

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 7073]
[December 29, 1972]

Auction of \$625 Million of 20-Year 6¾ Percent Treasury Bonds

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

Following is the text of the details of the Treasury's bond auction announced in our Circular No. 7071, dated December 27, 1972:

The \$625 million or thereabouts, of 20-year Treasury bonds to be sold at auction under competitive and noncompetitive bidding will be 6¾ percent Treasury Bonds of 1993, dated January 10, 1973, and will mature February 15, 1993 (CUSIP No. 912810 BN7). The bonds will be sold at auction on Thursday, January 4, 1973, in the usual manner except that the lowest accepted bid price will be the price to be paid on *all* accepted tenders.

The bonds 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 August 15, 1973, and thereafter on February 15 and August 15.

Tenders for the bonds will be received up to 1:30 p.m., Eastern Standard time, Thursday, January 4, 1973, 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 Wednesday, January 3, 1973.

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. Fractions may not be used. The notation "TENDER FOR TREASURY BONDS" should be printed at the bottom of the envelope in which the tender is submitted.

Tenders at the highest prices will be accepted to the extent required to attain the amount offered. Tenders at the lowest price accepted will be prorated if necessary. *All* accepted tenders will then be

awarded at the price of the lowest accepted bid. Public announcement will be made of the results of the auction and the price to be paid for all accepted tenders. Those submitting tenders will be advised of the acceptance (and awarded price) 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, including the right to accept less than \$625 million of tenders, and his action in any such respect shall be final. Subject to these reservations noncompetitive tenders for \$250,000 or less will be accepted in full at the same price as accepted competitive tenders. The 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 not less than 5 percent of the face amount of bonds applied for.

Payment for accepted tenders, at the lowest accepted price, must be completed on or before January 10, 1973, 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. 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 bonds 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 Tuesday, January 9, 1973, 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, Wednesday, January 10, 1973. 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 bonds 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 bonds bid for under this offering at a specific rate or price, until after 1:30 p.m., Eastern Standard time, Thursday, January 4, 1973.

The terms of this offering are set forth in Treasury Department Circular No. 13-72, 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, Thursday, January 4, 1973, at the Securities Department of its Head Office and at its Buffalo Branch, except that noncompetitive tenders mailed to this Bank or its Branch postmarked no later than Wednesday, January 3, 1973, will be considered timely. Please use the enclosed tender forms to submit tenders, and return them in the enclosed envelope marked "Tender for Treasury Bonds." 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. *Settlement cannot be made by credit through the Treasury Tax and Loan Account.*

As indicated in our Circular No. 7071, the procedure under which awards will be made in this auction differs from the procedure that has been used in auctions for shorter-term securities. The difference is that all tenders accepted in this auction will be awarded at the price of the lowest accepted tender. As in the usual auctions, the Treasury will accept bids starting with the highest price bid and ranging downward to the bid that provides a total of \$625 million. (The Secretary of the Treasury reserves the right, however, to accept less than \$625 million of tenders.) This procedure is designed to provide an incentive to bid at prices sufficiently high to be sure of awards, while also assuring each bidder that, if he bids at a price within the range of accepted prices, he will be awarded bonds at the same price as every other bidder.

ALFRED HAYES,
President.

IMPORTANT — Closing time for receipt of this tender is 1:30 p.m., Thursday, January 4, 1973.

TENDER FOR 6¾ PERCENT TREASURY BONDS OF 1993

Dated January 10, 1973

Due February 15, 1993

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

Dated at
....., 1973

Pursuant to the provisions of Treasury Department Circular No. 13-72, Public Debt Series, dated December 29, 1972, the undersigned hereby offers to purchase United States of America 6¾ percent Treasury Bonds of 1993 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 \$250,000 for one bidder through all sources)
at the same price as accepted competitive bids.

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

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

Pieces	Denomination	Maturity value		
	\$ 1,000		<input type="checkbox"/> 1. Deliver over the counter to the undersigned	Payment will be made as follows: <input type="checkbox"/> By charge to our account on your books <input type="checkbox"/> By cash or check in <i>immediately available funds</i> on delivery
	5,000		<input type="checkbox"/> 2. Ship to the undersigned	
	10,000		<input type="checkbox"/> 3. Hold in safekeeping (for account of member bank only)*	
	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 bonds will be owned solely by the undersigned.

We hereby agree not to buy or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bonds of this issue at a specific rate or price, until after one-thirty p.m., Eastern Standard time, Thursday, January 4, 1973.

(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 bonds 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 Bonds"

.....
(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, and amounts desired by each, on a separate list attached hereto)

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 bonds 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.

SCHEDULE FOR ISSUE OF REGISTERED 6¾ PERCENT TREASURY BONDS OF 1993

SUBSCRIPTION NO.

SUBSCRIBER _____
 SIGNATURE _____
 ADDRESS _____

 ZIP _____

DELIVERY INSTRUCTIONS

- DELIVER OVER THE COUNTER
 SHIP TO SUBSCRIBER
 OTHER INSTRUCTIONS: _____

FOR FRB USE ONLY	
TRANS. ACCOUNTING DATE	
ISSUE AGENT 12	LOAN CODE
INTEREST COMP. DATE	110-01

REGISTRATION INSTRUCTIONS	NO. OF PIECES	DENOM.	AMOUNT	SERIAL NOS. (LEAVE BLANK)	FOR FRB USE ONLY
NAME(S)	30	1,000			
	32	5,000			
ID OR S.S. NO.	34	10,000			
ADDRESS	38	100,000			
ZIP	42	1,000,000			
	99	TOTAL			TR. CASE NO.
NAME(S)	30	1,000			
	32	5,000			
ID OR S.S. NO.	34	10,000			
ADDRESS	38	100,000			
ZIP	42	1,000,000			
	99	TOTAL			TR. CASE NO.
NAME(S)	30	1,000			
	32	5,000			
ID OR S.S. NO.	34	10,000			
ADDRESS	38	100,000			
ZIP	42	1,000,000			
	99	TOTAL			TR. CASE NO.
NAME(S)	30	1,000			
	32	5,000			
ID OR S.S. NO.	34	10,000			
ADDRESS	38	100,000			
ZIP	42	1,000,000			
	99	TOTAL			TR. CASE NO.
NAME(S)	30	1,000			
	32	5,000			
ID OR S.S. NO.	34	10,000			
ADDRESS	38	100,000			
ZIP	42	1,000,000			
	99	TOTAL			TR. CASE NO.

UNITED STATES OF AMERICA

6¾ PERCENT TREASURY BONDS OF 1993

Dated and bearing interest from January 10, 1973

Due February 15, 1993

DEPARTMENT CIRCULAR
Public Debt Series — No. 13-72

DEPARTMENT OF THE TREASURY,

Office of the Secretary,

Washington, December 29, 1972

I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites tenders for \$625,000,000, or thereabouts, of bonds of the United States, designated 6¾ percent Treasury Bonds of 1993. Tenders on a competitive or noncompetitive basis will be received up to 1:30 p.m., Eastern Standard time, Thursday, January 4, 1973. The price for the bonds will be established as set forth in Section III hereof.

II. DESCRIPTION OF BONDS

1. The bonds will be dated January 10, 1973, and will bear interest from that date at the rate of 6¾ percent per annum, payable on a semiannual basis on August 15, 1973, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature February 15, 1993, and will not be subject to call for redemption prior to maturity.

2. The income derived from the bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds 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 bonds will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer bonds with interest coupons attached, and bonds 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 bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

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

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, Thursday, January 4, 1973. Each tender must state the face amount of bonds 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. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes marked "Tender for Treasury Bonds", 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 bonds applied for.

3. In considering the acceptance of tenders, those at the highest prices will be accepted in full to the

extent required to attain the amount offered; provided, however, that tenders at the lowest of such accepted prices will be prorated if necessary. All tenders so accepted will be allotted at the price of the lowest accepted tender. Those submitting tenders will be advised of the acceptance, and awarded price, or the rejection of their bids. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, including the right to accept less than \$625 million of tenders, and his action in any such respect shall be final. Subject to these reservations noncompetitive tenders for \$250,000 or less will be accepted in full at the same price as accepted competitive tenders. The price may be 100.00, or more or less than 100.00.

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 bonds of this issue at a specific rate or price, until after 1:30 p.m., Eastern Standard time, Thursday, January 4, 1973.

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. Payment for accepted tenders must be made or completed on or before January 10, 1973, 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 registered bonds 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 bonds allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States.

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 bonds on full-paid tenders allotted, and they may issue interim receipts pending delivery of the definitive bonds.

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.

GEORGE P. SHULTZ,
Secretary of the Treasury.