

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 73-28
January 31, 1973

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

Quoted below is the text of a statement issued by the Treasury Department today concerning February financing plans.

TREASURY ANNOUNCES FEBRUARY FINANCING PLANS

The Treasury is offering holders of the \$6.8 billion of Treasury notes maturing February 15, 1973, the right to exchange their holdings for 3-1/2-year 6-1/2% Treasury notes. The public holds about \$4.8 billion and Government accounts and Federal Reserve Banks hold about \$2.0 billion of the notes eligible for exchange.

The Treasury also announced that it will auction \$1.0 billion, or thereabouts, of 6-3/4-year 6-5/8% Treasury notes. An additional amount of these notes may be allotted to Government accounts and Federal Reserve Banks in exchange for maturing notes held by them.

EXCHANGE OFFERING

The notes being offered in exchange are 6-1/2% Treasury Notes of Series G-1976, dated February 15, 1973, due August 15, 1976 (CUSIP No. 912827 CWO), at a price of 99.70 (to yield about 6.60%). Interest will be payable on August 15, 1973, and thereafter on February 15 and August 15.

Subscribers will receive a cash payment for the difference between the par value of the maturing notes and the offering price of the new notes.

Subscription books will be open until 5:00 p.m., local time, Wednesday, February 7, 1973. To be timely subscriptions must be received by a Federal Reserve Bank or Branch or by the Office of the Treasurer of the United States, Securities Division,

by such time, except that subscriptions addressed to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States postmarked before midnight, Tuesday, February 6, 1973, will be deemed to be timely. Cash subscriptions will not be accepted. The payment and delivery date for the notes will be February 15.

AUCTION

The notes to be auctioned will be 6-5/8% Treasury Notes of Series B-1979, dated February 15, 1973, due November 15, 1979 (CUSIP No. 912827 CX8), with interest payable on May 15 and November 15, 1973, and thereafter on May 15 and November 15.

Tenders will be received up to 1:30 p.m., Eastern Standard Time, Wednesday, February 7, 1973. Tenders will be received at any Federal Reserve Bank or Branch and at the Office of the Treasurer of the United States, Securities Division, Washington, D. C. 20220. Noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than February 6.

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 98.51 will not be accepted. Fractions may not be used. The notation "Tender for Treasury Notes" should be printed at the bottom of envelopes in which tenders are 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 \$400,000 or less will be accepted in full at the average price (in two decimals) of accepted competitive tenders. The 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, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of securities applied for.

Payment for accepted tenders must be completed on or before Thursday, February 15, 1973, at the Federal Reserve Bank or Branch or at the Office of the Treasurer of the United States in cash, 6-1/2% Treasury Notes of Series C-1973 or 4-7/8% Treasury Notes of Series D-1973, which 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.

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, February 13, 1973, 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, February 15, 1973. 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, February 7, 1973.

EXCHANGE AND AUCTION

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 February 15, 1973, on notes tendered in exchange or payment should be detached and cashed when due. The February 15, 1973, interest due on registered notes will be paid by issue of interest checks in regular course to holders of record on January 15, 1973, the date the transfer books closed.

Tender forms and official circulars will be mailed on Thursday, February 1, 1973.

Yours very truly,

P. E. Coldwell

President