

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

Circular No. 7620
May 1, 1975

TREASURY ANNOUNCES MAY REFINANCING

*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 next week up to \$2.75 billion of 3-1/4-year notes, up to \$1.50 billion of 7-year notes, and up to \$0.75 billion of 30-year bonds. This will refund \$3.8 billion of notes held by the public maturing May 15, and will raise \$1.2 billion new cash. 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, which hold \$4.7 billion of maturing notes.

The notes and bonds to be auctioned will be:

Treasury Notes of Series E-1978 dated May 15, 1975, due August 15, 1978 (CUSIP No. 912827 EL2) with interest payable on February 15 and August 15, 1975, and thereafter on February 15 and August 15,

Treasury Notes of Series A-1982 dated May 15, 1975, due May 15, 1982 (CUSIP No. 912827 EM0) with interest payable on May 15 and November 15, and

Treasury Bonds of 2000-05 dated May 15, 1975, due May 15, 2005, callable at the option of the United States on any interest payment date on and after May 15, 2000 (CUSIP No. 912810 BU1) with interest payable on May 15 and November 15.

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

Payment for the securities must be made on May 15, 1975, except that payment for the bonds may be deferred until June 2, 1975. Payment may not be made through tax and loan accounts. The 3-1/4-year notes will be issued in denominations of \$5,000, \$10,000, \$100,000 and \$1,000,000. The 7-year notes and the bonds will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The securities will be issued in registered and bearer form and will be available for issue in book-entry form. Definitive 3-1/4-year notes in bearer form will be delivered on or about May 27, 1975. Definitive 7-year notes in bearer form will be delivered on or about May 28, 1975. Definitive bearer bonds will be delivered on or about May 28, 1975, and June 2, 1975. Purchasers of bearer securities may elect to receive interim certificates on the payment date, which will be bearer securities exchangeable at face value for securities of the appropriate issue when available.

Tenders for the 3-1/4-year notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, May 6, tenders for the 7-year notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Wednesday, May 7, and tenders for the bonds will be received up to 1:30 p.m., Eastern Daylight Saving time, Thursday, May 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 May 5 for the 3-1/4-year notes, May 6 for the 7-year notes, and May 7 for the bonds. Tenders for the 3-1/4-year notes must be in the amount of \$5,000 or a multiple thereof. Tenders 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 yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender.

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Competitive tenders must be expressed in terms of 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 100.000 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 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 3-1/4-year notes, 98.251 for the 7-year notes, and 92.501 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 100.000 or less.

Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES (Series E-1978 or A-1982)" 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 Thursday, May 15, 1975, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt, except that payment for up to 100 percent of the amount of bonds allotted may be deferred until June 2, 1975, as set forth in the following paragraph. Payment must be in cash, 6% Treasury Notes of Series B-1975 or 5-7/8% Treasury Notes of Series F-1975, which will be accepted at par, in other funds immediately available to the Treasury by May 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) Monday, May 12, 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) Friday, May 9, 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 payment for the bonds is to be deferred until June 2, 1975, the bidder must indicate on the tender form the amount of bonds allotted on which payment will be deferred. Accrued interest from May 15 to June 2, 1975, will be charged on the deferred payment at the coupon yield established for the bonds. In the case of partial payments 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.

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

ALFRED HAYES,
President.