

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 6917]
March 22, 1972

Auction of \$1¾ Billion of 3-Year 5⅞ Percent Treasury Notes

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

The following statements were made public yesterday by the Treasury Department:

TREASURY ANNOUNCES FINANCING PLANS

The Treasury Department announced today that it is discontinuing for the time being the additions to the weekly bills which had been initiated on February 17. A total of \$1.8 billion of new cash has been raised through these additions.

The Department also announced that it is offering for auction on Tuesday, March 28, \$1¾ billion or thereabouts of a 3-year 5⅞ percent note maturing on May 15, 1975. Payment for the notes, to be issued on April 3, 1972, may be made through Treasury Tax and Loan Accounts.

The sale of the note is expected to meet cash requirements through at least mid-May, when there is a regular quarterly refunding.

The reduction in the Treasury's cash requirements from earlier projections primarily reflects larger current revenue collections than previously anticipated. The improvement in the revenues appears related to some overwithholding of personal income taxes following the change in withholding schedules required by the Revenue Act of 1971 and made effective in January. Overwithholding can be eliminated by actions by taxpayers themselves. In particular, taxpayers with only one wage earner in the family or in higher income brackets with larger than normal itemized deductions may find it desirable to adjust the number of their exemptions for withholding purposes, as permitted by law, to bring the amounts withheld into close relation to their ultimate tax liability.

The Treasury also noted it is reviewing the possibility of introducing some changes in its financing techniques to identify ways its routine debt management operations, including both its refunding and new cash raising operations, might be facilitated. Pending completion of this review, no announcement of changes are anticipated over the next month.

DETAILS OF TREASURY ANNOUNCEMENT OF AUCTION OF \$1¾ BILLION OF NOTES

The \$1¾ billion, or thereabouts, of 3-year Treasury notes to be sold at auction under competitive and noncompetitive bidding will be issued on April 3, 1972. The 5⅞ percent Treasury Notes of Series F-1975, will be dated April 3, 1972, and will mature May 15, 1975.

The notes will be issued in registered and bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. Interest will be payable on November 15, 1972, and thereafter on May 15 and November 15 until maturity.

Tenders for the notes will be received up to 1:30 p.m., Eastern Standard time, Tuesday, March 28, 1972, at any Federal Reserve Bank or Branch and at

the Office of the Treasurer of the United States, Washington, D. C. 20220; provided, however, that non-competitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than Monday, March 27.

Each tender must be in the amount of \$1,000 or a multiple thereof, and must state the price offered, if it is a competitive tender, or the term "noncompetitive," if it is a noncompetitive tender. The price on competitive tenders must be expressed on the basis of 100, with two decimals, e.g., 100.00. Tenders at a price less than 99.26 will not be accepted. Fractions may not be used. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of the envelope in which the tender is submitted.

Public announcement will be made of the amount and price range of accepted tenders. 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. Subject to these reservations noncompetitive tenders of \$200,000 or less will be accepted in full at the average price (in two decimals) of accepted competitive tenders. This price may be 100.00, or more or less than 100.00.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than commercial banks will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for.

Payment for accepted tenders must be completed on or before Monday, April 3, 1972, at the Federal Reserve Bank or Branch or at the Office of the Treasurer of the United States in cash or other funds immediately available to the Treasury by that date.

The terms of this offering are set forth in Treasury Department Circular No. 4-72, Public Debt Series, a copy of which is printed on the following pages. This Bank will receive tenders up to 1:30 p.m., Eastern Standard time, Tuesday, March 28, 1972, at the Securities Department of its Head Office and at its Buffalo Branch. Please use the enclosed tender forms to submit tenders, and return them in the enclosed envelope marked "Tender for Treasury Notes." 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 may be made in cash or other immediately available funds, except that any qualified depository may make settlement by credit in its Treasury Tax and Loan Account for notes allotted to it for itself and its customers.

Any qualified depository will be permitted to make settlement by credit in its Treasury Tax and Loan Account for the amount of the notes allotted to it for itself and its customers. Where full payment is not completed in funds available by the payment date, the allotment will be cancelled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

Nonbank investors should understand that their checks will constitute payment only if they are fully and finally collected by the payment date, Monday, April 3, 1972. Checks not so collected will subject the investor's deposit to forfeiture as set forth in the preceding paragraph. A check payable other than at a Federal Reserve Bank received on the payment date will not constitute immediately available funds on 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, March 29, 1972, provided the check is drawn on a bank in the Federal Reserve District of the bank or office to which the tender is submitted.

Commercial banks are prohibited from making unsecured loans, or loans collateralized in whole or in part by the notes bid for, to cover the deposits required to be paid when tenders are entered, and they will be required to make the usual certification to that effect. Other lenders are requested to refrain from making such loans.

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 the notes bid for under this offering at a specific rate or price, until after 1:30 p.m., Eastern Standard time, Tuesday, March 28, 1972.

ALFRED HAYES,
President.

IMPORTANT — Closing time for receipt of this tender is 1:30 p.m., Tuesday, March 28, 1972.

TENDER FOR 5 7/8 PERCENT TREASURY NOTES OF SERIES F-1975

Dated April 3, 1972

Due May 15, 1975

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
New York, N. Y. 10045

Dated at, 1972

Pursuant to the provisions of Treasury Department Circular No. 4-72, Public Debt Series, dated March 22, 1972, the undersigned hereby offers to purchase United States of America 5 7/8 percent Treasury Notes or Series F-1975 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

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

NONCOMPETITIVE TENDER

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

\$..... (maturity value)
(Not to exceed \$200,000 for one bidder through all sources)

Price: per 100 (minimum of 99.26).
(Price must be expressed with not more than two decimal places, for example, 100.00)

at the average price of accepted competitive bids.

Subject to allotment, please issue, deliver, and accept payment for the notes as indicated below (if registered notes are desired, please also complete schedule on reverse side):

Pieces	Denomination	Maturity value		Payment will be made as follows:
	\$ 1,000		<input type="checkbox"/> 1. Deliver over the counter to the undersigned	<input type="checkbox"/> By charge to our account on your books
	5,000		<input type="checkbox"/> 2. Ship to the undersigned	<input type="checkbox"/> By cash or check in immediately available funds on delivery
	10,000		<input type="checkbox"/> 3. Hold in safekeeping (for account of member bank only)*	<input type="checkbox"/> By credit in Treasury Tax and Loan Account (Please complete Advice of Deposit on reverse side)
	100,000		<input type="checkbox"/> 4. Hold as collateral for Treasury Tax and Loan Account*	
	1,000,000		<input type="checkbox"/> 5. Special instructions:	
	Totals		(No changes in delivery instructions will be accepted)	

* The undersigned certifies that the allotted notes will be owned solely by the undersigned.

We hereby agree not to buy or sell, or to make any agreements with respect to the purchase or sale or other disposition of any notes of this issue at a specific rate or price, until after one-thirty p.m., Eastern Standard time, Tuesday, March 28, 1972.

(If a commercial bank is subscribing for its own account or for account of customers, the following certifications are made a part of this tender.)

WE HEREBY CERTIFY that we have received tenders from our customers in the amounts set opposite the customers' names on the list which is made a part of this tender; that there has been paid to us by each such customer as required by the official offering circular, not subject to withdrawal until after allotment, not less than 5 percent of the amount bid for; that we have not made unsecured loans, or loans collateralized in whole or in part by the notes bid for, to supply the amounts of such payments to any of such customers; that we have no beneficial interest in the tenders of such customers; and that none of our customers has any beneficial interest in the amount bid for our own account.

WE FURTHER CERTIFY that tenders received by us, if any, from other commercial banks for their own account and for the account of their customers have been entered with us under the same conditions, agreements, and certifications as set forth in this form.

Insert this tender in special envelope marked "Tender for Treasury Notes"

(Name of subscriber — please print or type)

(Address — please print or type)

(Tel. No.)

(Signature of subscriber or authorized signature)

(Title of authorized signer)

(Banks submitting tenders for customer account must indicate names on reverse side hereof)

INSTRUCTIONS:

- No tender for less than \$1,000 will be considered and each tender must be for an even multiple of \$1,000 (maturity value).
- Others than commercial banks 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 noncompetitive tenders, provided a list is attached showing the name of each bidder, the amount bid for his account, and method of payment.
- 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."
- Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. All checks must be drawn to the order of the Federal Reserve Bank of New York; checks endorsed to this Bank will not be accepted.
- 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.

UNITED STATES OF AMERICA

5 $\frac{7}{8}$ PERCENT TREASURY NOTES OF SERIES F-1975

Dated and bearing interest from April 3, 1972

Due May 15, 1975

DEPARTMENT CIRCULAR
Public Debt Series — No. 4-72

DEPARTMENT OF THE TREASURY,
Office of the Secretary,
Washington, March 22, 1972.

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites tenders at a price not less than 99.26 percent of their face value for \$1,750,000,000, or thereabouts, of notes of the United States, designated 5 $\frac{7}{8}$ percent Treasury Notes of Series F-1975. Tenders will be received up to 1:30 p.m., Eastern Standard time, Tuesday, March 28, 1972. The notes will be issued under competitive and noncompetitive bidding, as set forth in Section III hereof.

II. DESCRIPTION OF NOTES

1. The notes will be dated April 3, 1972, and will bear interest from that date at the rate of 5 $\frac{7}{8}$ percent per annum, payable on a semiannual basis on November 15, 1972, and thereafter on May 15 and November 15 in each year until the principal amount becomes payable. They will mature May 15, 1975, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes 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.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. Provision will be made for the interchange of notes of different denominations and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.

5. The notes will be subject to the general regulations of the Department of the Treasury, now or hereafter prescribed, governing United States notes.

III. TENDERS AND ALLOTMENTS

1. Tenders will be received at Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D. C. 20220, up to the closing hour, 1:30 p.m., Eastern Standard time, Tuesday, March 28, 1972. Each tender must state the face amount of notes bid for, which must be \$1,000 or a multiple thereof, and the price offered, except that in the case of noncompetitive tenders the term "noncompetitive" should be used in lieu of a price. In the case of competitive tenders, the price must be expressed on the basis of 100, with two decimals, e.g., 100.00. Tenders at a price less than 99.26 will not be accepted. Fractions may not be used. Noncompetitive tenders from any one bidder may not exceed \$200,000. It is urged that tenders be made on the printed forms and forwarded in the special envelopes marked "Tender for Treasury Notes", which will be supplied by Federal Reserve Banks on application therefor.

2. Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than commercial banks will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from banking institutions for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for.

3. Immediately after the closing hour tenders will be opened, following which public announcement will be made by the Department of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. In considering the acceptance of tenders, those at the highest prices will be accepted to the extent required to attain the amount offered.

Tenders at the lowest accepted price will be prorated if necessary. 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 \$200,000 or less without stated price from any one bidder will be accepted in full at the average price¹ (in two decimals) of accepted competitive tenders.

4. 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 notes of this issue at a specific rate or price, until after 1:30 p.m., Eastern Standard time, Tuesday, March 28, 1972.

5. Commercial banks in submitting tenders will be required to certify that they have no beneficial interest in any of the tenders they enter for the account of their customers, and that their customers have no beneficial interest in the banks' tenders for their own account.

IV. PAYMENT

1. Settlement for accepted tenders in accordance with the bids must be made or completed on or before April 3, 1972, at the Federal Reserve Bank or Branch or at the Office of the Treasurer of the United States, Washington, D. C. 20220, in cash or other funds immediately available by that date. Payment will not be deemed to have been completed where reg-

¹ Average price may be at, or more or less than 100.00.

istered notes are requested if the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service (an individual's social security number or an employer identification number) is not furnished. In every case where full payment is not completed, the payment with the tender up to 5 percent of the amount of notes allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depository will be permitted to make settlement by credit in its Treasury Tax and Loan Account for notes allotted to it for itself and its customers.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive tenders, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid tenders allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

JOHN B. CONNALLY,

Secretary of the Treasury.