

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5273]
December 20, 1962]

Treasury Announces Offering of Bonds at Competitive Bidding

To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:

The following statement was made public today by the Treasury Department:

Treasury Secretary Douglas Dillon today issued a public notice of invitation for bids on \$250,000,000 of Treasury Bonds of 1988-1993. This will be the first sale of Treasury bonds to an underwriter on the basis of competitive bidding for reoffering to the public. The Treasury announced last September its intention to test this new technique.

Bids for the bonds will be received at the Federal Reserve Bank of New York not later than 11 a.m., Eastern Standard time, on Tuesday, January 8, 1963. The successful bidder will be required to make a *bona fide* reoffering of all of the bonds to the investing public.

The bonds will mature on February 15, 1993, but may be called for payment on February 15, 1988, or any interest payment date thereafter. The bonds will be dated January 17, 1963. Interest will be payable on February 15 and August 15 of each year until the bonds mature or are called. The first interest coupon, payable August 15, 1963, will cover interest accrued between January 17, 1963 and August 15, 1963.

A supplemental notice, to be published on January 2, 1963, will set forth provisions relating to the coupon rate or rates of interest upon which bids will be received. Bidders must file a Notice of Intent to Bid at the Federal Reserve Bank of New York not later than 12 noon, Eastern Standard time, on January 4, 1963.

Payment for the bonds must be made in immediately available funds not later than 11 a.m., Eastern Standard time, on January 17, 1963.

A copy of the notice of invitation to bid appears on the following pages. Copies of Treasury Department Circular, Public Debt Series No. 22-62, and of Forms PD 3555, PD 3556, and PD 3557, and envelopes, referred to in the notice of invitation to bid, will be furnished upon request addressed to our Securities Department.

ALFRED HAYES,
President.

PUBLIC NOTICE OF INVITATION TO BID

on

Treasury Bonds of 1988-93

The Secretary of the Treasury, by this notice and under the terms and conditions prescribed in Treasury Department Circular, Public Debt Series No. 22-62, invites bids for an issue of bonds of the United States, designated as Treasury Bonds of 1988-93. The principal amount of the issue hereunder will be \$250,000,000. These bonds will be offered only as a single block on a competitive bid basis.

I. Description of bonds

The bonds will be dated January 17, 1963, and will bear interest from that date payable on a semiannual basis on August 15, 1963, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature February 15, 1993, but may be redeemed at the option of the United States on and after February 15, 1988, at par and accrued interest, on any interest day, on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

If the bonds are owned by a decedent at the time of his death and thereupon constitute a part of his estate, they will be redeemed at par and accrued interest at the option of the representative of the estate, provided the Secretary of the Treasury is authorized by the decedent's estate to apply the entire proceeds of redemption to payment of the Federal estate taxes on such decedent's estate.

II. Notice of intent

Any individual, organization, syndicate, or other group intending to submit a bid must file written notice of such intent with the Federal Reserve Bank of New York on Form PD 3555 by 12:00 Noon, Eastern Standard Time, on January 4, 1963. Notices which are received post-marked to show they were mailed prior to that time will be treated as having been timely filed. Forms and envelopes therefor may be obtained from any Federal Reserve Bank or Branch or from the Bureau of the Public Debt, Treasury Department, Washington 25, D. C. The filing of such notice will not constitute a commitment to bid.

III. Submission of bids

Only bids submitted in accordance with the provisions of this invitation, or any supplement or amendment hereto, and of Treasury Department Circular, Public Debt Series No. 22-62, by bidders who have filed notice of their intent to bid as required by Sec. II hereof will be considered. Each bid must be submitted in duplicate on Form PD 3556, enclosed and sealed in an envelope which will be furnished with the form, and must be received in the Northwest Conference Room of the Federal Reserve Bank of New York not later than 11:00 A.M., Eastern Standard Time, on January 8, 1963. Forms and envelopes may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt, Treasury Department, Washington 25, D. C.

A bid submitted by a syndicate must be supplemented by a list of its members which must specify the amount of each member's underwriting participation. This supplement must be filed by the representative on Form PD 3557 not later than 12:00 Noon on January 8, 1963, at the place designated for receipt of bids.

Each bidder may submit only one bid, which must be for the purchase of *all* of the bonds described in this invitation. The price to be paid to the United States by the bidder must be expressed as a percentage of the principal amount of the bonds in not to exceed five decimals, e.g., 100.01038 percent. Provisions relating to the coupon rate of interest will be set forth in a supplemental notice hereto on January 2, 1963.

Each bid must be accompanied by a payment to the Federal Reserve Bank of New York, as fiscal agent of the United States, of an amount equal to 3 percent of the principal amount of the bonds in immediately available funds.

IV. *Bids—Opening—Acceptance*

Bids will be opened in the Northwest Conference Room of the Federal Reserve Bank of New York at 11:00 A.M., Eastern Standard Time, on January 8, 1963, and the accepted bid will be announced publicly not later than 2:00 P.M., Eastern Standard Time, on that date. The bids and the names of the bidders will be considered as matters of public record, including, in the case of a syndicate, the names of the members and the amount of each member's underwriting participation.

The bid to be accepted will be the one resulting in the lowest basis cost of money computed from the date of the bonds to the date of maturity determined in accordance with the terms of this invitation, or any supplement or amendment hereto, and the provisions of Treasury Department Circular, Public Debt Series No. 22-62. It shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder shall make a *bona fide* reoffering of all of the bonds to the investing public.

When the successful bidder has been announced, his deposit will be retained as security for the performance of his obligation and will be applied toward payment of the bonds. Thereafter, the deposits of all other bidders will be returned immediately. No interest will be allowed on any of the deposits. In the event that the supplemental notice does not specify a single coupon rate of interest and bids based on different coupon rates of interest result in identical basis costs of money computed to maturity, the Secretary of the Treasury will accept the bid resulting in the lowest interest cost to the first call date. Otherwise, if identical bids are submitted, the Secretary of the Treasury, in his discretion, shall determine the bid to be accepted by lot in a manner prescribed by him, unless he proposes and those who submitted the identical bids agree on a division of the bonds. In the event of a division of the bonds, the bids of the successful bidders will be amended accordingly, their deposits will be apportioned and the remainder refunded immediately.

The Secretary of the Treasury, or his representative, will accept the successful bid by signing the duplicate copy of the bid form and delivering it to the bidder, or his representative.

The Secretary of the Treasury, in his discretion, reserves the right to reject any or all bids.

V. *Payment for and delivery of bonds*

Payment for the bonds must be made in immediately available funds and must be completed by the successful bidder not later than 11:00 A.M., Eastern Standard Time, on January 17, 1963, at the Federal Reserve Bank of New York.

If the bidder desires any registered bonds to be shipped on the payment date, he must notify the Federal Reserve Bank of New York and furnish the necessary registration information within two days after the award. All other bonds will be delivered in bearer form and will be available on the payment date at Federal Reserve Banks and Branches. Shipment of the bonds will be made on the payment date, at the risk and expense of the United States, to any place or places in the United States designated by the bidder. If necessary, the Treasury will issue interim receipts for the bonds on the payment date.

DOUGLAS DILLON,
Secretary of the Treasury.