

**FEDERAL RESERVE BANK OF DALLAS**

**FISCAL AGENT OF THE UNITED STATES**

**DALLAS, TEXAS 75222**

Circular No. 72-297  
December 28, 1972

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

There is quoted below a statement issued by the Treasury Department  
in regard to an auction of United States Treasury Bonds:

**TREASURY AUCTION OF 20-YEAR BONDS**

The Treasury will auction \$625 million of 6-3/4 percent 20-year bonds on January 4, 1973. The bonds will be dated January 10, 1973, and will mature on February 15, 1993.

These bonds are the longest securities to be offered by the Treasury since 1965. The sale is part of the Treasury's continuing effort to finance the Public Debt responsibly, in a manner neither inflationary nor disturbing to the market.

Auctions have been successfully used for many years in marketing Treasury bills, and more recently they have been used in marketing medium-term coupon issues with maturities up to 9-years 9-months. With this sale the Treasury will be extending the use of the auction method to the marketing of longer-term bonds.

The procedure under which awards will be made in this auction differs from the procedure that has been used in auctions for shorter-term securities. The difference is that all tenders accepted in this auction will be awarded at the price of the lowest accepted tender. As in the usual auctions, the Treasury will accept bids starting with the highest price bid and ranging downward to the bid which provides a total of \$625 million. (The Secretary of the Treasury reserves the right, however, to accept less than \$625 million of tenders.) This procedure will provide an incentive

to bid at prices sufficiently high to be sure of awards, while also assuring each bidder that, if he bids at a price within the range of accepted prices, he will be awarded bonds at the same price as every other bidder. Non-competitive tenders up to \$250,000 will also be accepted.

This sale of longer-term bonds at auction with the "uniform-price" method of making awards continues the Treasury's search for the most efficient means of marketing federal securities.

The details of this auction are being released separately.

The details of this auction, tender forms, and official circulars will be mailed on Friday, December 29.

Yours very truly,

P. E. Coldwell

President