

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

Circular No. 6932
April 26, 1972

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 PAYDOWN ON MAY REFINANCING

The Treasury announced today that it will auction \$1-1/4 billion of 1-year notes and up to \$500 million of 9-year 9-month bonds to the public to partially refund \$2.4 billion of notes maturing on May 15. The Treasury also said that it will use \$700 million of its available cash to handle the balance of the maturities. Additional amounts of the notes and bonds will be allotted to Government accounts and the Federal Reserve Banks in exchange for their holdings of the maturing notes, which total \$2.6 billion.

The securities to be auctioned to the public will be:

\$1.25 billion of 4-3/4% Treasury Notes of Series E-1973, dated May 15, 1972, due May 15, 1973, (CUSIP NO. 912827 CR1) with interest payable on November 15, 1972, and May 15, 1973; and up to

An additional \$500 million of 6-3/8% Treasury Bonds of 1982, dated February 15, 1972, due February 15, 1982, (CUSIP NO. 912810 BL1) with interest payable on February 15 and August 15.

The notes and bonds will be issued in registered and bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000.

Tenders for the notes and bonds will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, May 2, 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 May 1.

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 non-competitive 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 99.76 for the notes and 97.76 for the bonds will not be accepted. Fractions may not be used. The notation "TENDER FOR TREASURY NOTES" or "TENDER FOR TREASURY BONDS" should be printed at the bottom of the envelopes in which the tenders are 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 non-competitive tenders for \$200,000 or less for the notes and \$50,000 or less for the bonds will be accepted in full at the average price (in two decimals) of accepted competitive tenders. The prices may be 100.00, or more or less than 100.00.

(Over)

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 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, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of securities applied for.

Payment for accepted tenders must be completed on or before Monday, May 15, 1972, at the Federal Reserve Bank or Branch or at the Office of the Treasurer of the United States in cash, 4-3/4% Treasury Notes of Series B-1972 or 6-3/4% Treasury Notes of Series D-1972, which will be accepted at par, or other funds immediately available to the Treasury by that date. Any qualified depository will be permitted to make settlement by credit in its Treasury tax and loan account for the amount of securities 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 canceled and the deposit with the tender up to 5 percent of the amount of securities allotted will be subject to forfeiture to the United States.

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, May 10, 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. Other checks will constitute payment only if they are fully and finally collected by the payment date Monday, May 15, 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.

Commercial banks are prohibited from making unsecured loans, or loans collateralized in whole or in part by the securities 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 agreement with respect to the purchase or sale or other disposition of the securities bid for under this offering at a specific rate or price, until after 1:30 p.m., Eastern Daylight Saving time, Tuesday, May 2, 1972.

If there is any doubt that tenders sent by mail will reach this Bank or its Branch as required above, other means of transmitting tenders should be used.

The official offering circulars and tender forms will be mailed to you tomorrow.

Alfred Hayes,
President.