

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 74-38
January 31, 1974

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 yesterday concerning February financing plans.

TREASURY ANNOUNCES FEBRUARY REFINANCING

The Treasury announced today that it will provide funds for retiring the \$4.5 billion of publicly held notes and bonds maturing on February 15 by auctioning to the public up to \$2.25 billion of 3-1/4 year notes, up to \$1.5 billion of 7-year notes and up to \$300 million of 19-1/2 year bonds. 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 securities, which total \$0.9 billion. The securities to be auctioned will be:

Treasury Notes of Series C-1977 dated February 15, 1974, due May 15, 1977 (CUSIP No. 912827 DQ2), with interest payable on May 15 and November 15, 1974, and thereafter on May 15 and November 15,

Treasury Notes of Series A-1981 dated February 15, 1974, due February 15, 1981 (CUSIP No. 912827 DR0), with interest payable on February 15 and August 15, and

an additional amount of the 7-1/2% Treasury Bonds of 1988-93, dated August 15, 1973, due August 15, 1993, callable at the option of the United States on any interest payment date on and after August 15, 1988 (CUSIP No. 912810 BQ0), with interest payable on February 15 and August 15.

The coupon rates for the two issues of notes will be announced on Monday, February 4.

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 7-year notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, February 5, 1974, tenders for the 3-1/4 year notes will be received up to 2:00 p.m., EDST, Wednesday, February 6, 1974, and tenders for the 19-1/2 year bonds will be received up to 1:30 p.m., EDST, Thursday, February 7, 1974, at any Federal Reserve Bank or Branch, and at the Bureau of Government Financial Operations, Banking and Cash Management, 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 February 4 for the 7-year notes, February 5 for the 3-1/4 year notes and February 6 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 99.26 for the 3-1/4 year notes and 98.26 for the 7-year 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 for the issue.

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 for the bonds at a price less than 95.30 will not be accepted. 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 (SERIES C-1977 or A-1981)" or "TENDER FOR TREASURY BONDS" should be printed at the bottom of the envelopes in which tenders are submitted.

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 \$500,000 or less for each issue of 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 the lowest accepted competitive tender. 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 for the notes must be completed on or before Friday, February 15, 1974. Payment for accepted tenders for the bonds, including interest from February 15 to February 28, 1974 (\$2.69337 per \$1,000) must be completed on or before Thursday, February 28, 1974. Payments must be made at the Federal Reserve Bank or Branch or at the Bureau of Government Financial Operations in cash, 7-3/4% Treasury Notes of Series C-1974 or 4-1/8% Treasury Bonds of 1974, 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 United States Treasury that is received at such bank or office by Wednesday, February 13, 1974, for the notes and Monday, February 25, 1974, for the bonds, 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. 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 the closing hour for the receipt of tenders for each particular issue.

Combination tender forms/circular letters are enclosed.

Yours very truly,

P. E. Coldwell

President

Enclosures

UNITED STATES OF AMERICA
TREASURY NOTES OF SERIES C-1977

Dated and bearing interest from February 15, 1974

Due May 15, 1977

DEPARTMENT CIRCULAR
Public Debt Series — No. 1-74

DEPARTMENT OF THE TREASURY
Office of the Secretary
Washington, January 31, 1974

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 99.26 percent of their face value for \$2,250,000,000, or thereabouts, of notes of the United States, designated Treasury Notes of Series C-1977. The interest rate for the notes will be publicly announced by the Secretary of the Treasury on February 4, 1974. An additional amount of the notes may be allotted by the Secretary of the Treasury to Government accounts and Federal Reserve Banks at the average price of accepted tenders in exchange for Treasury notes and bonds maturing February 15, 1974. Tenders will be received up to 2:00 p.m., Eastern Daylight Saving time, Wednesday, February 6, 1974, under competitive and noncompetitive bidding, as set forth in Section III hereof. The 7 $\frac{3}{4}$ percent Treasury Notes of Series C-1974 and 4 $\frac{1}{8}$ percent Treasury Bonds of 1974, maturing February 15, 1974, will be accepted at par in payment, in whole or in part, to the extent tenders are allotted by the Treasury.

II. DESCRIPTION OF NOTES

1. The notes will be dated February 15, 1974, and will bear interest from that date, payable on a semiannual basis on May 15 and November 15, 1974, and thereafter on May 15 and November 15 in each year until the principal amount becomes payable. They will mature May 15, 1977, 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 Bureau of Government Financial Operations, Washington, D. C. 20222, up to the closing hour, 2:00 p.m., Eastern Daylight Saving time, Wednesday, February 6, 1974. 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 99.26 will not be accepted. Fractions may not be used. Noncompetitive tenders from any one bidder may not exceed \$500,000.

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 (in cash or the securities referred to in Section I which will be accepted at par) 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, including the right to accept less than \$2,250,000,000 of tenders and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for \$500,000 or less without stated price from any one bidder will be accepted in full at the average price* (in two decimals) of accepted competitive tenders.

4. All bidders are required to agree not to purchase or 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 2:00 p.m., Eastern Daylight Saving time, Wednesday, February 6, 1974.

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 February 15, 1974, at the Federal Reserve Bank or Branch or at the Bureau of Government Financial Operations, Washington, D. C. 20222, in cash, securities referred to in Section I (interest coupons dated February 15, 1974, should be detached) 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. When payment is made with securities, a cash adjustment will be made to or required of the bidder for any difference between the face amount of securities submitted and the amount payable on the notes allotted.

V. ASSIGNMENT OF REGISTERED SECURITIES

1. Registered securities tendered as deposits and in payment for notes allotted hereunder are not required to be assigned if the notes are to be registered in the same names and forms as appear in the registrations or assignments of the securities surrendered. Specific instructions for the issuance and delivery of the notes, signed by the owner or his authorized representative, must accompany the securities presented. Otherwise, the securities should be assigned by the registered payees or assignees thereof in accordance with the general regulations governing United States securities, as hereinafter set forth. Notes to be registered in names and forms different from those in the inscriptions or assignments of the securities presented should be assigned to "The Secretary of the Treasury for Treasury Notes of Series C-1977 in the name of (name and taxpayer identifying number)." If notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for coupon Treasury Notes of Series C-1977 to be delivered to _____." Securities tendered in payment should be surrendered to the Federal Reserve Bank or Branch or to the Bureau of Government Financial Operations, Banking and Cash Management, Washington, D. C. 20222. The securities must be delivered at the expense and risk of the holder.

VI. 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

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

PLEASE OBSERVE CLOSING TIME OF 1:00 P.M., CENTRAL DAYLIGHT SAVING TIME, WEDNESDAY, FEBRUARY 6, 1974

UNITED STATES OF AMERICA
TREASURY NOTES OF SERIES A-1981

Dated and bearing interest from February 15, 1974

Due February 15, 1981

DEPARTMENT CIRCULAR
Public Debt Series — No. 2-74

DEPARTMENT OF THE TREASURY
Office of the Secretary
Washington, January 31, 1974

I. OFFERING OF NOTES

1. The Secretary of the Treasurer, pursuant to the authority of the Second Liberty Bond Act, as amended, invites tenders at a price not less than 98.26 percent of their face value for \$1,500,000,000, or thereabouts, of notes of the United States, designated Treasury Notes of Series A-1981. The interest rate for the notes will be publicly announced by the Secretary of the Treasury on February 4, 1974. An additional amount of the notes may be allotted by the Secretary of the Treasury to Government accounts and Federal Reserve Banks at the average price of accepted tenders in exchange for Treasury notes and bonds maturing February 15, 1974. Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, February 5, 1974, under competitive and noncompetitive bidding, as set forth in Section III hereof. The 7¾ percent Treasury Notes of Series C-1974 and 4½ percent Treasury Bonds of 1974, maturing February 15, 1974, will be accepted at par in payment, in whole or in part, to the extent tenders are allotted by the Treasury.

II. DESCRIPTION OF NOTES

1. The notes will be dated February 15, 1974, and will bear interest from that date, payable semiannually on August 15, 1974, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature February 15, 1981, 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 Bureau of Government Financial Operations, Washington, D. C. 20222, up to the closing hour, 1:30 p.m., Eastern Daylight Saving time, Tuesday, February 5, 1974. 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 non-competitive 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 98.26 will not be accepted. Fractions may not be used. Noncompetitive tenders from any one bidder may not exceed \$500,000.

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 (in cash or the securities referred to in Section I which will be accepted at par) 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, including the right to accept less than \$1,500,000,000 of tenders and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for \$500,000 or less without stated price from any one bidder will be accepted in full at the average price* (in two decimals) of accepted competitive tenders.

4. All bidders are required to agree not to purchase or 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 Daylight Saving time, Tuesday, February 5, 1974.

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 February 15, 1974, at the Federal Reserve Bank or Branch or at the Bureau of Government Financial Operations, Washington, D. C. 20222, in cash, securities referred to in Section I (interest coupons dated February 15, 1974, should be detached) 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. When payment is made with securities, a cash adjustment will be made to or required of the bidder for any difference between the face amount of securities submitted and the amount payable on the notes allotted.

V. ASSIGNMENT OF REGISTERED SECURITIES

1. Registered securities tendered as deposits and in payment for notes allotted hereunder are not required to be assigned if the notes are to be registered in the same names and forms as appear in the registrations or assignments of the securities surrendered. Specific instructions for the issuance and delivery of the notes, signed by the owner or his authorized representative, must accompany the securities presented. Otherwise, the securities should be assigned by the registered payees or assignees thereof in accordance with the general regulations governing United States securities, as hereinafter set forth. Notes to be registered in names and forms different from those in the inscriptions or assignments of the securities presented should be assigned to "The Secretary of the Treasury for Treasury Notes of Series A-1981 in the name of (name and taxpayer identifying number)." If notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for coupon Treasury Notes of Series A-1981 to be delivered to _____." Securities tendered in payment should be surrendered to the Federal Reserve Bank or Branch or to the Bureau of Government Financial Operations, Banking and Cash Management, Washington, D. C. 20222. The securities must be delivered at the expense and risk of the holder.

VI. 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

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

