

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 7051]
December 8, 1972]

OFFERING OF TWO SERIES OF TREASURY BILLS

**\$2,400,000,000 of 91-Day Bills, Additional Amount, Series Dated September 21, 1972, Due March 22, 1973
(To Be Issued December 21, 1972)**

\$1,900,000,000 of 182-Day Bills, Dated December 21, 1972, Due June 21, 1973

*To All Incorporated Banks and Trust Companies, and Others
Concerned, in the Second Federal Reserve District:*

The following statement was made public today by the Treasury Department:

The Treasury's regular weekly bill auction will be held on Friday, December 15, rather than on Monday, December 18. The day for the auction is being advanced to assure ample time between it and the payment date during the pre-holiday season. Payment for and delivery of the bills will be on the normal day, Thursday, December 21.

Announcements inviting tenders for the two subsequent weekly bill auctions will be made on Friday, December 15, and Friday, December 22, and the auctions will be held on Friday, the 22nd and the 29th. The payment and delivery day for these issues will be Thursday as usual.

Following is the text of the public notice offering the bills to be auctioned December 15:

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of \$4,300,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing December 21, 1972, in the amount of \$4,102,925,000, as follows:

91-day bills (to maturity date) to be issued December 21, 1972, in the amount of \$2,400,000,000, or thereabouts, representing an additional amount of bills dated September 21, 1972, and to mature March 22, 1973 (CUSIP No. 912793 QL3), originally issued in the amount of \$1,801,825,000, the additional and original bills to be freely interchangeable.

182-day bills, for \$1,900,000,000, or thereabouts, to be dated December 21, 1972, and to mature June 21, 1973 (CUSIP No. 912793 QY5).

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, Friday, December 15, 1972. 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 permitted 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 invest-

ment 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 December 21, 1972, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 21, 1972. 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, Friday, December 15, 1972, 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.*

The bidding for the previous offering of Treasury bills, to be issued December 14, 1972, will take place on Monday, December 11; the results of that bidding will be announced after release by the Treasury Department.

ALFRED HAYES,
President.

Closing date for receipt of tenders is Friday, December 15.