

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

[Circular No. 6701]
March 23, 1971

OFFERING OF TWO SERIES OF TREASURY BILLS

\$1,900,000,000 of 91-Day Bills, Additional Amount, Series Dated December 31, 1970, Due July 1, 1971
(To Be Issued April 1, 1971)

\$1,600,000,000 of 182-Day Bills, Additional Amount, Series Dated Sept. 30, 1970, Due Sept. 30, 1971
(To Be Issued April 1, 1971)

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, released at 4 p.m. today:

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of \$3,500,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing April 1, 1971, in the amount of \$3,305,065,000, as follows:

91-day bills (to maturity date) to be issued April 1, 1971, in the amount of \$1,900,000,000, or thereabouts, representing an additional amount of bills dated December 31, 1970, and to mature July 1, 1971 (CUSIP No. 912793 KQ8), originally issued in the amount of \$1,402,020,000 (an additional \$200,745,000 was issued February 26, 1971), the additional and original bills to be freely interchangeable.

182-day bills (to maturity date) to be issued April 1, 1971, in the amount of \$1,600,000,000, or thereabouts, representing an additional amount of bills dated September 30, 1970, and to mature September 30, 1971, (CUSIP No. 912793 KS4), originally issued in the amount of \$1,202,480,000 (an additional \$500,550,000 was issued December 31, 1970), the additional and original bills to be freely interchangeable.

The bills of both series 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, Monday, March 29, 1971. Tenders will not be received at the Treasury Department, Washington. Each tender must be for a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. 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. 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 per-

mitted 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.

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 each issue for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 1, 1971, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 1, 1971. 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.

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.

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 for both series up to 1:30 p.m., Eastern Standard time, Monday, March 29, 1971, at the Securities Department of its Head Office and at its Buffalo Branch. Tender forms for the respective series are enclosed. Please use the appropriate forms to submit tenders and return them in the enclosed envelope marked "Tender for Treasury Bills (Weekly)." Tenders not requiring a deposit may be submitted by telegraph, subject to written confirmation; no tenders may be submitted by telephone. *Payment for the Treasury bills cannot be made by credit through the Treasury Tax and Loan Account. Settlement must be made in cash or other immediately available funds or in maturing Treasury bills.*

Results of the last weekly offering of Treasury bills (91-day bills to be issued March 25, 1971, representing an additional amount of bills dated December 24, 1970, maturing June 24, 1971; and 182-day bills dated March 25, 1971, maturing September 23, 1971) are shown on the reverse side of this circular.

ALFRED HAYES,
President.

(OVER)

**RESULTS OF LAST WEEKLY OFFERING OF TREASURY BILLS (TWO SERIES
TO BE ISSUED MARCH 25, 1971)**

Range of Accepted Competitive Bids

	<i>91-Day Treasury Bills Maturing June 24, 1971</i>		<i>182-Day Treasury Bills Maturing September 23, 1971</i>	
	<i>Price</i>	<i>Approx. equiv. annual rate</i>	<i>Price</i>	<i>Approx. equiv. annual rate</i>
High	99.177	3.256%	98.265	3.432%
Low	99.146	3.378%	98.211	3.539%
Average	99.158	3.331% ¹	98.240	3.481% ¹

¹ These rates are on a bank discount basis. The equivalent coupon issue yields are 3.42 percent for the 91-day bills, and 3.60 percent for the 182-day bills.

(93% of the amount of 91-day bills
bid for at the low price was accepted.)

(41% of the amount of 182-day bills
bid for at the low price was accepted.)

Total Tenders Applied for and Accepted (By Federal Reserve Districts)

<i>District</i>	<i>91-Day Treasury Bills Maturing June 24, 1971</i>		<i>182-Day Treasury Bills Maturing September 23, 1971</i>	
	<i>Applied for</i>	<i>Accepted</i>	<i>Applied for</i>	<i>Accepted</i>
Boston	\$ 23,390,000	\$ 13,390,000	\$ 12,370,000	\$ 2,370,000
New York	2,380,245,000	1,452,545,000	2,215,960,000	1,299,280,000
Philadelphia	37,135,000	22,135,000	12,525,000	12,525,000
Cleveland	43,150,000	41,150,000	26,820,000	26,820,000
Richmond	10,355,000	10,355,000	2,955,000	2,955,000
Atlanta	47,145,000	41,145,000	31,960,000	25,255,000
Chicago	172,160,000	116,460,000	133,580,000	97,680,000
St. Louis	44,540,000	43,540,000	20,450,000	17,450,000
Minneapolis	30,510,000	23,510,000	43,200,000	38,200,000
Kansas City	40,335,000	40,335,000	15,665,000	15,665,000
Dallas	28,345,000	21,205,000	25,665,000	19,665,000
San Francisco	101,595,000	74,245,000	104,855,000	42,375,000
TOTAL	\$2,958,905,000	\$1,900,015,000^a	\$2,646,005,000	\$1,600,240,000^b

^a Includes \$255,905,000 noncompetitive tenders accepted at the average price of 99.158.

^b Includes \$ 94,960,000 noncompetitive tenders accepted at the average price of 98.240.