

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 70-182

July 29, 1970

PRELIMINARY ANNOUNCEMENT

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 ANNOUNCES AUGUST FINANCING PLANS

The Treasury announced today that it is offering holders of the \$6.5 billion of 6 3/8% Treasury Notes of Series D-1970 and 4% Treasury Bonds of 1970 maturing August 15, 1970, the right to exchange their holdings for a 3 1/2-year 7 3/4% Treasury Note or a 7-year 7 3/4% Treasury Note. The public holds about \$5.6 billion and Government accounts and Federal Reserve Banks hold about \$0.9 billion of the securities eligible for exchange.

The Treasury also announced that it will offer \$2.75 billion, or thereabouts, of 18-month 7 1/2% Treasury Notes to pay for the August 15 maturities not exchanged and to raise new cash. An additional amount of these 18-month notes may be allotted to the Government accounts and Federal Reserve Banks in exchange for maturing notes and bonds held by them.

The notes being offered in exchange are:

7 3/4% Treasury Notes of Series C-1974 dated August 15, 1970, due February 15, 1974, at par; and

7 3/4% Treasury Notes of Series B-1977 dated August 15, 1970, due August 15, 1977, at 99.75 (to yield about 7.80%).

Subscription books for the exchange offering will be open for three days, Monday, August 3 through Wednesday, August 5. Cash subscriptions will not be accepted.

Cash Offering

The notes being offered for cash are:

7 1/2% Treasury Notes of Series C-1972, dated August 17, 1970, due February 15, 1972, at 99.95 (to yield about 7.54%).

Payment for these 18-month notes to the extent allotted may be made in cash, in 6 3/8% notes or 4% bonds maturing August 15, or by credit in Treasury Tax and Loan Accounts up to 50% of the amount of the notes allotted, or any combination thereof.

Subscription books for the 18-month notes will be open one day only, Wednesday, August 5.

The subscription from any commercial bank for its own account will be restricted to an amount not exceeding 50 percent of its combined capital (not including capital notes or debentures), surplus and undivided profits.

Subscriptions will be received without deposit 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, and 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 borrowing thereon.

Subscriptions from all others must be accompanied by payment of 10% (in cash, or Treasury notes or bonds maturing August 15, 1970, at par) of the amount of notes applied for not subject to withdrawal until after allotment.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of notes applied for, and to make different percentage allotments to various classes of subscribers. Subject to these reservations subscriptions in amounts up to and including \$200,000 will be allotted in full and subscriptions over \$200,000 may be allotted on a percentage basis but not less than \$200,000.

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 notes subscribed for under this offering at a specific rate or price, until after midnight, August 5, 1970.

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.

Exchange and Cash Offering

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States and placed in the mail before midnight, Wednesday, August 5, will be considered as timely. The payment and delivery date for the notes will be August 17.

The notes will be made available in registered as well as bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. 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.

Coupons dated August 15, 1970, on securities tendered in exchange or payment should be detached and cashed when due. The August 15, 1970, interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on July 15, 1970, the date the transfer books closed.

The official circulars and subscription forms for the new issues of Treasury notes will be mailed in time to reach you by Monday, August 3; however, should you not receive the forms by Wednesday, August 5, subscriptions may be entered by mail or telegram, subject to confirmation on official subscription blanks.

Yours very truly,

P. E. Coldwell

President