

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

[Circular No. 7493
October 30, 1974]

TREASURY ANNOUNCES NOVEMBER REFINANCING

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

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

The Treasury will auction to the public next week up to \$2.5 billion of 3-year notes, up to \$1.75 billion of 7-year notes, and up to \$0.6 billion of 8-1/2% 24-1/2 year bonds. This will refund \$4.3 billion of notes and bonds maturing November 15, and will raise \$0.5 billion new cash. The coupon rates for the notes will be determined after tenders are allotted. Additional amounts of the notes and bonds will be allotted to Government accounts and the Federal Reserve Banks in exchange for the maturing securities, of which they hold \$2.4 billion.

The notes and bonds to be auctioned will be:

Treasury notes of Series E-1977 dated November 15, 1974, due November 15, 1977 (CUSIP No. 912827 DZ2) with interest payable on May 15 and November 15,

Treasury Notes of Series B-1981 dated November 15, 1974, due November 15, 1981 (CUSIP No. 912827 EA6) with interest payable on May 15 and November 15, and

an additional amount of 8-1/2% Treasury Bonds of 1994-99 dated May 15, 1974, due May 15, 1999, callable at the option of the United States on any interest payment date on and after May 15, 1994 (CUSIP No. 912810 BR8) with interest payable on May 15 and November 15.

The 3-year notes will be issued in registered and bearer form in denominations of \$5,000, \$10,000, \$100,000 and \$1,000,000. The 7-year notes and 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. The notes and bonds will be issued in book-entry form to designated bidders. Delivery of bearer bonds will be made on November 15, 1974, and December 3, 1974. Bearer notes will be available on November 25, 1974. A purchaser of bearer notes may elect to receive an interim certificate on November 15, which shall be a bearer security exchangeable at face value for Treasury notes of the appropriate series when available.

Tenders for the 3-year notes will be received up to 1:30 p.m., Eastern Standard time, Wednesday, November 6, tenders for the 7-year notes will be received up to 1:30 p.m., Eastern Standard time, Thursday, November 7, and tenders for the bonds will be received up to 2:30 p.m., Eastern Standard time, Friday, November 8 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 November 5 for the 3-year notes, November 6 for the 7-year notes, and November 7 for the bonds. Each tender for the 3-year notes must be in the amount of \$5,000 or a multiple thereof. Each tender for the 7-year notes and the bonds must be in the amount of \$1,000 or a multiple thereof. Each tender must state the price or yield offered, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender.

Competitive tenders for the notes must be expressed in terms of an annual yield in two decimal places, e.g., 7.91, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amounts offered. After a determination is made as to which tenders are accepted, a coupon yield will be determined for each issue to the nearest 1/8 of 1 percent necessary to make the average accepted prices 100.00 or less. Those will be the rates of interest that will be paid on all of the notes of each issue. Based on such interest rates, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield he bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Tenders at a yield that will produce a price less than 99.251 for the 3-year notes and 98.251 for the 7-year notes will not be accepted. Noncompetitive bidders will be required to pay the average price of accepted competitive tenders; the price will be 100.00 or less.

(Over)

Competitive tenders for the bonds must be expressed on the basis of price, with two decimals, e.g., 100.00. Tenders at a price less than 94.01 will not be accepted. Tenders at the highest prices will be accepted to the extent required to attain the amount offered. Successful competitive bidders will be required to pay for the bonds at the price they bid. Noncompetitive bidders will be required to pay the average price of all accepted competitive tenders; the price may be 100.00, or more or less than 100.00.

Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES (Series E-1977 or B-1981)" or "TENDER FOR TREASURY BONDS" should be printed at the bottom of the envelopes in which the 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 will be accepted in full at the average price of accepted competitive tenders.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and 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, may submit tenders for the account of customers, provided the names of the customers are set forth in such tenders. Others 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. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment for the securities with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Friday, November 15, 1974, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt, except that payment for up to 50 percent of the amount of bonds allotted may be deferred until December 3, 1974, as set forth in the following paragraph. Payment must be in cash, 5-3/4% Treasury Notes of Series A-1974 or 3-7/8% Treasury Bonds of 1974, which will be accepted at par, in other funds immediately available to the Treasury by November 15, or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Tuesday, November 12, 1974, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Friday, November 8, 1974, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, 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.

If partial payment for the bonds is to be deferred until December 3, 1974, the bidder must indicate on the tender form the amount of bonds allotted on which payment will be deferred. Accrued interest from November 15 to December 3, 1974, will be charged on the deferred payment at the rate of \$4.22652 per \$1,000 face value. In the case of partial payment from bidders who are required to submit a 5 percent deposit with their tender, 5 percent of the total amount of bonds allotted, adjusted to the next higher multiple of \$1,000, will be withheld from delivery until the total amount due on the bonds allotted is paid.

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 notes or bonds 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.

The official offering circulars and tender forms will be mailed to you as soon as possible.

ALFRED HAYES,
President.