

Washington, D.C.

STATEMENT FOR THE PRESS, FOR IMMEDIATE RELEASE

November 17, 1970

Treasury Announces Financing Plans

The Treasury announced today that it will raise \$2.1 billion by auctioning a "strip" of bills consisting of additions to seven outstanding weekly series of Treasury bills. The reopened bills are those which mature January 7 to February 18, 1971, inclusive. They will be reopened in the amount of \$300 million each - a total of \$2.1 billion.

The auction will be on Wednesday, November 25, with payment on Wednesday, December 2. In this "strip" offering, subscribers must submit tenders for equal amounts of each of the seven series of bills being reopened. Commercial banks may make payment of their own and their customers' accepted tenders by credit to Treasury tax and loan accounts.

The Treasury also announced that in the regular weekly bill auction on November 23, \$200 million of bills will be sold in addition to the amount of bills maturing, as described more fully in the accompanying invitation for tenders.

The Treasury said that continuation of such weekly additions will be determined from week to week depending on its cash needs and market conditions.

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 6639]
[November 18, 1970]

Treasury Offers \$2.1 Billion Strip of Weekly Bills

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

Following is the text of a notice issued by the Treasury Department and released for publication yesterday:

The Treasury Department, by this public notice, invites tenders for additional amounts of seven series of Treasury bills to the aggregate amount of \$2,100,000,000, or thereabouts, for cash. The additional bills will be issued December 2, 1970, 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 1970</i>	<i>Maturity Dates 1971</i>	<i>Days from Dec. 2, 1970 to maturity</i>	<i>Amount currently outstanding (in millions)</i>
\$ 300,000,000	July 9	January 7	36	\$3,113
300,000,000	July 16	January 14	43	3,107
300,000,000	July 23	January 21	50	3,101
300,000,000	July 30	January 28	57	3,101
300,000,000	August 6	February 4	64	3,129
300,000,000	August 13	February 11	71	3,105
300,000,000	August 20	February 18	78	3,098
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\$2,100,000,000			(Average) 57	

The additional and original bills will be freely interchangeable.

Each tender submitted must be in the minimum amount of \$70,000. Tenders over \$70,000 must be in multiples of \$35,000. One-seventh 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 \$10,000, \$15,000, \$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, Wednesday, November 25, 1970. 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 tender. 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 or Branches on application therefor.

Banking institutions generally may submit tenders for account of customers, provided the names of the 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, Wednesday, November 25, 1970.

(OVER)

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. Only those submitting competitive 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, noncompetitive tenders for \$420,000 or less (in amounts as set forth in the second paragraph) 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 in cash or other immediately available funds on December 2, 1970. Any qualified depository will be permitted to make settlement by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers.

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 considered to accrue when the bills are sold, redeemed or otherwise disposed of, and the bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder must include in his income tax return, as ordinary gain or loss, the difference between the price paid for the 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. Purchasers of a strip of the bills offered hereunder should, for tax purposes, take such bills onto their books on the basis of their purchase price prorated to each of the 7 outstanding issues using as a basis for proration the closing market prices for each of the issues on December 2, 1970. (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, Wednesday, November 25, 1970, 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 envelope marked "Tender for Strip of Outstanding Treasury Bills." Tenders not requiring a deposit may be submitted by telegraph, subject to written confirmation; no tenders may be submitted by telephone. Settlement for accepted tenders must be made on December 2, 1970, in cash or other immediately available funds, except that any qualified depository will be permitted to make settlement by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers.

ALFRED HAYES,
President.

Subject to allotment, please issue, deliver, and accept payment for the bills as instructed below (payment will be made at your Bank not later than December 2, 1970):

Issue Maturing	\$10,000	\$15,000	\$50,000	\$100,000	\$500,000	\$1,000,000
January 7, 1971						
January 14, 1971						
January 21, 1971						
January 28, 1971						
February 4, 1971						
February 11, 1971						
February 18, 1971						

- 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 check herewith
- By cash or check in *immediately available funds* on delivery
- By charge to our reserve account
- By credit in Treasury Tax and Loan Account. (Please complete Advice of Deposit below.)

(No changes in delivery instructions will be accepted)

* The subscriber certifies that the allotted bills will be owned solely by the subscriber.

Advice of Deposit in Treasury Tax and Loan Account

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

We will deposit on December 2, 1970 to your credit in the Treasury Tax and Loan Account on our books, to be held subject to withdrawal on demand, an amount equal to the purchase price of the bills allotted to us on our tender for a strip of weekly Treasury bills maturing January 7 to February 18, 1971, inclusive.

.....
(Name of Depository)

By
(Authorized signature(s) required)

Address
(City and State)