

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 73-285
November 5, 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:

TREASURY BILL AUCTIONS

The Treasury plans to raise \$1.2 billion of new cash by selling a short strip of bills totaling \$1.1 billion and by raising \$100 million through an addition to the amount of bills auctioned on Monday, November 12, 1973. The strip of bills will be auctioned on Friday, November 9, 1973, for payment on November 14, 1973. It will consist of \$100 million additions to bills maturing each week from November 23, 1973, through January 31, 1974. This auction, combined with the addition of \$100 million to the regular auction on Monday, November 12, will bring all weekly bill maturities to \$4.3 billion. None of the bills may be paid for by credit to Treasury tax and loan accounts.

This limited short-term financing is a by-product of the recent welcome improvement in the international payments position of the United States. This improved payments position has been reflected in reduced holdings of Treasury debt by some foreign monetary authorities. A portion of this reduction, which is in itself desirable, may give rise to some redemptions of special U. S. Treasury securities held by those monetary authorities. In the absence of an ability to borrow directly from the Federal Reserve Banks (the authority for which expired on October 31 and has not yet been extended by the Congress), a limited addition to Treasury cash balances is now required to prudently prepare for this eventuality.

Copies of the official circular/tender for the strip offering are enclosed. Additional copies are available upon request.

Yours very truly,

P. E. Coldwell
President

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TREASURY OFFERS \$1.1 BILLION STRIP OF WEEKLY BILLS

To All Banking Institutions and Others Concerned

in the Eleventh Federal Reserve District:

Your attention is invited to the following statement giving details of a strip of outstanding Treasury bills:

The Treasury Department, by this public notice, invites tenders for additional amounts of eleven series of Treasury bills to the aggregate amount of \$1,100,000,000, or thereabouts, for cash. The additional bills will be issued November 14, 1973, will be in the amounts and will be in addition to the bills originally issued and maturing as follows:

Amount of Additional Issue	Original Issue Dates	Maturity Dates	CUSIP Nos.	Days from November 14, 1973 to Maturity	Amount Currently Outstanding (in millions)
\$ 100,000,000	May 24, 1973	Nov. 23, 1973	912793 SE7	9	\$4,202
100,000,000	May 31, 1973	Nov. 29, 1973	912793 SF4	15	4,205
100,000,000	June 7, 1973	Dec. 6, 1973	912793 SG2	22	4,210
100,000,000	June 14, 1973	Dec. 13, 1973	912793 SH0	29	4,192
100,000,000	June 21, 1973	Dec. 20, 1973	912793 SJ6	36	4,203
100,000,000	June 28, 1973	Dec. 27, 1973	912793 SK3	43	4,204
100,000,000	July 5, 1973	Jan. 3, 1974	912793 SS6	50	4,202
100,000,000	July 12, 1973	Jan. 10, 1974	912793 ST4	57	4,204
100,000,000	July 19, 1973	Jan. 17, 1974	912793 SU1	64	4,203
100,000,000	July 26, 1973	Jan. 24, 1974	912793 SV9	71	4,201
100,000,000	Aug. 2, 1973	Jan. 31, 1974	912793 SW7	78	4,212
\$1,100,000,000			Average	43.1	

The additional and original bills will be freely interchangeable.

Each tender submitted must be in the minimum amount of \$110,000. Tenders over \$110,000 must be in multiples of \$55,000.

One-eleventh of the amount tendered will be applied to each of the above series of bills.

The bills offered hereunder will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$10,000, \$15,000, \$50,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard Time, Friday, November 9, 1973. Tenders will not be received at the Treasury Department, Washington. In the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. A single price must be submitted for each tender. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

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 bills of these additional issues at a specific rate or price, until after one-thirty p.m., Eastern Standard Time, Friday, November 9, 1973.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Only those submitting competitive 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 \$220,000 or less (in amounts as set forth in the second paragraph) without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on November 14, 1973.

Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is considered to accrue when the bills are sold, redeemed or otherwise disposed of, and the bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder must include in his income tax return, as ordinary gain or loss, the difference between the price paid for the bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made. Purchasers of a strip of the bills offered hereunder should, for tax purposes, take such bills onto their books on the basis of their purchase price prorated to each of the eleven outstanding issues using as a basis for proration the closing market prices for each of the issues on November 14, 1973. (Federal Reserve Banks will have available a list of these market prices, based on the mean between the bid and asked quotations furnished by the Federal Reserve Bank of New York.)

Treasury Department Circular No. 418 (current revision) and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

In accordance with the above announcement, tenders will be received at this bank and its branches at El Paso, Houston and San Antonio, up to twelve-thirty p.m., Central Standard Time, Friday, November 9, 1973. Tenders may not be entered by telephone.

Yours very truly,

P. E. Coldwell

President

TENDER FOR ADDITION TO TREASURY BILLS

Maturing: 1973 — November 23, November 29, December 6, December 13, December 20, and December 27
 1974 — January 3, January 10, January 17, January 24, and January 31

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

or —

The _____ Branch _____
 El Paso 79999 Houston 77001 San Antonio 78295

(Date) _____

Pursuant to the provisions of Treasury Department Circular No. 418 (current revision) and to the provisions of the public announcement, as shown on reverse side, as issued by the Treasury Department, the undersigned offers to purchase Treasury bills 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 \$220,000
 (Minimum \$110,000 — over that multiples of \$55,000, for each subscriber)

Noncompetitive tenders for \$220,000 or less (in multiples of \$55,000 over \$110,000 minimum) without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids.

COMPETITIVE TENDERS

(minimum \$110,000 — over that multiples of \$55,000, for each subscriber)

\$	_____	@	_____	\$	_____
\$	_____	@	_____	\$	_____
\$	_____	@	_____	\$	_____
\$	_____	@	_____	\$	_____
\$	_____	@	_____	\$	_____

Prices should be expressed on the basis of 100, with not more than three decimal places, e.g., 99.925. Fractions must not be used.

A single price must be submitted for each tender.

TENDERS MAY NOT BE ENTERED BY TELEPHONE. TENDERS BY WIRE, IF RECEIVED BEFORE THE CLOSING HOUR, ARE ACCEPTABLE.

METHOD OF PAYMENT

- 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).
- Payment to be made by _____

Delivery Instructions:

Treasury Bills allotted will be delivered in convenient denominations.

Describe by issue, if more than one of the following methods of delivery is desired.

- Hold in Custody — General Account
- Hold in Custody — Investment Account
- Hold in Custody — Trust Account
- Pledge to secure Treasury Tax and Loan Account
- Other _____

We certify that we, as well as our customers, if any, 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 bills of these additional issues at a specific rate or price, until after one-thirty p.m., Eastern Standard Time, Friday, November 9, 1973.

 (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)

IMPORTANT

1. No tender for less than \$110,000 will be considered and each tender over \$110,000 must be for an amount in multiples of \$55,000 (maturity value).
2. Tenders should be forwarded in an envelope clearly addressed to this bank or appropriate branch as Fiscal Agent of the United States, with notation on the envelope reading "TENDER FOR TREASURY OFFERING". Since envelopes received with this legend will not be opened until after the closing time specified in the public announcement, communications relating to other matters should not be enclosed. Envelopes for submitting tenders may be requested from this bank or appropriate branch.
3. Any qualified or conditional tender will be rejected.
4. If a corporation makes the tender the form should be signed by an officer of the corporation authorized to make the tender and the signing of the form by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership it should be signed by a member of the firm, who should sign in the form "_____, a copartnership, by _____, a member of the firm".
5. Tenders from those other than incorporated banks and trust companies or responsible and recognized dealers in investment securities will be disregarded, unless accompanied by a deposit of 2 per cent of the total amount (maturity value) of the Treasury bills applied for, or unless the tenders are accompanied by an express guaranty of full payment by an incorporated bank or trust company.
6. If the language of this form is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

(Se reverse for announcement)