

PRIVATE.

Royal Bank of Scotland.

BD.

3. Bishopsgate.

London, 11th February 1925.
E.C.2.

Risto Ryti, Esqr.

Dear Sir,

With reference to our conversation yesterday, I have now the pleasure to hand you a short Memorandum dealing with the weekly tender for British Government Treasury Bills.

With regard to your enquiry as to the Rate of Interest we would be willing to allow on a Fixed Deposit, we shall be very pleased to quote to you when desired our best rate for deposits fixed for

- 1 month
- 2 months
- 3 months.

At the moment the rate for a 3 months' deposit would be from $3\frac{1}{2}\%$ to a little over that figure, but, in order to put you on the best basis, we would also be willing to quote you the "tap" rate/

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MEMORANDUM FOR MR. RISTO RYTI.

BRITISH GOVERNMENT TREASURY BILLS.

On every Friday the Government invites tenders through the Bank of England for a certain specified amount of Bills - generally about £25/50,000,000- per week - and these are allotted to the successful applicants - mostly Banks and Finance Houses - who tender at the rates most favourable to the Government. In addition, the Bank of England fixes a rate, which is always a little lower than the average tender rate, at which they will sell Treasury Bills any succeeding day from the Friday until the next Friday. This is called the "tap" rate, but it should be explained that the Government, in the event of easier conditions prevailing in the course of the week, or for other reasons, may withdraw the selling of bills on "tap."

Last week the Treasury Bills were allotted at an average rate of $3\frac{7}{8}$ % per annum, and the "tap" rate fixed was at $3\frac{3}{8}$ %. These Treasury Bills are eagerly sought for by the Banks and other Finance Houses, as they provide, with their day-to-day maturities, an elastic form of security which can always be readily discounted.
