

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

Circular No. 6631
November 2, 1970

BIDDING AND OTHER PROCEDURES FOR
TREASURY'S CURRENT NOTE AUCTION

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

The following statement was issued today by the Treasury Department:

The Treasury today said that bidding and other procedures in the Treasury's new \$2 billion cash financing will very closely follow the standard procedures used in regular Treasury bill auctions.

The new securities, which will carry a 6-3/4 percent coupon and have an 18-month maturity, will be issued on November 16, 1970, and mature on May 15, 1972.

Subscription forms will be available in the usual way through Federal Reserve Banks and Branches. They will also be available at the Office of the Treasurer of the United States, Washington, D.C. 20220. Some banks may wish to use the services of correspondents.

Books will close at 1:30 p.m., Eastern Standard time, on Thursday, November 5, 1970, and tenders received after that time will not be accepted.

In the case of competitive bids, prices must be expressed on the bidding form on the basis of 100 and two decimals, e.g., 100.25. The 6-3/4 percent coupon on this issue is somewhat higher than market yields prevailing for issues with comparable maturities already in the market. To avoid tax problems which would result from discounts lower than 99.76 percent of par, in no event will the Treasury accept bids below that price.

Bidders for smaller amounts (i.e., up to \$200,000) willing to accept the average of prices bid in the auction can do so by appropriately indicating in the space provided on the tender form that their tenders are noncompetitive. These noncompetitive tenders will be awarded in full at the average of the accepted competitive bids.

No deposits will be required with tenders from commercial banks for their own account or from certain other classes of subscribers. Others, including individuals, must make a 5 percent deposit with their bid.

Qualified depositaries will be allowed to pay 50 percent of the subscription price by crediting Treasury Tax and Loan Accounts.

Complete details with regard to the offering will be found in the official offering circular.

The terms of the offering of the new notes and the procedures for submitting tenders are contained in our Circular No. 6629, which was sent to you on October 31.

Alfred Hayes,
President.