

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 7362]
March 21, 1974]

TREASURY TO AUCTION \$1.5 BILLION OF NEW NOTES

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

The following statement was made public March 20 by the Treasury Department:

The Treasury will auction \$1.5 billion, or thereabouts, of 2-year Treasury Notes under competitive and non-competitive bidding. The notes will be dated April 9, 1974, due March 31, 1976 (CUSIP No. 912827 DS8). The rate for the notes will be announced on Wednesday, March 27, 1974.

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 September 30, 1974, March 31 and September 30, 1975, and March 31, 1976.

Tenders for the notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Thursday, March 28, 1974, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D.C. 20226; 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, March 27, 1974.

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 \$500,000 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.

(Over)

Payment for accepted tenders must be completed on or before Tuesday, April 9, 1974, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt 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 notes allotted will be subject to forfeiture to the United States. Payment may not be made through Tax and Loan Accounts.

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 Thursday, April 4, 1974, 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, Tuesday, April 9, 1974. 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, Thursday, March 28, 1974.

As indicated in the above statement, the coupon rate for the notes will be announced on Wednesday, March 27. You may call this Bank (Telephone No. 212-791-5360, 212-791-5368, or 212-791-5465) on that date to ascertain the rate.

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 circular and tender forms will be mailed to you tomorrow.

ALFRED HAYES,
President.