

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 73-96
April 25, 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 May refinancing plans.

TREASURY ANNOUNCES PAYDOWN ON MAY REFINANCING

The Treasury announced today that it will auction to the public up to \$2.0 billion of 7-year 6-7/8% notes and up to \$650 million of 25-year 7% bonds to provide funds for refunding part of the \$4.3 billion of notes maturing on May 15. The Treasury said that it will use available cash to handle the balance of the maturities. Additional amounts of the notes and bonds will be allotted to Government accounts and the Federal Reserve Banks in exchange for their holdings of the maturing notes, which total \$5.3 billion.

The securities to be auctioned to the public will be:

Up to \$2.0 billion of 6-7/8% Treasury Notes of Series A-1980 dated May 15, 1973, due May 15, 1980, (CUSIP No. 912827 DL3) with interest payable on May 15 and November 15, and

Up to \$650 million of 7% Treasury Bonds of 1993-98, dated May 15, 1973, due May 15, 1998, callable at the option of the United States on any interest payment date on and after May 15, 1993, (CUSIP No. 912810 BP2) with interest payable on May 15 and November 15.

The notes and bonds 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 Daylight Saving time, Tuesday, May 1, 1973, and tenders for the bonds will be received up to 1:30 p.m., Eastern Daylight

Saving time, Wednesday, May 2, 1973, at any Federal Reserve Bank or Branch and at the Office of the Treasurer of the United States, Washington, D. C. 20222; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than April 30 for the notes and May 1 for the bonds. 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 for the notes must be expressed on the basis of 100, with two decimals, e.g., 100.00. Tenders at a price less than 98.26 for the notes will not be accepted. Tenders at the highest prices will be accepted to the extent required to attain the amount offered. Successful competitive bidders for the notes will be required to pay for the notes at the price they bid. Noncompetitive bidders will be required to pay the average price of all accepted competitive tenders.

The price on competitive tenders for the bonds must be expressed on the basis of 100, with two decimals in a multiple of .05, e.g., 100.10, 100.05, 100.00, 99.95, etc. Tenders at the highest prices will be accepted to the extent required to attain the amount offered. All accepted tenders for the bonds will be awarded at the price of the lowest accepted bid.

Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" or "TENDER FOR TREASURY BONDS" should be printed at the bottom of the envelopes in which the tenders are submitted.

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 for the notes will be accepted in full at the average price of accepted competitive tenders and noncompetitive tenders for \$250,000 or less for the bonds will be accepted in full at the same price as accepted competitive tenders. The prices 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 Tuesday, May 15, 1973, at the Federal Reserve Bank or Branch or at the Office of the Treasurer of the United States in cash, 4-3/4% Treasury Notes of Series E-1973 or 7-3/4% Treasury Notes of Series A-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 securities 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 Thursday, May 10, 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 Tuesday, May 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 securities 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 securities bid for under this offering at a specific rate or price, until after 1:30 p.m., Eastern Daylight

Saving time, Tuesday, May 1, 1973, in the case of the notes, and until after 1:30 p.m., Eastern Daylight Saving time, Wednesday, May 2, 1973, in the case of the bonds.

Tender forms and official circulars will be mailed on Thursday, April 26, 1973.

Yours very truly,

P. E. Coldwell

President