

**Combined Offering of Two New Issues
of Treasury Certificates**

**Both Dated March 15, 1923. One at $4\frac{1}{4}$ Per Cent. for Six Months
The Other at $4\frac{1}{2}$ Per Cent. for One Year**

*To all Banks, Trust Companies, Savings Banks, Bankers, Investment Dealers
and Principal Corporations in the Second Federal Reserve District:*

The Secretary of the Treasury today offers for subscription two new series of Treasury certificates of indebtedness, one bearing $4\frac{1}{4}$ per cent. interest and maturing in six months and the other bearing $4\frac{1}{2}$ per cent. interest and maturing in one year. The books for these issues are now open for subscription.

Statement by Secretary Mellon

The full text of Secretary Mellon's statement announcing the issues follows:

The Treasury is today announcing its March financing, which takes the form of an offering of Treasury certificates of indebtedness in two series, both dated March 15, 1923, one bearing $4\frac{1}{4}$ per cent. interest and maturing September 15, 1923, and the other bearing $4\frac{1}{2}$ per cent. interest and maturing March 15, 1924. The combined offering is for \$400,000,000, or thereabouts, and the Treasury will accept in exchange for the new certificates, at par and accrued interest as of March 15, 1923, any Treasury certificates maturing March 15, 1923, or any uncalled Victory notes maturing May 20, 1923. Called Victory notes will also be accepted at par, like cash.

About \$366,000,000 of Treasury certificates become payable on March 15, 1923, together with interest on the public debt in the amount of about \$135,000,000. Called Victory notes to the amount of nearly \$90,000,000 and matured War-Savings certificates to the amount of about \$75,000,000 are also outstanding, and both are coming in steadily for redemption. On the other hand, the Treasury expects to receive during March about \$400,000,000 in income and profits taxes, though this estimate is naturally subject to some uncertainty, since the March payments are the first to be made on the basis of the new revenue act and the business of the calendar year 1922.

The present offering of certificates is intended, with the balances already on hand, to provide for the payments coming due in March over and above tax receipts, and at the same time to cover the Treasury's further cash requirements between now and the middle of May, when the uncalled Victory notes mature. There will have to be further financing at that time, of course, to refund maturing notes, but the amount involved has already been reduced to manageable proportions, and it will be still further reduced between now and then by exchanges and advance redemptions out of the proceeds of the current offering. This offering of certificates, therefore, will contribute materially to the successful refinancing of the Victory loan, and when the March operations are completed will still leave outstanding but little more than \$1,000,000,000 of Treasury certificates, a remarkably low total for this stage of the Government's post-war financing.

For your convenient reference the text of the official offering is printed on page three.

Very truly yours,

BENJ. STRONG
Governor

(New Issues)

Federal Reserve Bank of New York

Offering of \$400,000,000 (or thereabouts)

United States of America Treasury Certificates of Indebtedness Dated and bearing Interest from March 15, 1923.

Series TS2-1923, $4\frac{1}{4}$ Per Cent. Due September 15, 1923.

Series TM-1924, $4\frac{1}{2}$ Per Cent. Due March 15, 1924.

*To all Banks, Trust Companies, Savings Banks, Bankers, Investment Dealers
and Principal Corporations in the Second Federal Reserve District:*

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, in two series, both dated and bearing interest from March 15, 1923, the certificates of Series TS2-1923 being payable on September 15, 1923, with interest at the rate of four and one-quarter per cent. per annum on a semiannual basis, and the certificates of Series TM-1924 being payable on March 15, 1924, with interest at the rate of four and one-half per cent. per annum, payable semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of \$500, \$1,000, \$5,000, \$10,000, and \$100,000. The certificates of Series TS2-1923 will have one interest coupon attached, payable September 15, 1923, and the certificates of Series TM-1924 two interest coupons attached, payable September 15, 1923, and March 15, 1924.

The certificates of said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, association or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of these series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates. The certificates of these series will be acceptable to secure deposits of public moneys, but do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. The Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, and to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of allotment will be publicly announced.

Payment at par and accrued interest for certificates allotted must be made on or before March 15, 1923, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depository will be permitted to make payment by credit for certificates 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. Treasury certificates of indebtedness of Series TM and TM2-1923, both maturing March 15, 1923, and uncalled Victory notes of the $4\frac{3}{4}$ per cent. series, bearing the distinguishing letters G, H, I, J, K, or L, prefixed to their serial numbers, will be accepted at par, with an adjustment of accrued interest as of March 15, 1923, in payment for any certificates of the Series TS2-1923 or TM-1924 now offered which shall be subscribed for and allotted. Victory notes in coupon form must have May 20, 1923, coupons attached, and if in registered form must be duly assigned to the Secretary of the Treasury for redemption, in accordance with the general regulations of the Treasury Department governing assignments.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and 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.

Yours very truly,

BENJ. STRONG

Governor

New York, March 8, 1923