

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

[Circular No. 7585
March 12, 1975]

TREASURY TO AUCTION \$3.45 BILLION OF NOTES AND BONDS

*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 will auction to the public up to \$2.2 billion of 2-year notes and up to \$1.25 billion of 15-year bonds. Additional amounts of the 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 securities to be auctioned will be:

Treasury Notes of Series G-1977 dated March 31, 1975, due March 31, 1977 (CUSIP No. 912827 EH1) with interest payable on September 30, 1975, March 31 and September 30, 1976, and March 31, 1977, and

Treasury Bonds of 1990 dated April 7, 1975, due May 15, 1990 (CUSIP No. 912810 BT4) with interest payable on November 15, 1975, and thereafter on May 15 and November 15.

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

The notes will be issued in registered and bearer form in denominations of \$5,000, \$10,000, \$100,000 and \$1,000,000. 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. Both securities will be available for issue in book-entry form. Delivery of bearer notes will be made on March 31, 1975, and delivery of bearer bonds will be made on April 7, 1975. Payment for the securities may not be made through tax and loan accounts.

Tenders for the notes will be received up to 1:30 p.m. Eastern Daylight Saving time, Tuesday, March 18, and tenders for the bonds will be received up to 1:30 p.m., Eastern Daylight Saving time, Thursday, March 20 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 March 17 for the notes and March 19 for the bonds. Each tender for the notes must be in the amount of \$5,000 or a multiple thereof. Each tender for the bonds 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 annual yield in two decimal places, e.g., 6.02, 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 rate 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 99.501 for the notes and 96.251 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" or "TENDER FOR TREASURY BONDS" should be printed at the bottom of envelopes in which tenders are submitted.

(Over)

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 for the notes must be completed on Monday, March 31, 1975. Payment for accepted tenders for the bonds must be completed on Monday, April 7, 1975. Payment must be in cash, in other funds immediately available to the Treasury by the payment date 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) Wednesday, March 26, 1975 for the notes and Wednesday, April 2, 1975 for the bonds 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, March 24, 1975, for the notes and Monday, March 31, 1975, for the bonds 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.

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

ALFRED HAYES,
President.