

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

Circular No. 7954
September 14, 1976

TREASURY TO AUCTION \$2,500 MILLION OF 2-YEAR NOTES

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

The following statement was issued September 13 by the Treasury Department:

The Department of the Treasury will auction \$2,500 million of 2-year notes to refund \$1,681 million of notes held by the public maturing September 30, 1976, and to raise \$819 million new cash. Additional amounts of these notes may be issued at the average price of accepted tenders to Government accounts and to Federal Reserve Banks for their own account in exchange for \$342 million maturing notes held by them, and to Federal Reserve Banks as agents of foreign and international monetary authorities for new cash only.

Printed on the reverse side is a table summarizing the highlights of the offering. Copies of the official offering circular will be furnished upon request.

Bidders submitting noncompetitive tenders for the notes should realize that it is possible that the average price may be above par, in which case they would have to pay more than the face value for the securities.

If payment for the notes is made by check, the check should 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.

Enclosed is a copy of the form to be used in submitting tenders. If there is any doubt that tenders sent by mail will reach this Bank or its Branch in time, bidders should use other means of transmitting their tenders.

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

PAUL A. VOLCKER,
President.

**HIGHLIGHTS OF TREASURY
OFFERING TO THE PUBLIC
OF 2-YEAR NOTES (SERIES R-1978)**

Amount Offered:

To the public \$2,500 million

Description of Security:

Term and type of security 2-year notes—Series R-1978
Maturity date September 30, 1978
Call date No provision
Interest coupon rate To be determined, based on the
average of accepted bids
Investment yield To be determined at auction
Premium or discount To be determined after auction
Interest payment dates March 31 and September 30
Minimum denomination available \$5,000

Terms of Sale:

Method of sale Yield auction
Accrued interest payable by investor None
Preferred allotment Noncompetitive bid for \$500,000
or less
Deposit requirement 5% of face amount
Deposit guarantee by designated institutions Acceptable

Key Dates:

Deadline for receipt of tenders Tuesday, September 21, 1976,
by 1:30 p.m., EDT
Settlement date (final payment due)
a) Cash or Federal funds Thursday, September 30, 1976
b) Check drawn on bank within FRB district where submitted Monday, September 27, 1976
c) Check drawn on bank outside FRB district where submitted Friday, September 24, 1976
Delivery date for coupon securities Thursday, September 30, 1976

UNITED STATES OF AMERICA

TREASURY NOTES OF SERIES R-1978

Dated and bearing interest from September 30, 1976

Due September 30, 1978

DEPARTMENT CIRCULAR
Public Debt Series No. 23 - 76

DEPARTMENT OF THE TREASURY,
Office of the Secretary,
Washington, September 14, 1976.

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 \$2,500,000,000, or thereabouts, of notes of the United States, designated Treasury Notes of Series R-1978 (CUSIP No. 912827 FZ 0). The interest rate for the notes will be determined as set forth in Section III, paragraph 3, hereof. Additional amounts of these notes may be issued at the average price of accepted tenders to Government accounts and to Federal Reserve Banks in exchange for maturing Treasury securities held by them for their own account and as agents of foreign and international monetary authorities for new cash only. Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, September 21, 1976, under competitive and noncompetitive bidding, as set forth in Section III hereof. The 8-1/4 percent Treasury Notes of Series J-1976, maturing September 30, 1976, 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 September 30, 1976, and will bear interest from that date, payable semiannually on March 31, 1977, September 30, 1977, March 31, 1978, and September 30, 1978. They will mature September 30, 1978, 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. Inter-

changes 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 Daylight Saving time, Tuesday, September 21, 1976. 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 "noncompetitive" 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., 7.11. Fractions may not be used. 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 8-1/4% Treasury Notes of Series J-1976, which will be accepted at par) of 5 percent of the face amount of notes applied for.

(Over)

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, a coupon rate will be determined at a 1/8 of one percent increment that translates into an average accepted price close to 100.000 and a lowest accepted price above 99.500. That rate of interest 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 tenders for more or less than the \$2,500,000,000 of notes offered, 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 price¹ (in three decimals) of accepted competitive tenders.

IV. PAYMENT

1. Settlement for accepted tenders in accordance with the bids must be made or completed on or before Thursday, September 30, 1976, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt. Payment must be in cash, 8-1/4% Treasury Notes of Series J-1976 (interest coupons dated September 30, 1976, should be detached), in other funds immediately available to the Treasury by September 30, 1976, 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, September 27, 1976, 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, September 24, 1976, 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.

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. When the new notes are to be registered in names and forms different from those in the inscriptions or assignments of the notes presented the assignment should be to "The Secretary of the Treasury for Treasury Notes of Series R-1978 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 R-1978 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.

GEORGE H. DIXON,
Acting Secretary of the Treasury.

¹Average price may be at, or more or less than 100.000.

IMPORTANT — Closing time for receipt of this tender is 1:30 p.m., Tuesday, September 21, 1976.

TENDER FOR TREASURY NOTES OF SERIES R-1978

Dated September 30, 1976

Due September 30, 1978

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

Dated at
....., 19 ..

The undersigned hereby offers to purchase United States of America Treasury Notes of Series R-1978 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.

Yield:

(Yield must be expressed with not more than two decimal places, for example, 7.11)

\$ (maturity value)
(Not to exceed \$500,000 for one bidder through all sources)

at the average price of accepted competitive bids.

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

Pieces	Denomination	Maturity value		
XXX	XXXXXX	XXX	XXX	XXX
	\$ 5,000			
	10,000			
	100,000			
	1,000,000			
	Totals			

1. Deliver over the counter to the undersigned

2. Ship to the undersigned

3. Hold in safekeeping (for member bank only) in —

Investment Account

General Account

Trust Account

4. Hold as collateral for Treasury Tax and Loan Account*

(No changes in delivery instructions will be accepted)

Payment will be made as follows:

By charge to our reserve account

By cash or check in *immediately available funds*

By surrender of maturing securities

5. Special instructions.

* The undersigned certifies that the allotted securities will be owned solely by the undersigned.

(If a commercial bank or dealer 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 forth opposite the customers' names on the list which is made a part of this tender, and that we have either received and are holding for the Treasury or we guarantee payment to the Treasury of deposits stipulated in the official offering circular.

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.

Insert this tender in special envelope marked "Tender for Treasury Notes or Bonds"

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

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

.....
(Tel. No.)

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

.....
(Title of authorized signer)

(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 a multiple of \$5,000 (maturity value).
2. Only banking institutions, and dealers who make primary markets in 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. 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 the securities applied for.
4. Payment must be completed by September 30, 1976. If payment is by check drawn on a bank in this District, it must be received by September 27, 1976; checks drawn on a bank in another District must be received by September 24, 1976. 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 that, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

PRIVACY ACT STATEMENT — The individually identifiable information required on this form is necessary to permit the subscription to be processed and the securities to be issued. If registered securities are requested, the regulations governing United States securities (Department Circular No. 300) and the offering circular require submission of social security numbers; the numbers and other information are used in inscribing the securities and establishing and servicing the ownership and interest records. The transaction will not be completed unless all required data is furnished.

SCHEDULE FOR ISSUE OF REGISTERED TREASURY NOTES OF SERIES R-1978

SUBSCRIPTION NO.

DELIVER OVER THE COUNTER
 SHIP TO SUBSCRIBER
 OTHER INSTRUCTIONS:

BY CHARGE TO OUR RESERVE ACCOUNT
 BY CASH OR CHECK IN IMMEDIATELY AVAILABLE FUNDS
 BY SURRENDER OF MATURING SECURITIES

SUBSCRIBER _____
 SIGNATURE _____
 ADDRESS _____ ZIP _____

FOR FRB USE ONLY

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REGISTRATION INSTRUCTIONS	NO. OF PIECES	DENOM.	AMOUNT	SERIAL NOS. (LEAVE BLANK)	TR. CASE NO.
NAME(S)					
ID OR S.S. NO.	32	5,000			
ADDRESS	34	10,000			
	38	100,000			
	42	1,000,000			
ZIP	99	TOTAL			
NAME(S)					
ID OR S.S. NO.	32	5,000			
ADDRESS	34	10,000			
	38	100,000			
	42	1,000,000			
ZIP	99	TOTAL			
NAME(S)					
ID OR S.S. NO.	32	5,000			
ADDRESS	34	10,000			
	42	100,000			
	99	1,000,000			
ZIP	99	TOTAL			
NAME(S)					
ID OR S.S. NO.	32	5,000			
ADDRESS	34	10,000			
	38	100,000			
	42	1,000,000			
ZIP	99	TOTAL			
NAME(S)					
ID OR S.S. NO.	32	5,000			
ADDRESS	34	10,000			
	38	100,000			
	42	1,000,000			
ZIP	99	TOTAL			

FOR FRB USE ONLY
 TR. CASE NO. _____
 TR. CASE NO. _____
 TR. CASE NO. _____
 TR. CASE NO. _____