

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, November 10, 1966

## TREASURY FINANCING

To All Banking Institutions and Others Concerned  
in the Eleventh Federal Reserve District:

There is quoted below a press statement issued today by the Treasury Department in regard to current financing:

### TREASURY BILL OFFERING OF \$1.2 BILLION

The Treasury announced today an auction of \$1.2 billion of bills maturing in March, April and May 1967. In this offering, the bills maturing March 31, April 30 and May 31, which were originally sold as 12-month bills, will be reopened in the amount of \$400 million each — a total of \$1.2 billion of additional cash.

The auction will be on November 17 with payment on November 25. In this "strip" offering, subscribers will put in for equal amounts of each of the three bills being reopened. Commercial banks may pay for their own purchases and for their customers' purchases by crediting Treasury Tax and Loan Accounts.

The sale of these bills will have the effect of integrating the March, April and May month-end bill issues more speedily into the new cycle of monthly sales of 12- and 9-month Treasury bills.

With this offering, it was indicated, the Treasury will have nearly completed its new cash borrowing in the market for the current calendar year. An additional cash offering, of approximately similar size and in the form of Tax Anticipation Bills, is now planned for payment in December.

The official announcement and tender forms for the \$1.2 billion strip of Treasury bills to be issued on November 25, 1966, are enclosed. Tenders for the additional bills will be received at this bank and its branches at El Paso, Houston and San Antonio, up to twelve-thirty p.m., Central Standard Time, Thursday, November 17, 1966. Tenders may not be entered by telephone.

Yours very truly,

Watrous H. Irons

President

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, November 10, 1966

## TREASURY OFFERS \$1,200,000,000, STRIP OF OUTSTANDING BILLS

To All Banking Institutions and Others Concerned  
in the Eleventh Federal Reserve District:

Your attention is invited to the following statement giving details of a strip of outstanding Treasury bills:

The Treasury Department, by this public notice, invites tenders for additional amounts of three series of Treasury bills to an aggregate amount of \$1,200,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing November 25, 1966. The additional bills will be issued November 25, 1966, will be in the amounts, and will be in addition to the bills originally issued and maturing, as follows:

Amount of Additional Issue	Original Issue Dates 1966	Maturity Dates 1967	Days from November 25, 1966 to Maturity	Amount Currently Outstanding (in millions)
\$400,000,000	March 31	March 31	126	\$1,000
400,000,000	April 30	April 30	156	1,001
400,000,000	May 31	May 31	187	1,001
<u>\$1,200,000,000</u>				

The additional and original bills will be freely interchangeable.

Each tender submitted must be in the amount of \$3,000, or an even multiple thereof, and one-third of the amount tendered will be applied to each of the above series of bills.

The bills offered hereunder will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$50,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard Time, Thursday, November 17, 1966. Tenders will not be received at the Treasury Department, Washington. In the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. A single price must be submitted for each unit of \$3,000, or even multiple thereof. A unit represents \$1,000 face amount of each issue of bills offered hereunder, as previously described. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks and Branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

All bidders 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 bills of these additional issues at a specific rate or price until after one-thirty p.m., Eastern Standard Time, Thursday, November 17, 1966.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Noncompetitive tenders for \$120,000 or less (in even multiples of \$3,000) without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 25, 1966, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 25, 1966, provided, however, any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills 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. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest.

Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss. Purchasers of a strip of the bills offered hereunder should, for tax purposes, take such bills on to their books on the basis of their purchase price prorated to each of the three outstanding issues using as a basis for proration the closing market prices for each of the issues on November 25, 1966. (Federal Reserve Banks will have available a list of these market prices, based on the mean between the bid and asked quotations furnished by the Federal Reserve Bank of New York.)

Treasury Department Circular No. 418, Revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

Payment for these Treasury bills must be made or completed at this bank or appropriate branch on November 25, 1966, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 25, 1966, provided, however, any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers (up to the amount for which it shall be qualified in excess of existing deposits).

Please note the required agreement not to purchase or sell any bills of these additional issues at a specific rate or price prior to one-thirty p.m., Eastern Standard Time, Thursday, November 17, 1966.

In accordance with the above announcement, tenders will be received at this bank and its branches at El Paso, Houston and San Antonio, up to twelve-thirty p.m., Central Standard Time, Thursday, November 17, 1966. Tenders may not be entered by telephone.

Yours very truly,

Watrous H. Irons

President

# TENDER FOR ADDITION TO TREASURY BILLS

Maturing March 31, 1967, April 30, 1967, and May 31, 1967

To: Federal Reserve Bank, Station K, Dallas, Texas 75222

or —

The \_\_\_\_\_ Branch  
 El Paso 79999 Houston 77001 San Antonio 78206

\_\_\_\_\_  
 (Date)

Pursuant to the provisions of Treasury Department Circular No. 418, Revised, and to the provisions of the public announcement, as shown on reverse side, as issued by the Treasury Department, the undersigned offers to purchase Treasury bills in the amount shown below, and agrees to pay for the amount allotted, on or before the issue date, by the method and at the rate indicated.

**NONCOMPETITIVE TENDER \$ \_\_\_\_\_ NOT TO EXCEED \$120,000**  
 (In multiples of \$3,000 for each subscriber)

Noncompetitive tenders for \$120,000 or less (in even multiples of \$3,000) without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids.

**COMPETITIVE TENDERS** { \$ \_\_\_\_\_ @ \_\_\_\_\_ \$ \_\_\_\_\_  
 (in multiples of \$3,000 for each subscriber) { \$ \_\_\_\_\_ @ \_\_\_\_\_ \$ \_\_\_\_\_  
 { \$ \_\_\_\_\_ @ \_\_\_\_\_ \$ \_\_\_\_\_

Prices should be expressed on the basis of 100, with not more than three decimal places, e. g., 99.925. Fractions must not be used.

A single price must be submitted for each unit of \$3,000 or even multiple thereof.

TENDERS MAY NOT BE ENTERED BY TELEPHONE. TENDERS BY WIRE, IF RECEIVED BEFORE THE CLOSING HOUR, ARE ACCEPTABLE.

### METHOD OF PAYMENT

- Payment to be made by \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (Name of Bank)
- By charge to our Treasury Tax and Loan Account.  
 By maturing bills held by \_\_\_\_\_  
 By charge to our reserve account on payment date.  
 By draft enclosed (effectual delivery of enclosed draft shall be on latest day which will permit presentment in order to obtain irrevocably collected funds on payment date).

### Delivery Instructions:

Treasury Bills allotted will be delivered in convenient denominations.

Describe by issue, if more than one of the following methods of delivery is desired.

- Hold in Custody Account—Member banks for own account only
- Pledge to Secure Treasury Tax and Loan Account
- Ship to \_\_\_\_\_  
 \_\_\_\_\_

We certify that we, as well as our customers, if any, listed hereon have agreed not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of these additional issues at a specific rate or price, until after one-thirty p.m., Eastern Standard Time, Thursday, November 17, 1966.

\_\_\_\_\_  
 (Subscriber's full name or corporate title)

\_\_\_\_\_  
 (Address)

By \_\_\_\_\_  
 (Authorized official signature and title)

\_\_\_\_\_  
 (For the account of, if tender is for another subscriber)

\_\_\_\_\_  
 (Address)

### IMPORTANT

1. No tender for less than \$3,000 will be considered and each tender must be for an amount in multiples of \$3,000 (maturity value).
2. Tenders should be forwarded in an envelope clearly addressed to this bank or appropriate branch as Fiscal Agent of the United States, with notation on the envelope reading "TENDER FOR TREASURY BILLS". Since envelopes received with this legend will not be opened until after the closing time specified in the public announcement, communications relating to other matters should not be enclosed. Envelopes for submitting tenders may be requested from this bank or appropriate branch.
3. Any qualified or conditional tender will be rejected.
4. If a corporation makes the tender the form should be signed by an officer of the corporation authorized to make the tender and the signing of the form by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership it should be signed by a member of the firm, who should sign in the form "\_\_\_\_\_, a copartnership, by \_\_\_\_\_, a member of the firm".
5. Tenders from those other than incorporated banks and trust companies or responsible and recognized dealers in investment securities will be disregarded, unless accompanied by a deposit of 2 per cent of the total amount (maturity value) of the Treasury bills applied for, or unless the tenders are accompanied by an express guaranty of full payment by an incorporated bank or trust company.
6. If the language of this form is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.