

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 5896]  
November 10, 1966]

**OFFERING OF \$1,200,000,000 STRIP OF OUTSTANDING TREASURY BILLS**

*To All Incorporated Banks and Trust Companies, and Others Concerned,  
in the Second Federal Reserve District:*

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

The Treasury announced today an auction of \$1.2 billion of bills maturing in March, April and May 1967. In this offering, the bills maturing March 31, April 30 and May 31, which were originally sold as 12-month bills, will be reopened in the amount of \$400 million each—a total of \$1.2 billion of additional cash.

The auction will be on November 17, with payment on November 25. In this "strip" offering, subscribers will put in for equal amounts of each of the three bills being reopened. Commercial banks may pay for their own purchases and for their customers' purchases by crediting Treasury Tax and Loan Accounts.

The sale of these bills will have the effect of integrating the March, April and May month-end bill issues more speedily into the new cycle of monthly sales of 12- and 9-month Treasury bills.

With this offering, it was indicated, the Treasury will have nearly completed its new cash borrowing in the market for the current calendar year. An additional cash offering of approximately similar size and in the form of tax anticipation bills is now planned for payment in December.

Following is the text of the public notice offering the bills referred to in the above statement:

The Treasury Department, by this public notice, invites tenders for additional amounts of three series of Treasury bills to an aggregate amount of \$1,200,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing November 25, 1966. The additional bills will be issued November 25, 1966, will be in the amounts, and will be in addition to the bills originally issued and maturing, as follows:

<i>Amount of additional issue</i>	<i>Original issue dates 1966</i>	<i>Maturity Dates 1967</i>	<i>Days from November 25, 1966 to maturity</i>	<i>Amount currently outstanding (in millions)</i>
\$400,000,000	March 31	March 31	126	\$1,000
400,000,000	April 30	April 30	156	1,001
400,000,000	May 31	May 31	187	1,001
<hr/> \$1,200,000,000				

The additional and original bills will be freely interchangeable.

*Each tender submitted must be in the amount of \$3,000, or an even multiple thereof, and one-third 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 \$1,000, \$5,000, \$10,000, \$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, Thursday, November 17, 1966. 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 unit of \$3,000, or even multiple thereof. A unit represents \$1,000 face amount of each issue of bills offered hereunder, as previously described. 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 and Branches on application therefor.

(OVER)



Banking institutions generally may submit tenders for account of customers provided the names of 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, Thursday, November 17, 1966.

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. 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. Noncompetitive tenders for \$120,000 or less (in even multiples of \$3,000) 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 or Branch on November 25, 1966, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 25, 1966, provided, however, any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its District. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills 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. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest.

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 not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such 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, as ordinary gain or loss. Purchasers of a strip of the bills offered hereunder should, for tax purposes, take such bills on to their books on the basis of their purchase price prorated to each of the three outstanding issues, using as a basis for proration the closing market prices for each of the issues on November 25, 1966. (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.

This Bank will receive tenders up to 1:30 p.m., Eastern Standard time, Thursday, November 17, 1966, at the Securities Department of its Head Office and at its Buffalo Branch. Please use the enclosed tender form to submit a tender, and return it in the enclosed pink envelope marked "Tender for Strip of Outstanding Treasury Bills." Tenders may be submitted by telegraph, subject to written confirmation; they may not be submitted by telephone. Settlement for accepted tenders must be made on November 25, 1966, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 25, 1966, except that any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its District.

ALFRED HAYES,  
*President.*



## TENDER FOR STRIP OF 3 SERIES OF TREASURY BILLS

TO BE ISSUED NOVEMBER 25, 1966

(Additional Amounts of Outstanding Series Maturing March 31, April 30, and May 31, 1967)

To FEDERAL RESERVE BANK OF NEW YORK,

Dated at .....

Fiscal Agent of the United States.

....., 1966

Pursuant to the provisions of Treasury Department Circular No. 418 (current revision) and to the provisions of the public notice issued by the Treasury Department inviting tenders for the above-described strip of Treasury bills, the undersigned hereby offers to purchase such strip of Treasury bills in the amount indicated below, and agrees to make payment therefor at your bank on or before the issue date at the price indicated below:

## COMPETITIVE TENDER

(In multiples of \$3,000)

[ Do not fill in both Competitive and  
Noncompetitive tenders on one form ]

## NONCOMPETITIVE TENDER

(In multiples of \$3,000)

\$..... (maturity value),  
or any lesser amount that may be awarded.

Price: ..... per 100.

(Price must be expressed with not more than three  
decimal places, for example, 99.925)

\$..... (maturity value).  
(Not to exceed \$120,000 for one bidder through all sources)

At the average price of accepted competitive bids.

Subject to allotment, payment for these bills will be made at your Bank on November 25, 1966, by cash or other immediately available funds, in a like face amount of Treasury bills maturing November 25, 1966, or (in the case of a qualified depository) by credit in Treasury Tax and Loan account.

We hereby agree not to buy 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, Thursday, November 17, 1966.

Insert this tender  
in pink envelope  
marked "Tender for  
Strip of Outstanding  
Treasury Bills"

Name of subscriber .....

(Please print)

By ....., By .....

(Official signature(s) required)

Title ....., Title .....

Address .....

(Banks submitting tenders for customer account must indicate name on line below, or attach a list)

.....  
(Name of customer).....  
(Name of customer)

(Note. Successful bidders will receive a letter of instructions form with their allotment notice to instruct us as to the disposition of, and method of payment for, the bills allotted to them.)

## INSTRUCTIONS:

1. Tenders must be submitted in units of \$3,000 or multiples thereof. A unit represents \$1,000 face amount of each series of bills offered hereunder. A single price must be submitted for each unit of \$3,000 or multiple thereof. Amounts issued on accepted tenders will be applied equally to each of the three separate series included in the offering.

2. Others than banking institutions will not be permitted to submit tenders except for their own account. Banks submitting tenders for customer account may consolidate competitive tenders at the same price and may consolidate non-competitive tenders, provided a list is attached showing the name of each bidder, the amount bid for his account, and method of payment. Forms for this purpose will be furnished on request.

3. If the person making the tender is a corporation, the tender should be signed by an officer of the corporation authorized to make the tender, and the signing of the tender 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."

4. 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.

5. If the language of this tender is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.



**NOTICE OF ALLOTMENT**  
**OF UNITED STATES OF AMERICA TREASURY BILLS**

November 18, 1966

Your ☐ competitive ☐ noncompetitive tender for—

**A STRIP OF UNITED STATES OF AMERICA TREASURY BILLS TO BE ISSUED NOVEMBER 25, 1966**  
**MATURING MARCH 31, APRIL 30, AND MAY 31, 1967**

has been accepted at the price of

(per 100), in the amount of—

\$

(maturity value)

Settlement therefor must be made in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 25, 1966 at the Federal Reserve Bank of New York on or before November 25, 1966. However, a qualified depository may make settlement by credit to its Treasury Tax and Loan Account, provided the advice of deposit attached to the enclosed letter-of-instructions form is executed and returned immediately. If settlement is to be made by check on a bank other than the Federal Reserve Bank of New York, such checks should be received by us in time for collection on November 25, 1966; otherwise forfeiture of the prescribed deposit may be declared by the Secretary of the Treasury.

On the enclosed letter-of-instructions form, please fill in instructions as to payment and disposition for the *total amount* of this strip of Treasury bills awarded to you, and return the letter immediately to our Government Bond Division.

FEDERAL RESERVE BANK OF NEW YORK  
Fiscal Agent of the United States

Checked by .....



Your ☐ competitive ☐ noncompetitive tender for—

A STRIP OF UNITED STATES OF AMERICA TREASURY BILLS TO BE ISSUED NOVEMBER 25, 1966  
MATURING MARCH 31, APRIL 30, AND MAY 31, 1967

price of

\$

Issue Maturing	Amount
3/31/67	\$
4/30/67	
5/31/67	
<b>TOTAL</b>	

PURCHASE PRICE				
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### MASTER

MATURITY VALUE				
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PURCHASE PRICE				
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### METHOD OF PAYMENT

- ☐ Check or Cash  
☐ Reserve Account  
☐ Treas. T. & L. Acc.  
☐ Delivery Teller  
☐ Foreign Oper. Div.  
☐ Form 12  
☐ Maturing Bills

DISPOSITION	AMOUNT			
Over the Counter				
Safekeeping				
Treasury Tax & Loan				
Ship				
Allotment Transfer				



ALLOTMENT NOTICE FOR SECURITIES DEPARTMENT

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☐ competitive ☐ noncompetitive

A STRIP OF UNITED STATES OF AMERICA TREASURY BILLS TO BE ISSUED NOVEMBER 25, 1966  
MATURING MARCH 31, APRIL 30, AND MAY 31, 1967

ALLOTMENT NOTICE FOR SECURITY FILES

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☐ competitive ☐ noncompetitive

**A STRIP OF UNITED STATES OF AMERICA TREASURY BILLS TO BE ISSUED NOVEMBER 25, 1966  
MATURING MARCH 31, APRIL 30, AND MAY 31, 1967**

\$



(This letter of instructions, accompanied by attached duplicate and triplicate copies, should be filled in for the *total amount* of this strip of Treasury bills awarded, and returned to Federal Reserve Bank of New York)

LETTER OF INSTRUCTIONS

To FEDERAL RESERVE BANK OF NEW YORK,  
Fiscal Agent of the United States,  
Federal Reserve P. O. Station,  
New York, N. Y. 10045

Attention: Government Bond Division—2nd Floor

Dated at .....  
.....1966

On our competitive and noncompetitive tenders for—  
**A STRIP OF UNITED STATES OF AMERICA TREASURY BILLS TO BE ISSUED NOVEMBER 25, 1966  
MATURING MARCH 31, APRIL 30, AND MAY 31, 1967**

accepted in the aggregate amount of—

\$ (maturity value)

Please issue and make delivery of the bills as instructed below:

Issue Maturing	\$1,000	\$5,000	\$10,000	\$50,000	\$100,000	\$500,000	\$1,000,000
March 31, 1967							
April 30, 1967							
May 31, 1967							

- ☐ 1. Deliver over the counter to the undersigned
- ☐ 2. Ship to the undersigned
- ☐ 3. Hold in safekeeping (for account of member bank only)\*
- ☐ 4. Hold as collateral for Treasury Tax and Loan Account\*
- ☐ 5. Special instructions:

Payment will be made as follows:

- \$..... By cash or other immediately available funds
- \$..... By charge to our reserve account
- \$..... By credit in Treasury Tax and Loan Account for which Advice of Deposit is submitted herewith
- \$..... By surrender of \$..... (maturity value) of maturing Treasury bills. Pay cash adjustment, if any—
  - ☐ By check
  - ☐ By credit to our reserve account

(No changes in delivery instructions will be accepted)

\* If this item is checked, the undersigned certifies that the allotted bills will be owned solely by the undersigned.

This letter of instructions must be signed  
officially in the space provided and re-  
turned immediately to

Submitted by ..... (Please print)  
By ..... By .....  
(Authorized signature(s) required)  
Title ..... Title .....  
Address .....

Federal Reserve Bank of New York,  
Fiscal Agent of the United States.

(Spaces below are for the use of Federal Reserve Bank of New York)

Government Bond Division	Safekeeping Division
Payment received .....	Checked .....
Deliver against payment of \$.....	Delivered .....

DELIVERY RECEIPT

Received from Federal Reserve Bank of New York, Fiscal Agent of the United States, the above described securities allotted in the amount indicated above.  
Date..... Subscriber..... By.....

If payment is to be made by credit to Treasury Tax and Loan Account, an advice of the deposit should be furnished this Bank on the form below.

Advice of Deposit in Treasury Tax and Loan Account

To FEDERAL RESERVE BANK OF NEW YORK,  
Government Bond Division.

We will deposit on November 25, 1966 \$ (purchase price) to the credit of the Federal Reserve Bank of New York, Fiscal Agent of the United States, in the Treasury Tax and Loan Account, to be held subject to withdrawal on demand in payment for \$ (maturity value) of a strip of Treasury bills maturing March 31, April 30, and May 31, 1967.

.....  
(Name of Depository)  
Address .....  
(City and State)



**DELIVERY TICKET—SAFEKEEPING DIVISION**

To FEDERAL RESERVE BANK OF NEW YORK,  
Fiscal Agent of the United States,  
Federal Reserve P. O. Station,  
New York, N. Y. 10045

Attention: Government Bond Division—2nd Floor

Dated at .....

.....1966

On our competitive and noncompetitive tenders for—

**A STRIP OF UNITED STATES OF AMERICA TREASURY BILLS TO BE ISSUED NOVEMBER 25, 1966  
MATURING MARCH 31, APRIL 30, AND MAY 31, 1967**

accepted in the aggregate amount of—

\$

(maturity value)

Please issue and make delivery of the bills as instructed below:

Issue Maturing	\$1,000	\$5,000	\$10,000	\$50,000	\$100,000	\$500,000	\$1,000,000
March 31, 1967							
April 30, 1967							
May 31, 1967							

- ☐ 1. Deliver over the counter to the undersigned
- ☐ 2. Ship to the undersigned
- ☐ 3. Hold in safekeeping (for account of member bank only)\*
- ☐ 4. Hold as collateral for Treasury Tax and Loan Account\*
- ☐ 5. Special instructions:

(No changes in delivery instructions will be accepted)

Payment will be made as follows:

- \$..... By cash or other immediately available funds
- \$..... By charge to our reserve account
- \$..... By credit in Treasury Tax and Loan Account for which Advice of Deposit is submitted herewith
- \$..... By surrender of \$..... (maturity value) of maturing Treasury bills. Pay cash adjustment, if any—

☐ By check

☐ By credit to our reserve account

\* If this item is checked, the undersigned certifies that the allotted bills will be owned solely by the undersigned.

**This letter of instructions must be signed  
officially in the space provided and re-  
turned immediately to**

Submitted by .....  
(Please print)

By ..... By .....  
(Authorized signature(s) required)

Title ..... Title .....

Address .....

**Federal Reserve Bank of New York,**  
Fiscal Agent of the United States.

(Spaces below are for the use of Federal Reserve Bank of New York)

Government Bond Division	Safekeeping Division
Payment received .....	Checked .....
Deliver against payment of \$.....	Delivered .....

**DELIVERY RECEIPT**

Received from Federal Reserve Bank of New York, Fiscal Agent of the United States, the above described securities allotted in the amount indicated above.

Date..... Subscriber..... By.....



## RELOCATION OFFICE—OUT

TO FEDERAL RESERVE BANK OF NEW YORK,  
Fiscal Agent of the United States,  
Federal Reserve P. O. Station,  
New York, N. Y. 10045

Attention: Government Bond Division—2nd Floor

Dated at .....

.....1966

On our competitive and noncompetitive tenders for—

**A STRIP OF UNITED STATES OF AMERICA TREASURY BILLS TO BE ISSUED NOVEMBER 25, 1966  
MATURING MARCH 31, APRIL 30, AND MAY 31, 1967**

accepted in the aggregate amount of—

\$

(maturity value)

Please issue and make delivery of the bills as instructed below:

Issue Maturing	\$1,000	\$5,000	\$10,000	\$50,000	\$100,000	\$500,000	\$1,000,000
March 31, 1967							
April 30, 1967							
May 31, 1967							

- ☐ 1. Deliver over the counter to the undersigned
- ☐ 2. Ship to the undersigned
- ☐ 3. Hold in safekeeping (for account of member bank only)\*
- ☐ 4. Hold as collateral for Treasury Tax and Loan Account\*
- ☐ 5. Special instructions:

(No changes in delivery instructions will be accepted)

Payment will be made as follows:

- \$..... By cash or other immediately available funds
- \$..... By charge to our reserve account
- \$..... By credit in Treasury Tax and Loan Account for which Advice of Deposit is submitted herewith
- \$..... By surrender of \$..... (maturity value) of maturing Treasury bills. Pay cash adjustment, if any—
- ☐ By check
- ☐ By credit to our reserve account

\* If this item is checked, the undersigned certifies that the allotted bills will be owned solely by the undersigned.

**This letter of instructions must be signed  
officially in the space provided and re-  
turned immediately to**

**Federal Reserve Bank of New York,**  
Fiscal Agent of the United States.

Submitted by ..... (Please print)

By ..... By .....  
(Authorized signature(s) required)

Title ..... Title .....

Address .....

(Spaces below are for the use of Federal Reserve Bank of New York)

Government Bond Division	Safekeeping Division
Payment received .....	Checked .....
Deliver against payment of \$.....	Delivered .....

## DELIVERY RECEIPT

Received from Federal Reserve Bank of New York, Fiscal Agent of the United States, the above described securities allotted in the amount indicated above.

Date..... Subscriber..... By.....