

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 70-261
October 30, 1970

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

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

TREASURY ANNOUNCES AUCTION OF \$2.0 BILLION OF NEW NOTES

The Treasury announced preliminary reports indicate that about \$5.3 billion of the \$6.0 billion of November 15 5% notes held by the public will be exchanged for new notes. This leaves about \$0.7 billion, or 12% to be paid off in cash.

To provide cash to pay off these notes and to raise part of the cash needed for the remainder of the calendar year, the Treasury also announced that it will auction \$2.0 billion of 6 3/4% 1½ year notes. The notes will be dated November 16, 1970, and will mature on May 15, 1972. They will be auctioned Thursday, November 5.

The Treasury noted that the use of the auction method of sale represents an adaption of the technique used successfully for many years in marketing Treasury bills. This test of the auction technique as a way of selling Treasury notes is part of a continuing effort of the Treasury to develop more efficient debt management techniques.

The details of the sales are attached. Nonbank investors should note particularly that payment for the notes must be completed in funds available to the Treasury by November 16, 1970, or deposits will be subject to forfeiture.

Yours very truly,

P. E. Coldwell

President

Enclosure

DETAILS OF TREASURY ANNOUNCEMENT OF AUCTION OF \$2.0 BILLION OF NEW NOTES

The \$2.0 billion, or thereabouts, of 1 1/2 year 6 3/4% Treasury Notes of Series D-1972 to be sold at auction under competitive and noncompetitive bidding will be issued on November 16, 1970, and mature May 15, 1972.

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

Tenders for the notes will be received up to 1:30 p.m. Eastern Standard Time, Thursday, November 5, 1970, at any Federal Reserve Bank or Branch and at the Office of the Treasurer of the United States, Washington, D. C. 20220. Tenders received after the closing hour will not be accepted.

Each tender must be in the amount of \$1,000 or a multiple thereof, and must state the price offered, if it is a competitive tender, or the term "noncompetitive", if it is a noncompetitive tender. The price on competitive tenders must be expressed on the basis of 100, with two decimals e.g., 100.00. Tenders at a price less than 99.76 will not be accepted. Fractions may not be used. The notation "Tender for Treasury Notes" should be printed at the bottom of the envelope in which the tender is submitted.

Public announcement will be made of the amount and price range of accepted tenders. 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. Subject to these reservations noncompetitive tenders for \$200,000 or less will be accepted in full at the average price (in two decimals) of accepted competitive tenders. This price may be 100.00, or more or less than 100.00.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than commercial banks will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial 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, and Government accounts. Tenders

from others must be accompanied by payment of 5 percent of the face amount of notes applied for. Payment for accepted tenders must be completed on or before Monday, November 16, 1970, at the Federal Reserve Bank or Branch or at the Office of the Treasurer of the United States in cash, 5% Treasury Notes of Series A-1970 (will be accepted at par), or other funds immediately available to the Treasury by that date. Where full payment is not completed in funds available by the payment date, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

Nonbank investors should understand that their checks will constitute payment only if they are fully and finally collected by the payment date, Monday, November 16, 1970. Checks not so collected will subject the investor's deposit to forfeiture as set forth in the preceding paragraph. A check payable other than at a Federal Reserve Bank received on the payment date will not constitute immediately available funds on that date. Accordingly, in order that a check will constitute immediately available funds to the Treasury by the payment date, it should be submitted sufficiently in advance to assure completion of its collection by Monday, November 16, 1970. Checks should be drawn to the order of the office to which the tender is submitted. If a check for the full amount of the payment is submitted with the subscription, it should be, in the case of tenders at a competitive price, equal to the total purchase price of the notes bid for, or, in the case of noncompetitive tenders, equal to the full face amount of the notes bid for. Bidders on a noncompetitive basis who submit checks for the face amount of the notes bid for will be (1) required to pay an additional amount if the purchase price is more than 100, or (2) paid the difference if the purchase price is less than 100.

Commercial banks are prohibited from making unsecured loans, or loans collateralized in whole or in part by the notes bid for, to cover the deposits required to be paid when tenders are entered and they will be required to make the usual certification to the effect. Other lenders are requested to refrain from making such loans.

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 the notes bid for under this offering at a specific rate or price, until after 1:30 p.m. Eastern Standard Time, Thursday, November 5, 1970.

Any qualified depository will be permitted to make settlement by credit in its Treasury Tax and Loan Account for not more than 50 percent of the amount of notes allotted to it for itself and its customers.

TENDER
6¾% TREASURY NOTES OF SERIES D-1972

Dated November 16, 1970

Maturing May 15, 1972

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

or —

The _____ Branch
 El Paso 79999 Houston 77001 San Antonio 78206

_____ (Date)

PLEASE OBSERVE CLOSING TIME OF 12:30 P.M., CENTRAL STANDARD TIME, THURSDAY, NOVEMBER 5, 1970

Pursuant to the provisions of Treasury Department Circular, Public Debt Series No. 12-70, as shown on the reverse side, the undersigned offers to purchase Treasury notes 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 \$200,000

Noncompetitive tenders for \$200,000 or less from any one bidder, without stated price, will be accepted in full at the average price (in two decimals) of accepted competitive bids.

COMPETITIVE TENDERS }
 \$ _____ @ _____ \$ _____
 \$ _____ @ _____ \$ _____
 \$ _____ @ _____ \$ _____

Prices should be expressed on the basis of 100, with two decimals, e. g., 100.00. Fractions must not be used. Tenders at a price less than 99.76 will not be accepted.

Number of Pieces		Denominations Desired		Maturity Value	
_____	@ \$	1,000	\$	_____	
_____	@ \$	5,000	\$	_____	
_____	@ \$	10,000	\$	_____	
_____	@ \$	100,000	\$	_____	
_____	@ \$	1,000,000	\$	_____	

METHOD OF PAYMENT

- By charge to our Treasury Tax and Loan Account. (not to exceed 50% of amount allotted)
- Payment to be made by _____
 _____ (Name of Bank)
- 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).

SCHEDULE FOR ISSUE OF REGISTERED SECURITIES

Name or names in which securities are to be registered, tax account number of owner and mailing address for interest checks.	Denominations Desired		
	No. of Pieces	Denomination	Amount
_____	@ \$	_____	\$ _____
_____	@ \$	_____	\$ _____
_____	Face Amount \$ _____		

_____ or _____
 Social Security No.

_____ or _____
 Employer Identification No.

CERTIFICATION BY COMMERCIAL BANKS

We hereby certify that we have received tenders from our customers in the amounts set opposite the customers' names on the list which is made a part of this tender; that there has been paid to us by each such customer as required by the official offering circular, not subject to withdrawal until after allotment, not less than 5 percent of the amount bid for; that we have not made unsecured loans, or loans collateralized in whole or in part by the notes bid for, to supply the amounts of such payments to any of such customers; that we have no beneficial interest in the tenders of such customers; and that none of our customers has any beneficial interest in the amount bid for our own account.

We further certify that tenders received by us, if any, from other commercial banks for their own account and for the account of their customers have been entered with us under the same conditions, agreement and certifications as set forth in this form.

CERTIFICATION BY ALL SUBSCRIBERS

We certify that all subscribers 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 of the notes of this issue at a specific rate or price, until after 1:30 p.m., Eastern Standard Time, Thursday, November 5, 1970.

Delivery Instructions:

- Hold in Custody Account—Member banks for own account only
- Pledge to secure Treasury Tax and Loan Account
- Ship to _____

_____ (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)

(See reverse for announcement)

UNITED STATES OF AMERICA
6 3/4 PERCENT TREASURY NOTES OF SERIES D-1972

Dated and bearing interest from November 16, 1970

Due May 15, 1972

DEPARTMENT CIRCULAR
Public Debt Series No. 12-70

TREASURY DEPARTMENT
Office of the Secretary
Washington, October 30, 1970

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites tenders at a price not less than 99.76 percent of their face value for \$2,000,000,000, or thereabouts, of notes of the United States, designated 6 3/4 percent Treasury Notes of Series D-1972. Tenders will be received up to one-thirty p.m., Eastern Standard Time, Thursday, November 5, 1970. The notes will be issued under competitive and non-competitive bidding, as set forth in Section III hereof. The 5 percent Treasury Notes of Series A-1970 maturing November 15, 1970, will be accepted at par in payment in whole or in part to the extent subscriptions are allotted by the Treasury.

II. DESCRIPTION OF NOTES

1. The notes will be dated November 16, 1970, and will bear interest from that date at the rate of 6 3/4 percent per annum, payable on a semi-annual basis on May 15 and November 15, 1971, and May 15, 1972. They will mature May 15, 1972, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes 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.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. Provision will be made for the interchange of notes of different denominations and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.

5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. TENDERS AND ALLOTMENTS

1. Tenders will be received at Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D. C. 20220, up to the closing hour, one-thirty p.m., Eastern Standard Time, Thursday, November 5, 1970. Each tender must state the face amount of notes bid for, which must be \$1,000 or a multiple thereof, and the price offered, except that in the case of noncompetitive tenders the term "noncompetitive" should be used in lieu of a price. In the case of competitive tenders, the price must be expressed on the basis of 100, with two decimals e.g., 100.00. Tenders at a price less than 99.76 will not be accepted. Fractions may not be used. Noncompetitive tenders from any one bidder may not exceed \$200,000. It is urged that tenders be made on the printed forms and forwarded in the special envelopes marked "Tender for Treasury Notes", which will be supplied by Federal Reserve Banks on application therefor.

2. Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than commercial banks will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from banking institutions 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, and Government accounts. Tenders from others must be accompanied by payment (in cash or 5 percent Treasury Notes of Series A-1970 which will be accepted at par) of 5 percent of the face amount of notes applied for.

3. Immediately after the closing hour tenders will be opened, 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. In considering the acceptance of tenders, the highest prices offered will be accepted in full down to the amount required, and if the same price appears in two or more tenders, and it is necessary to accept only a part of the amount offered at such price, the amount accepted at such price will be prorated in accordance with the respective amounts applied for. 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. Subject to these reservations, noncompetitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price* (in two decimals) of accepted competitive tenders.

4. 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 notes of this issue at a specific rate or price, until after one-thirty p.m., Eastern Standard Time, Thursday, November 5, 1970.

5. Commercial banks in submitting tenders will be required to certify that they have no beneficial interest in any of the tenders they enter for the account of their customers, and that their customers have no beneficial interest in the banks' tenders for their own account.

IV. PAYMENT

1. Settlement for accepted tenders in accordance with the bids must be made or completed on or before November 16, 1970, at the Federal Reserve Bank or Branch or at the office of the Treasurer of the United States, Washington, D. C. 20220, in cash, 5 percent Treasury Notes of Series A-1970 (interest coupons dated November 15, 1970 should be detached) or other funds immediately available by that date. Payment will not be deemed to have been completed where registered notes are requested if the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service (an individual's social security number or an employer identification number) is not furnished. In every case where full payment is not completed, the payment with the tender up to 5 percent of the amount of notes allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depository will be permitted to make settlement by credit in its Treasury Tax and Loan Account for not more than 50 percent of notes allotted to it for itself and its customers. When payment is made with notes of Series A-1970, a cash adjustment will be made to or required of the bidder for any difference between the face amount of notes submitted and the amount payable on the notes allotted.

V. ASSIGNMENT OF REGISTERED NOTES

1. Registered notes tendered as deposits and in payment for notes allotted hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department, in one of the forms hereafter set forth. Notes tendered in payment should be surrendered to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, D. C. 20220. The maturing notes must be delivered at the expense and risk of the holder. If the new notes are desired registered in the same name as the notes surrendered, the assignment should be to "The Secretary of the Treasury for 6 3/4 percent Treasury Notes of Series D-1972"; if the new notes are desired registered in another name, the assignment should be to "The Secretary of the Treasury for 6 3/4 percent Treasury Notes of Series D-1972 in the name of _____"; if new notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for 6 3/4 percent Treasury Notes of Series D-1972 in coupon form to be delivered to _____".

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive tenders, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid tenders allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

CHARLS E. WALKER,
Acting Secretary of the Treasury.

*Average price may be at, or more or less than 100.00.

(See reverse for tender form)

PLEASE OBSERVE CLOSING TIME OF 12:30 P.M., CENTRAL STANDARD TIME, THURSDAY, NOVEMBER 5, 1970