

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 4980]
December 27, 1960]

**RESULTS OF BIDDING FOR 91-DAY AND 182-DAY TREASURY BILLS
TO BE ISSUED DECEMBER 29, 1960**

*To All Incorporated Banks and Trust Companies, and Others
Concerned, in the Second Federal Reserve District:*

At the time of printing our Circular No. 4979, dated December 22, 1960, announcing an offering of 91-day and 182-day Treasury bills, to be issued January 5, 1961, the results of bidding for the previous week's offering of 91-day and 182-day Treasury bills, to be issued December 29, 1960, were not available. The results, now available, are:

Range of Accepted Competitive Bids

| | <i>91-Day Treasury Bills Maturing March 30, 1961</i> | | <i>182-Day Treasury Bills Maturing June 29, 1961</i> | |
|----------------------|--|---------------------------------------|--|---------------------------------------|
| | <i>Price</i> | <i>Approx. equiv. annual rate</i> | <i>Price</i> | <i>Approx. equiv. annual rate</i> |
| High | 99.464 | 2.120% | 98.838 | 2.298% |
| Low | 99.449 | 2.180% | 98.814 | 2.346% |
| Average | 99.457 | 2.148% ¹ | 98.820 | 2.333% ¹ |

¹ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.19 percent for the 91-day bills, and 2.39 percent for the 182-day bills. Interest rates on bills are quoted in terms of bank discount, with the return related to the face amount of the bills payable at maturity rather than the amount invested, and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

(78 percent of the amount of 91-day bills
bid for at the low price was accepted.)

(62 percent of the amount of 182-day bills
bid for at the low price was accepted.)

Total Tenders Applied for and Accepted (By Federal Reserve Districts)

| <i>District</i> | <i>91-Day Treasury Bills Maturing March 30, 1961</i> | | <i>182-Day Treasury Bills Maturing June 29, 1961</i> | |
|---------------------|--|------------------------------------|--|----------------------------------|
| | <i>Applied for</i> | <i>Accepted</i> | <i>Applied for</i> | <i>Accepted</i> |
| Boston | \$ 26,142,000 | \$ 26,142,000 | \$ 2,193,000 | \$ 1,943,000 |
| New York | 1,579,957,000 | 698,357,000 | 881,639,000 | 431,138,000 |
| Philadelphia | 23,288,000 | 11,888,000 | 7,563,000 | 2,563,000 |
| Cleveland | 40,314,000 | 25,014,000 | 16,129,000 | 11,129,000 |
| Richmond | 9,864,000 | 9,764,000 | 1,875,000 | 1,373,000 |
| Atlanta | 14,881,000 | 13,181,000 | 6,710,000 | 6,310,000 |
| Chicago | 155,487,000 | 87,777,000 | 64,090,000 | 14,260,000 |
| St. Louis | 16,036,000 | 15,036,000 | 4,604,000 | 3,489,000 |
| Minneapolis | 11,721,000 | 7,501,000 | 4,148,000 | 1,648,000 |
| Kansas City | 19,633,000 | 18,633,000 | 6,262,000 | 4,643,000 |
| Dallas | 30,869,000 | 10,869,000 | 6,191,000 | 3,041,000 |
| San Francisco | 83,676,000 | 76,176,000 | 29,423,000 | 18,945,000 |
| Total | \$2,011,868,000 | \$1,000,338,000^a | \$1,030,827,000 | \$500,482,000^b |

^a Includes \$165,857,000 noncompetitive tenders accepted at the average price of 99.457.

^b Includes \$33,026,000 noncompetitive tenders accepted at the average price of 98.820.

ALFRED HAYES,
President.

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

December 28, 1960

RESTRICTION ON PAYMENT OF DIVIDENDS

To All State Member Banks in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has advised us that cases have recently arisen in which dividends were paid improperly in violation of the Act of September 8, 1959, which amended the sixth paragraph of section 9, Federal Reserve Act, and section 5199(b), U. S. Revised Statutes (12 U.S.C. 60), indicating that State member banks may not be fully aware of this recently enacted law and its applicability to them.

The Act of September 8, 1959 requires the approval of the Board of Governors of the Federal Reserve System if the total of all dividends declared by a State member bank in any calendar year shall "exceed the total of its net profits of that year combined with its retained net profits of the preceding two years, less any required transfers to surplus or a fund for the retirement of any preferred stock."

The law became effective September 8, 1959. Hence, in respect to dividends declared in 1959, consideration should have been given to the amount of retained net profits for the years 1957 and 1958 in combination with the net profits of 1959. For dividends declared in 1960, the retained net profits for the years 1958 and 1959 would have to be considered in combination with the net profits of 1960.

For your information, printed on the reverse side of this letter are the provisions of section 5199(b), Revised Statutes, as amended, and the pertinent portion of the sixth paragraph of section 9 of the Federal Reserve Act, as amended.

HOWARD D. CROSSE,
Vice President.

(Over)

Section 5199(b), Revised Statutes, as amended

Sec. 5199(b). The approval of the Comptroller of the Currency shall be required if the total of all dividends declared by such association in any calendar year shall exceed the total of its net profits of that year combined with its retained net profits of the preceding two years, less any required transfers to surplus or a fund for the retirement of any preferred stock.

Extract from paragraph 6, section 9,
Federal Reserve Act, as amended

Sec. 9, paragraph 6. Provisions of law to be complied with; reports of condition. All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this Act, *** to conform to the provisions of sections 5199(b) and 5204 of the Revised Statutes with respect to the payment of dividends; except that any reference in any such provision to the Comptroller of the Currency shall be deemed for the purposes of this sentence to be a reference to the Board of Governors of the Federal Reserve System. ***