

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 74-79
March 21, 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 a new offering of Treasury notes.

TREASURY TO AUCTION \$1.5 BILLION OF NEW NOTES

The Treasury will auction \$1.5 billion, or thereabouts, of 2-year Treasury Notes under competitive and noncompetitive bidding. The notes will be dated April 9, 1974, due March 31, 1976 (CUSIP No. 912827 DS8). The rate for the notes will be announced on Wednesday, March 27, 1974.

The notes will be issued in registered and bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. Interest will be payable on September 30, 1974, March 31 and September 30, 1975, and March 31, 1976.

Tenders for the notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Thursday, March 28, 1974, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than Wednesday, March 27, 1974.

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 99.76 will not be accepted. Fractions may not be used. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of the envelope in which the tender is 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 non-competitive tenders for \$500,000 or less will be accepted in full at the average price (in two decimals) of accepted competitive tenders. This 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, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for.

Payment for accepted tenders must be completed on or before Tuesday, April 9, 1974, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt in cash 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. Payment may not be made through Tax and Loan Accounts.

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 Thursday, April 4, 1974, 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, April 9, 1974. 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 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 Daylight Saving time, Thursday, March 28, 1974.

Combination tender forms/circular letters are enclosed.

Yours very truly,

P. E. Coldwell

President

Enclosures

PLEASE OBSERVE CLOSING TIME OF 12:30 P.M., CENTRAL DAYLIGHT SAVING TIME, THURSDAY, MARCH 28, 1974

Maturing March 31, 1976

or —

El Paso 79999 Houston 77001 San Antonio 78295

(Date)

NONCOMPETITIVE TENDER \$ _____ NOT TO EXCEED \$500,000

COMPETITIVE TENDERS

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

Prices should be expressed on the basis of 100, with two decimals, e. g., 100.00. Tenders at a price less than 99.76 will not be accepted. Fractions must not be used.

METHOD OF PAYMENT

☐ Payment to be made by _____☐ 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).

Name or names in which securities are to be registered, tax account number of owner and mailing address for interest checks.						Denominations Desired		
						No. of Pieces	Denomination	Amount
						@ \$	\$	\$
						@ \$	\$	\$
						Face Amount \$		

We hereby certify that we have received tenders from our customers in the amounts set opposite the customers' names on the list which is made a part of this tender; that there has been paid to us by each such customer as required by the official offering circular, not subject to withdrawal until after allotment, not less than 5 percent of the amount bid for; that we have not made unsecured loans, or loans collateralized in whole or in part by the notes bid for, to supply the amounts of such payments to any of such customers; that we have no beneficial interest in the tenders of such customers; and that none of our customers has any beneficial interest in the amount bid for our own account.

We further certify that tenders received by us, if any, from the other commercial banks for their own account and for the account of their customers have been entered with us under the same conditions, agreements and certifications as set forth in this form.

We certify that all subscribers 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 of the notes of this issue at a specific rate or price, until after 1:30 p.m., Eastern Daylight Saving Time, Thursday, March 28, 1974.

☐ Hold in Custody — General Account

☐ Hold in Custody — Investment Account

☐ Hold in Custody — Trust Account

☐ Pledge to secure Treasury Tax and Loan Account

☐ Other _____

(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)

(See reverse for announcement)

UNITED STATES OF AMERICA
TREASURY NOTES OF SERIES H-1976

Dated and bearing interest from April 9, 1974

Due March 31, 1976

DEPARTMENT CIRCULAR
Public Debt Series — No. 4-74

DEPARTMENT OF THE TREASURY
Office of the Secretary
Washington, March 21, 1974

I. INVITATION FOR TENDERS

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 99.76 percent of their face value for \$1,500,000,000, or thereabouts, of notes of the United States, designated Treasury Notes of Series H-1976. The interest rate for the notes will be publicly announced by the Secretary of the Treasury on March 27, 1974. Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Thursday, March 28, 1974, under competitive and noncompetitive bidding, as set forth in Section III hereof.

II. DESCRIPTION OF NOTES

1. The notes will be dated April 9, 1974, and will bear interest from that date, payable on a semiannual basis on September 30, 1974, March 31 and September 30, 1975, and March 31, 1976. They will mature March 31, 1976, 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 the Public Debt, Washington, D. C. 20226, up to the closing hour, 1:30 p.m., Eastern Daylight Saving time, Thursday, March 28, 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 99.76 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 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, Thursday, March 28, 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 April 9, 1974, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt, Washington, D. C. 20226, in cash 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.

V. 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.

(See reverse for tender form)

PLEASE OBSERVE CLOSING TIME OF 12:30 P.M., CENTRAL DAYLIGHT SAVING TIME, THURSDAY, MARCH 28, 1974