

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 74-117

May 1, 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 today concerning the May refinancing.

TREASURY ANNOUNCES MAY REFINANCING

The Treasury announced today that it will auction to the public up to \$2 billion of 25-1/2 month notes, up to \$1-3/4 billion of 4-1/4 year notes, and up to \$300 million of 25 year 8-1/2% bonds, to provide funds for refunding part of the \$5.6 billion of securities maturing May 15. The Treasury said that it will use available cash to handle the balance of the maturities. It also announced that it will increase the amount of the weekly offerings of Treasury bills to be issued from May 16 through June 13 by \$200 million each week. 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 \$1.6 billion. The securities to be auctioned will be:

Treasury Notes of Series I-1976 dated May 15, 1974, due June 30, 1976 (CUSIP No. 912827 DT6) with interest payable on December 31, 1974, and thereafter on June 30 and December 31,

Treasury Notes of Series C-1978 dated May 15, 1974, due August 15, 1978 (CUSIP No. 912827 DU3) with interest payable on August 15, 1974, and thereafter on February 15 and August 15,

8-1/2% Treasury Bonds of 1994-99 dated May 15, 1974, due May 15, 1999, callable at the option of the United States on any interest payment date on and after May 15, 1994 (CUSIP No. 912810 BR8) with interest payable on May 15 and November 15.

The rates for the notes will be announced on Friday, May 3.

The notes will be issued in registered and bearer form in

denominations of \$10,000, \$100,000 and \$1,000,000. The 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 4-1/4 year notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, May 7, tenders for the 25-1/2 month notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Wednesday, May 8, and tenders for the bonds will be received up to 2:00 p.m., Eastern Daylight Saving time, Wednesday, May 8 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 May 6 for the 4-1/4 year notes and May 7 for the 25-1/2 month notes, and the bonds. Each tender for the notes must be in the amount of \$10,000 or a multiple thereof, and each tender for the bonds must be in the amount of \$1,000 or a multiple thereof, and all tenders must state the price offered, if a competitive tender, or the term "noncompetitive", if 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 99.51 for the 25-1/2 month notes and 99.01 for the 4-1/4 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.

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 93.80 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 I-1976 or C-1978)" or "TENDER FOR TREASURY BONDS" should be printed at the bottom of the envelopes in which the 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 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 the 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 Wednesday, May 15, 1974. Payments must be made at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt in cash, 7-1/4% Treasury Notes of Series D-1974 or 4-1/4% 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 Monday, May 13, 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. 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 will be distributed tomorrow.

Yours very truly,

P. E. Coldwell

President