

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

[ Circular No. 7526 ]  
December 16, 1974

## Auction of \$2 Billion of New Treasury Notes

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

The following statements were issued on December 13 by the Treasury Department:

### TREASURY TO ROLL OVER NOTES IN QUARTERLY CYCLE

The Treasury will refund \$1.9 billion of notes held by the public maturing December 31, 1974, by selling \$2.0 billion of 2-year notes maturing December 31, 1976. Additional amounts of these notes may be issued at the average price of accepted tenders to Government accounts and to Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities.

The notes will be sold at auction, on a yield basis, on Monday, December 23. Bidders must state the yield they will accept on the basis of a percentage to two decimal places. The coupon rate will be set, after the auction, at the  $\frac{1}{8}$  of one percent which is nearest to the average yield on accepted tenders and which produces an average price at or below par. The minimum denomination of these notes will be \$5,000.

The payment date for the notes will be December 31, 1974. Payment may not be made by credit to Treasury tax and loan accounts.

This is the second rollover of notes in the quarterly cycle of 2-year maturities started in 1972.

### DETAILS OF TREASURY ANNOUNCEMENT OF AUCTION OF \$2 BILLION OF NOTES

The Treasury will auction under competitive and noncompetitive bidding \$2.0 billion, or thereabouts of 2-year notes to raise cash for refunding \$1.9 billion of notes held by the public maturing December 31, 1974. The coupon rate for the notes will be determined after tenders are allotted. Additional amounts of the notes may be issued to Government accounts and to Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities.

The notes to be issued will be Treasury Notes of Series K-1976 dated December 31, 1974, due December 31, 1976 (CUSIP No. 912827 EB4) with interest payable semiannually on June 30 and December 31. They will be issued in registered and bearer form in denominations of \$5,000, \$10,000, \$100,000 and \$1,000,000, and in book-entry form to designated bidders. Delivery of bearer notes will be made on or about January 6, 1975. A purchaser of bearer notes may elect to receive an interim certificate on December 31, which shall be a bearer security exchangeable at face value for Treasury Notes of Series K-1976 when available.

Tenders will be received up to 1:30 p.m., Eastern Standard time, Monday, December 23, 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 Sunday, December 22. Each tender must be in the amount of \$5,000 or a multiple thereof, and all tenders must state the yield, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders for the notes must be expressed in terms of annual yield in two decimal places, e.g., 7.75, 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 amount offered. After a determination is made as to which tenders are accepted, a coupon yield will be determined to the nearest  $\frac{1}{8}$  of 1 percent necessary to make the average accepted price 100.00 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, 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 99.501 will not be accepted.

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 more or less than the \$2.0 billion offered to the public, 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 of accepted competitive tenders, which price will be 100.00 or less.

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 Tuesday, December 31, 1974, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt in cash, 5 $\frac{7}{8}$ % Treasury Notes of Series F-1974, which will be accepted at par, in other funds immediately available to the Treasury by December 31, 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) Friday, December 27, 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) Tuesday, December 24, 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.

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 bid for under this offering at a specific rate or price, until after 1:30 p.m., Eastern Standard time, Monday, December 23, 1974.

The terms of this offering are set forth in Treasury Department Circular No. 16-74, Public Debt Series, dated December 16, 1974, a copy of which is printed on the following pages.

This Bank will receive tenders up to 1:30 p.m., Eastern Standard time, Monday, December 23, 1974, 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 Sunday, December 22, will be considered timely. Please use the enclosed tender form to submit a tender, and return it in the enclosed envelope marked "Tender for Treasury Notes." 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, 5 $\frac{7}{8}$ % Treasury Notes of Series F-1974, or other immediately available funds; *settlement cannot be made by credit to Treasury Tax and Loan Accounts*. If payment is made by check, the check must be a certified personal check or an official Bank check, payable on its face to the Federal Reserve Bank of New York; *checks endorsed to this Bank will not be accepted*.

The notes will be auctioned on a yield basis, rather than the conventional price basis. Competitive tenders for these new notes must be expressed in terms of an annual yield in two decimal places, e.g.,

7.75, rather than in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the \$2 billion offered. After a determination is made as to which tenders are accepted, a coupon yield will be determined to the nearest  $\frac{1}{8}$  of 1 percent necessary to make the average accepted price 100.00 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, 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 determination of the Secretary of the Treasury shall be final. Tenders at a yield that will produce a price less than 99.501 will not be accepted.

Telephone inquiries regarding this offering may be made by calling Telephone No. 212-791-5823, 212-791-6616, or 212-791-5465.

**ALFRED HAYES,**  
*President.*



# UNITED STATES OF AMERICA

## TREASURY NOTES OF SERIES K-1976

Dated and bearing interest from December 31, 1974

Due December 31, 1976

DEPARTMENT CIRCULAR  
Public Debt Series — No. 16-74

DEPARTMENT OF THE TREASURY,  
Office of the Secretary,  
Washington, December 16, 1974.

### I. INVITATION FOR TENDERS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites tenders on a yield basis for \$2,000,000,000, or thereabouts, of notes of the United States, designated Treasury Notes of Series K-1976. The interest rate for the notes will be determined as set forth in Section III, paragraph 3, hereof. Additional amounts of the notes may be issued by the Secretary of the Treasury to Government accounts and Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities at the average price of accepted tenders. Tenders will be received up to 1:30 p.m., Eastern Standard time, Monday, December 23, 1974, under competitive and noncompetitive bidding, as set forth in Section III hereof. The 5 $\frac{7}{8}$  percent Treasury Notes of Series F-1974, maturing December 31, 1974, will be accepted at par in payment, in whole or in part, to the extent tenders are allotted by the Treasury.

### II. DESCRIPTION OF NOTES

1. The notes will be dated December 31, 1974, and will bear interest from that date, payable semiannually on June 30, 1975, December 31, 1975, June 30, 1976, and December 31, 1976. They will mature December 31, 1976, and will not be subject to call for redemption prior to maturity.

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

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of \$5,000, \$10,000, \$100,000 and \$1,000,000. Book-entry notes will be available to eligible bidders in multiples of those amounts. Interchanges of notes of different denominations and of coupon and registered notes, and the transfer of registered notes will be permitted.

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

### III. TENDERS AND ALLOTMENTS

1. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20226, up to the closing hour, 1:30 p.m., Eastern Standard time, Monday, December 23, 1974. Each tender must state the face amount of notes bid for, which must be \$5,000 or a multiple thereof, and the yield desired, except that in the case of noncompetitive tenders the term "non-competitive" should be used in lieu of a yield. In the case of competitive tenders, the yield must be expressed in terms of an annual yield, with two decimals, e.g., 7.75. Noncompetitive tenders from any one bidder may not exceed \$500,000.

2. 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 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 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 (in cash or 5 $\frac{7}{8}$  percent Treasury Notes of Series F-1974 which will be accepted at par) of 5 percent of the face amount of notes applied for.

3. Immediately after the closing hour tenders will be opened, following which public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Those submitting competitive tenders will be advised of the acceptance or rejection thereof. In considering the acceptance of tenders, those with the lowest yields



will be accepted to the extent required to attain the amount offered. Tenders at the highest accepted yield will be prorated if necessary. After the determination is made as to which tenders are accepted, an interest rate will be established at the nearest  $\frac{1}{8}$  of one percent necessary to make the average accepted price 100.00 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will be required to pay the price corresponding to the yield 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. 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 more or less than \$2,000,000,000 offered to the public, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for \$500,000 or less without stated yield from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive tenders.

4. All bidders are required to agree not to purchase or sell, or to make any agreements with respect to the purchase or sale or other disposition of any notes of this issue at a specific rate or price, until after 1:30 p.m., Eastern Standard time, Monday, December 23, 1974.

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 accounts.

#### IV. PAYMENT FOR AND DELIVERY OF NOTES

1. Settlement for accepted tenders in accordance with the bids must be made or completed on or before December 31, 1974, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt, Washington, D. C. 20226. Payment must be in cash,  $5\frac{7}{8}$  percent Treasury Notes of Series F-1974 (interest coupons dated December 31, 1974, should be detached), in other funds immediately available to the Treasury by December 31, 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) Friday, December 27, 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 the case of the Treasury, or (2) Tuesday, December 24, 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. Payment will not be deemed to have been completed where registered notes 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 notes allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. When payment is made with notes, a cash adjustment will be made to or required of the bidder for any difference between the face amount of notes submitted and the amount payable on the notes allotted.

2. Delivery of notes in bearer form will be made on or about January 6, 1975. Purchasers of bearer notes may elect to receive interim certificates on December 31, 1974, which will be exchangeable for the notes when available at any Federal Reserve Bank or Branch or at the Bureau of the Public Debt, Washington, D. C. 20226. The interim certificates must be returned at the risk and expense of the holder.

#### V. ASSIGNMENT OF REGISTERED NOTES

1. Registered notes tendered as deposits and in payment for notes allotted hereunder are not required to be assigned if the notes are to be registered in the same names and forms as appear in the registrations or assignments of the notes surrendered. Specific instructions for the issuance and delivery of the notes, signed by the owner or his authorized representative, must accompany the notes presented. Otherwise, the notes should be assigned by the registered payees or assignees thereof in accordance with the general regulations governing United States securities, as hereinafter set forth. Notes to be registered in names and forms different from those in the inscriptions or assignments of the notes presented should be assigned to "The Secretary of the Treasury for Treasury Notes of Series K-1976 in the name of (name and taxpayer identifying number)." If notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for coupon Treasury Notes of Series K-1976 to be delivered to .....". Notes tendered in payment should be surrendered to the Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Washington, D. C. 20226. The notes must be delivered at the expense and risk of the holder.

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

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.

STEPHEN S. GARDNER,  
*Acting Secretary of the Treasury.*



## TENDER FOR TREASURY NOTES OF SERIES K-1976

Dated December 31, 1974

Due December 31, 1976

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

Dated at .....  
....., 1974

Pursuant to the provisions of Treasury Department Circular No. 16-74, Public Debt Series, dated December 16, 1974, the undersigned hereby offers to purchase United States of America Treasury Notes of Series K-1976 in the amount indicated below, and agrees to make payment therefor at your Bank on or before the issue date at the price awarded on this tender.

**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 \$500,000 for one bidder through all sources)

Yield: .....

at the average price of accepted competitive bids.

*(Yield must be expressed with not more than two decimal places, for example, 7.75)*

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

Pieces	Denomination	Maturity value		
	\$ 5,000		<input type="checkbox"/> 1. Deliver over the counter to the undersigned	Payment will be made as follows: <input type="checkbox"/> By charge to our reserve account <input type="checkbox"/> By cash or check in <i>immediately available funds</i> <input type="checkbox"/> By surrender of maturing securities as indicated in official circular <input type="checkbox"/> 5. Special instructions:
	10,000		<input type="checkbox"/> 2. Ship to the undersigned	
	100,000		<input type="checkbox"/> 3. Hold in safekeeping (for member bank only) in — <input type="checkbox"/> Investment Account <input type="checkbox"/> General Account <input type="checkbox"/> Trust Account	
	1,000,000		<input type="checkbox"/> 4. Hold as collateral for Treasury Tax and Loan Account*	
	<b>Totals</b>		<i>(No changes in delivery instructions will be accepted)</i>	

\* The undersigned certifies that the allotted notes 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 notes of this issue at a specific rate or price, until after one-thirty p.m., Eastern Standard time, Monday, December 23, 1974.*

(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 notes 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.

.....  
(Name of subscriber — please print or type)

.....  
(Address — incl. City and State)

.....  
(Tel. No.)

.....  
(Signature of subscriber or authorized signature)

.....  
(Title of authorized signer)

(Banking institutions submitting tenders for customer account must list customers' names on lines below or on an attached rider)

.....  
(Name of Customer)

.....  
(Name of Customer)

**INSTRUCTIONS:**

1. No tender for less than \$5,000 will be considered and each tender must be for an even multiple of \$5,000 (maturity value).
2. Only banking institutions, and dealers who make primary markets in Government securities and report daily to this Bank their positions with respect to Government securities and borrowings thereon, may submit tenders for customer account; in doing so, they may consolidate competitive tenders *at the same yield* and may consolidate noncompetitive tenders, provided a list is attached showing the name of each bidder and the amount bid for his account. Others will not be permitted to submit tenders except for their own account.
3. 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."
4. 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 securities 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.
5. 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.



