

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 69-45

February 20, 1969

TREASURY OFFERS \$1 BILLION STRIP OF MONTHLY 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 five series of Treasury bills to an aggregate amount of \$1,000,000,000, or thereabouts, for cash. The additional bills will be issued March 3, 1969, 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 1968	Maturity Dates 1969	Days from March 3, 1969 to Maturity	Amount Currently Outstanding (in millions)
\$200,000,000	April 30	April 30	58	\$1,501
200,000,000	May 31	May 31	89	1,503
200,000,000	June 30	June 30	119	1,502
200,000,000	July 31	July 31	150	2,606
200,000,000	August 31	August 31	181	1,506
\$1,000,000,000			Average — 119.4	

The additional and original bills will be freely interchangeable.

Each tender submitted must be in the amount of \$5,000, or an even multiple thereof, and one-fifth 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, Tuesday, February 25, 1969. 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 \$5,000, 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, Tuesday, February 25, 1969.

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 \$100,000 or less (in even multiples of \$5,000) 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 or Branch in cash or other immediately available funds on March 3, 1969; 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.

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 five outstanding issues using as a basis for proration the closing market prices for each of the issues on March 3, 1969. (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.

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, Tuesday, February 25, 1969. Tenders may not be entered by telephone.

Yours very truly,

P. E. Coldwell

President

(See reverse for tender form)

TENDER FOR ADDITION TO TREASURY BILLS

Maturing April 30, May 31, June 30, July 31 and August 31, 1969

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 \$100,000
(In multiples of \$5,000 for each subscriber)

Noncompetitive tenders for \$100,000 or less (in even multiples of \$5,000) 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 \$5,000 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 \$5,000 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

- ☐ By charge to our Treasury Tax and Loan Account.
☐ 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).
☐ Payment to be made by _____

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, Tuesday, February 25, 1969.

(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

- No tender for less than \$5,000 will be considered and each tender must be for an amount in multiples of \$5,000 (maturity value).
- 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 OFFERING". 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.
- Any qualified or conditional tender will be rejected.
- 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".
- 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.
- 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.

(See reverse for announcement)