

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 7330]
[January 30, 1974]

TREASURY ANNOUNCES FEBRUARY REFINANCING

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

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

The Treasury announced today that it will provide funds for retiring the \$4.5 billion of publicly held notes and bonds maturing on February 15 by auctioning to the public up to \$2.25 billion of 3-1/4 year notes, up to \$1.5 billion of 7-year notes and up to \$300 million of 19-1/2 year bonds. 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 securities, which total \$0.9 billion. The securities to be auctioned will be:

Treasury Notes of Series C-1977 dated February 15, 1974, due May 15, 1977 (CUSIP NO. 912827 DQ2), with interest payable on May 15 and November 15, 1974, and thereafter on May 15 and November 15,

Treasury Notes of Series A-1981 dated February 15, 1974, due February 15, 1981 (CUSIP NO. 912827 DR0), with interest payable on February 15 and August 15, and

an additional amount of the 7-1/2% Treasury Bonds of 1988-93, dated August 15, 1973, due August 15, 1993, callable at the option of the United States on any interest payment date on and after August 15, 1988 (CUSIP NO. 912810 BQ0), with interest payable on February 15 and August 15.

The coupon rates for the two issues of notes will be announced on Monday, February 4.

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 7-year notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, February 5, 1974, tenders for the 3-1/4 year notes will be received up to 2:00 p.m., EDST, Wednesday, February 6, 1974, and tenders for the 19-1/2 year bonds will be received up to 1:30 p.m., EDST, Thursday, February 7, 1974, at any Federal Reserve Bank or Branch, and at the Bureau of Government Financial Operations, Banking and Cash Management, Washington, D. C. 20222; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than February 4 for the 7-year notes, February 5 for the 3-1/4 year notes and February 6 for the bonds. 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 for the notes must be expressed on the basis of 100, with two decimals, e.g., 100.00. Tenders at a price less than 99.26 for the 3-1/4 year notes and 98.26 for the 7-year notes will not be accepted. Tenders at the highest prices will be accepted to the extent required to attain the amount offered. Successful competitive bidders for the notes will be required to pay for the notes at the price they bid. Noncompetitive bidders will be required to pay the average price of all accepted competitive tenders for the issue.

The price on competitive tenders for the bonds must be expressed on the basis of 100, with two decimals in a multiple of .05, e.g., 100.10, 100.05, 100.00, 99.95, etc. Tenders for the bonds at a price less than 95.30 will not be accepted. Tenders at the highest prices will be accepted to the extent required to attain the amount offered. All accepted tenders for the bonds will be awarded at the price of the lowest accepted bid.

(Over)

Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES (SERIES C-1977 or A-1981)" or "TENDER FOR TREASURY BONDS" should be printed at the bottom of the envelopes in which tenders are submitted.

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 \$500,000 or less for each issue of notes will be accepted in full at the average price of accepted competitive tenders and noncompetitive tenders for \$250,000 or less for the bonds will be accepted in full at the same price as the lowest accepted competitive tender. The prices 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, 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 for the notes must be completed on or before Friday, February 15, 1974. Payment for accepted tenders for the bonds, including interest from February 15 to February 28, 1974 (\$2.69337 per \$1,000) must be completed on or before Thursday, February 28, 1974. Payments must be made at the Federal Reserve Bank or Branch or at the Bureau of Government Financial Operations in cash, 7-3/4% Treasury Notes of Series C-1974 or 4-1/8% Treasury Bonds of 1974, which will be accepted at par, 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 securities allotted will be subject to forfeiture to the United States.

The Treasury will construe as timely payment any check drawn to the order of the Federal Reserve Bank or the United States Treasury that is received at such bank or office by Wednesday, February 13, 1974, for the notes and Monday, February 25, 1974, for the bonds, 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. 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 agreements 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 the closing hour for the receipt of tenders for each particular issue.

As indicated in the above statement, the coupon rates for the two issues of notes will be announced on Monday, February 4. You may call this Bank (Telephone No. 212-791-6132 or 212-791-5465) on the afternoon of that date to ascertain those rates.

If there is any doubt that tenders sent by mail will reach this Bank or its Branch as required above, bidders should use other means of transmitting their tenders. The official offering circulars and tender forms will be mailed to you as soon as possible.

ALFRED HAYES,
President.