

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5527]
July 29, 1964]

Treasury Announces August Refunding Terms
and Plans for March Tax Bill Offering

*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 \$4 billion, or thereabouts, through the issuance of 18-month $3\frac{7}{8}$ percent Treasury notes, at par, dated August 15, 1964, for the purpose of paying off in cash \$4.1 billion of the following Treasury securities maturing August 15, 1964:

\$1,198 million of 5 percent Treasury Notes of Series B-1964, dated October 15, 1959; and
\$2,910 million of $3\frac{3}{4}$ percent Treasury Notes of Series E-1964, dated August 1, 1961.

The Treasury also announced that it plans to offer \$1 to $\$1\frac{1}{2}$ billion of March tax bills later in August.

The new 18-month $3\frac{7}{8}$ percent notes being offered now will be dated August 15, 1964, and will mature February 15, 1966. Interest will be payable semiannually on February 15 and August 15, 1965, and on February 15, 1966. The notes will be made available in registered as well as bearer form. Payment and delivery date for the notes will be August 17.

Subscriptions 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 5 percent Treasury Notes of Series B-1964 or $3\frac{3}{4}$ percent Treasury Notes of Series E-1964, 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 only on Monday, August 3. 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, August 3, 1964, will be considered timely.

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

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 payment of 2 percent (in cash, or Treasury Notes of Series B-1964 or Series E-1964, maturing August 15, 1964, at par) of the amount of notes applied for, not subject to withdrawal until after allotment.

(OVER)

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of $3\frac{7}{8}$ 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, July 29, 1964, 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 $3\frac{7}{8}$ percent notes until after midnight, August 3, 1964.

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 official offering circular and subscription form for the new notes will be mailed to reach you by Monday, August 3.

ALFRED HAYES,
President.