

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

Circular No. 7013
October 5, 1972

TREASURY ANNOUNCES NOTE AUCTION

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

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

The Treasury today announced the sale at auction of \$2.0 billion of 6% notes which will mature on September 30, 1974.

The auction will be held on Wednesday, October 11. The payment date of the notes will be Thursday, October 19. Commercial banks may make payment for their own and their customers' accepted tenders by credit to Treasury Tax and Loan Accounts.

The Treasury contemplates issuing 2-year notes maturing at quarterly intervals as a part of its program for raising cash this fiscal year. A further issue of this type is planned for next December or early January.

DETAILS OF TREASURY AUCTION OF \$2.0 BILLION OF NOTES

The \$2.0 billion, or thereabouts, of 2-year Treasury Notes to be sold at auction under competitive and noncompetitive bidding will be 6% Treasury Notes of Series E-1974, dated October 19, 1972, due September 30, 1974 (CUSIP No. 912827 CU4).

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 March 31 and September 30 until maturity.

Tenders for the notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Wednesday, October 11, 1972, at any Federal Reserve Bank or Branch and at the Office of the Treasurer of the United States, Securities Division, Washington, D. C. 20220; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than Tuesday, October 10.

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 99.76 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 for \$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 Thursday, October 19, 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. 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 canceled 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.

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 Monday, October 16, 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 Thursday, October 19, 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 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 Daylight Saving time, Wednesday, October 11, 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 circular and tender form will be mailed to you tomorrow.

ALFRED HAYES,
President.