

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 7556]
[January 22, 1975]

TREASURY NOTE AND BOND AUCTIONS

*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 notes and bonds to be auctioned to the public to provide funds for refunding the \$3.55 billion of publicly held notes maturing February 15 and to raise cash will be:

up to \$3.0 billion of 3-1/4-year Treasury Notes of Series D-1978 dated February 18, 1975, due May 15, 1978 (CUSIP No. 912827 EC2) with interest payable on November 15, 1975, and thereafter on May 15 and November 15,

up to \$1.75 billion of 6-year Treasury Notes of Series C-1981 dated February 18, 1975, due February 15, 1981 (CUSIP No. 912827 ED0) with interest payable on February 15 and August 15, and

up to \$0.75 billion of 25-year Treasury Bonds of 1995-2000 dated February 18, 1975, due February 15, 2000, callable at the option of the United States on any interest payment date on and after February 15, 1995 (CUSIP No. 912810 BS6) with interest payable on February 15 and August 15.

The coupon rates for the notes and bonds will be determined after tenders are allotted.

Additional amounts of the new notes and bonds 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 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. They will be issued in book-entry form to designated bidders. Delivery of bearer notes will be made on February 18, 1975. Delivery of bearer bonds will be made on February 18, 1975, and March 3, 1975.

Tenders for the 3-1/4-year notes will be received up to 1:30 p.m., Eastern Standard time, Tuesday, January 28, tenders for the 6-year notes will be received up to 1:30 p.m., Eastern Standard time, Wednesday, January 29, and tenders for the bonds will be received up to 1:30 p.m., Eastern Standard time, Thursday, January 30, 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 January 27 for the 3-1/4-year notes, January 28 for the 6-year notes, and January 29 for the bonds. Tenders must be in the amount of \$1,000 or a multiple thereof. Each tender must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender.

Competitive tenders for the notes and bonds must be expressed in terms of an annual yield in two decimal places, e.g., 7.11, 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 securities 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 determination of the Secretary of the Treasury shall be final. Tenders at a yield that will produce a price less than 99.251 for the 3-1/4-year notes, 98.501 for the 6-year notes, and 93.751 for the bonds 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.

Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES (Series D-1978 or C-1981)" or "TENDER FOR TREASURY BONDS" should be printed at the bottom of 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 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 Tuesday, February 18, 1975, 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 March 3, 1975, as set forth in the following paragraph. Payment must be in cash, 5-3/4% Treasury Notes of Series A-1975 or 5-7/8% Treasury Notes of Series E-1975, which will be accepted at par, in other funds immediately available to the Treasury by February 18, 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, February 11, 1975, 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) Monday, February 10, 1975, 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 March 3, 1975, the bidder must indicate on the tender form the amount of bonds allotted on which payment will be deferred. Accrued interest from February 18 to March 3, 1975, will be charged on the deferred payment at the coupon yield established for the bonds. 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 (in addition to the bonds on which payment is deferred) 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.