

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 6767
July 21, 1971]

*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 ANNOUNCES \$5.1 BILLION REFUNDING AND CASH OFFERING

The Treasury today announced that it is offering holders of \$5.1 billion of the 4% Treasury Bonds of 1971 and 8-1/4% Treasury Notes of Series F-1971 maturing August 15, 1971, the right to exchange their holdings for a 7% 4-year 3-month Treasury note or a 10-year 7% Treasury bond.

The Treasury also said that following this operation it will announce the amount and terms of a new issue of 18-month Treasury notes to be sold at auction. These notes will be dated August 16, 1971.

The securities being offered in the refunding are:

- 7% Treasury Notes of Series D-1975, dated August 15, 1971, due November 15, 1975, at 99.80 (to yield about 7.06%); and
- 7% Treasury Bonds of 1981, dated August 15, 1971, due August 15, 1981, at 99.20 (to yield about 7.11%).

The public holds \$4.1 billion of the securities eligible for exchange, and about \$1.0 billion is held by Federal Reserve Banks and Government accounts.

Subscription books for the offering will be open until 6:00 p.m., local time, Wednesday, July 28, 1971. To be timely subscriptions MUST BE RECEIVED by a Federal Reserve Bank or Branch or by the Office of the Treasurer of the United States by such time, except that subscriptions addressed to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States postmarked before midnight, Tuesday, July 27, 1971, will be deemed to be timely.

The notes and bonds will be made available in registered as well as bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. All subscribers requesting registered securities will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service.

The payment and delivery date for the securities will be August 16 except that in the case of cash subscriptions the payment must be completed by Friday, August 13.

Coupons dated August 15, 1971, on securities tendered in exchange should be detached and cashed when due. The August 15, 1971 interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on July 15, 1971, the date the transfer books closed.

(Over)

The bonds are also being offered for cash subscription to individuals in amounts not to exceed \$10,000 for any one person. Cash subscriptions for the notes will not be accepted.

Subscriptions for cash must be accompanied by payment of 10% of the amount of bonds applied for. Cash subscriptions will be allotted in full and payment therefor must be completed by Friday, August 13, 1971, in cash or other funds immediately available to the Treasury by that date. The Treasury will construe as timely payment any check payable to the Federal Reserve Bank or the Treasurer of the United States that is received at such Bank or Office by Wednesday, August 11, provided the check is drawn on a bank in the Federal Reserve District of the Bank or Office to which the subscription was submitted.

Banking institutions in submitting cash subscriptions for customers will be required to certify that they have no beneficial interest in any of the subscriptions they enter.

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As indicated in the above statement, the subscription books will be open until 6 p.m., Wednesday, July 28, and to be timely subscriptions must be received by this Bank or its Branch or by the Office of the Treasurer of the United States by such time, except that subscriptions postmarked before midnight, Tuesday, July 27, will be deemed timely. If there is any doubt that mail will reach this Bank or its Branch as required above, subscribers should use other means of transmitting their subscriptions.

The official offering circulars and subscription forms for this offering will be mailed to reach you by Monday, July 26.

Alfred Hayes,
President.