

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 72-288

December 14, 1972

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

There is quoted below the text of a press statement issued by
the Treasury Department today:

TREASURY ANNOUNCES FINANCING PLANS

The Treasury will sell at auction \$2.0 billion
of 5-7/8% notes maturing on December 31, 1974.

The auction will be held on Wednesday, December 20. The payment date for the notes will be Thursday, December 28. Commercial banks may make payment for their own and their customers' accepted tenders by credit to Treasury Tax and Loan Accounts. The details of this offering are being released separately.

This sale is a part of the program of issuing 2-year notes maturing at quarterly intervals that the Treasury announced in October.

Details of the note auction are enclosed. Tender forms and official circulars will be mailed on Friday, December 15. Additional copies will be furnished upon request.

Yours very truly,

P. E. Coldwell

President

Enclosure

TREASURY TO AUCTION \$2.0 BILLION OF NEW NOTES

The Treasury will auction \$2.0 billion, or thereabouts, of 2-year Treasury Notes under competitive and noncompetitive bidding. The notes will be designated 5-7/8% Treasury Notes of Series F-1974, dated December 28, 1972, due December 31, 1974 (CUSIP No. 912827 CV2).

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. Interest will be payable on June 30 and December 31 until maturity.

Tenders for the notes will be received up to 1:30 p.m., Eastern Standard time, Wednesday, December 20, 1972, at any Federal Reserve Bank or Branch and at the Office of the Treasurer of the United States, Securities Division, Washington, D. C. 20220; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than Tuesday, December 19.

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 99.51 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 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, 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 Thursday, December 28, 1972, at the Federal Reserve Bank or Branch or at the Office of the Treasurer of the United States in cash or other funds immediately available to the

Treasury by that date. Any qualified depository will be permitted to make settlement by credit in its Treasury tax and loan account for the amount of the notes allotted to it for itself and its customers. 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.

The Treasury will construe as timely payment any check drawn to the order of the Federal Reserve Bank or the Treasurer of the United States that is received at such bank or office by Tuesday, December 26, 1972, provided the check is drawn on a bank in the Federal Reserve District of the bank or office to which the tender is submitted. Other checks will constitute payment only if they are fully and finally collected by the payment date Thursday, December 28, 1972. 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.

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 that 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, Wednesday, December 20, 1972.

UNITED STATES OF AMERICA
5 7/8 PERCENT TREASURY NOTES OF SERIES F-1974

Dated and bearing interest from December 28, 1972

Due December 31, 1974

DEPARTMENT CIRCULAR
Public Debt Series No. 12-72

THE DEPARTMENT OF THE TREASURY
Office of the Secretary
Washington, December 15, 1972

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 99.51 percent of their face value for \$2,000,000,000, or thereabouts, of notes of the United States, designated 5 7/8 percent Treasury Notes of Series F-1974. Tenders will be received up to 1:30 p.m., Eastern Standard time, Wednesday, December 20, 1972. The notes will be issued under competitive and noncompetitive bidding, as set forth in Section III hereof.

II. DESCRIPTION OF NOTES

1. The notes will be dated December 28, 1972, and will bear interest from that date at the rate of 5 7/8 percent per annum, payable on a semiannual basis on June 30 and December 31, 1973, and June 30 and December 31, 1974. They will mature December 31, 1974, 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 Department of the Treasury, 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, 1:30 p.m., Eastern Standard time, Wednesday, December 20, 1972. 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 99.51 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 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 Department of the Treasury 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, those at the highest prices will be accepted to the extent required to attain the amount offered. Tenders at the lowest accepted price will be prorated if necessary. 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 price¹ (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 1:30 p.m., Eastern Standard time, Wednesday, December 20, 1972.

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 December 28, 1972, at the Federal Reserve Bank or Branch or at the Office of the Treasurer of the United States, Washington, D. C. 20220, in cash 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 notes allotted to it for itself and its customers.

V. 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.

GEORGE P. SHULTZ,
Secretary of the Treasury.

¹ Average price may be at, or more or less than 100.00.

57/8% TREASURY NOTES OF SERIES F-1974

Dated December 28, 1972

Maturing December 31, 1974

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

or —

The Branch

El Paso 79999 Houston 77001 San Antonio 78295

(Date)

Pursuant to the provision of Treasury Department Circular, Public Debt Series No. 12-72, 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

Handwriting practice lines for the symbol @. The page contains five rows of three-lined guides. Each row is labeled on the left with a dollar sign (\$) and on the right with a dollar sign (\$) and an @ symbol. The first row is pre-filled with the @ symbol in the center. The subsequent four rows are empty for practice.

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 99.51 will not be accepted.

Denominations Desired

Number of Pieces		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.☐ 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

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Social Security No.

or

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Employer Identification No.

No. of Pieces	Denomination	Amount
@	\$	\$
@	\$	\$
Face Amount		\$

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, agreements 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, Wednesday, December 20, 1972.

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)

Bv

(Authorized official signature and title)

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

(Address)

(See reverse for announcement)

Please Observe Closing Time of 12:30 P.M., Central Standard Time, Wednesday, December 20, 1972