

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 8028]
January 5, 1977

OFFERING OF TWO SERIES OF TREASURY BILLS

**\$2,400,000,000 of 91-Day Bills, Additional Amount, Series Dated October 14, 1976, Due April 14, 1977
(To Be Issued January 13, 1977)**

\$3,500,000,000 of 182-Day Bills, Dated January 13, 1977, Due July 14, 1977

*To All Incorporated Banks and Trust Companies, and Others
Concerned, in the Second Federal Reserve District:*

Following is the text of a notice issued by the Treasury Department, released yesterday:

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of \$5,900 million, or thereabouts, to be issued January 13, 1977, as follows:

91-day bills (to maturity date) in the amount of \$2,400 million, or thereabouts, representing an additional amount of bills dated October 14, 1976, and to mature April 14, 1977 (CUSIP No. 912793 F68), originally issued in the amount of \$3,508 million, the additional and original bills to be freely interchangeable.

182-day bills, for \$3,500 million, or thereabouts, to be dated January 13, 1977, and to mature July 14, 1977 (CUSIP No. 912793 H90).

The bills will be issued for cash and in exchange for Treasury bills maturing January 13, 1977, outstanding in the amount of \$5,911 million, of which Government accounts and Federal Reserve Banks, for themselves and as agents of foreign and international monetary authorities, presently hold \$2,682 million. These accounts may exchange bills they hold for the bills now being offered at the average prices of accepted tenders.

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their face amount will be payable without interest. They will be issued in bearer form in denominations of \$10,000, \$15,000, \$50,000, \$100,000, \$500,000 and \$1,000,000 (maturity value), and in book-entry form to designated bidders.

Tenders will be received at Federal Reserve Banks and Branches and, from individuals, at the Bureau of the Public Debt, Washington, D.C. 20226, up to 1:30 p.m., Eastern Standard time, Monday, January 10, 1977. Each tender must be for a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. In the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used.

Banking institutions and dealers which 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

This Bank will receive tenders for both series up to 1:30 p.m., Eastern Standard time, Monday, January 10, 1977, at the Securities Department of its Head Office and at its Buffalo Branch. Tender forms for the respective series are enclosed. Please use the appropriate forms to submit tenders and return them in the enclosed enveloped marked "Tender for Treasury Bills." Tenders not requiring a deposit may be submitted by telegraph, subject to written confirmation; no tenders may be submitted by telephone. *Payment for Treasury bills cannot be made by credit through the Treasury Tax and Loan Account. Settlement must be made in cash or other immediately available funds or in maturing Treasury bills.*

Results of the last weekly offering of Treasury bills (91-day bills to be issued January 6, 1977, representing an additional amount of bills dated October 7, 1976, maturing April 7, 1977; and 182-day bills dated January 6, 1977, maturing July 7, 1977) are shown on the reverse side of this circular.

such tenders. Others will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Public announcement will be made by the Department of the Treasury of the amount and price range of accepted bids. Those submitting competitive tenders will be advised of the acceptance or rejection thereof. 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 each issue for \$500,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt on January 13, 1977, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 13, 1977. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

Under Sections 454(b) and 1221(5) of the Internal Revenue Code of 1954, the amount of discount at which bills issued hereunder are sold is considered to accrue when the bills are sold, redeemed or otherwise disposed of, and the bills are excluded from consideration as capital assets. Accordingly, the owner of bills (other than life insurance companies) issued hereunder must include in his Federal income tax return, as ordinary gain or loss, the difference between the price paid for the bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made.

Department of the Treasury Circular No. 418 (current revision) and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

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PAUL A. VOLCKER,
President.

(OVER)

RESULTS OF LAST WEEKLY OFFERING OF TREASURY BILLS
(TWO SERIES TO BE ISSUED JANUARY 6, 1977)

Range of Accepted Competitive Bids

| | <i>91-Day Treasury Bills Maturing April 7, 1977</i> | | | <i>182-Day Treasury Bills Maturing July 7, 1977</i> | | |
|---------------|---|--------------------------|--|---|--------------------------|--|
| | <i>Price</i> | <i>Discount Rate</i> | <i>Investment Rate¹</i> | <i>Price</i> | <i>Discount Rate</i> | <i>Investment Rate¹</i> |
| High | 98.896 ^a | 4.367% | 4.48% | 97.711 | 4.528% | 4.70% |
| Low | 98.881 | 4.427% | 4.54% | 97.691 | 4.567% | 4.74% |
| Average | 98.886 | 4.407% | 4.52% | 97.697 | 4.555% | 4.73% |

¹ Equivalent coupon-issue yield.

^a Excepting two tenders totaling \$410,000.

(24 per cent of the amount of 91-day bills
bid for at the low price was accepted.)

(15 per cent of the amount of 182-day bills
bid for at the low price was accepted.)

Total Tenders Received and Accepted

| <i>F.R. District (and U.S. Treasury)</i> | <i>91-Day Treasury Bills Maturing April 7, 1977</i> | | <i>182-Day Treasury Bills Maturing July 7, 1977</i> | |
|--|---|------------------------------------|---|------------------------------------|
| | <i>Received</i> | <i>Accepted</i> | <i>Received</i> | <i>Accepted</i> |
| Boston | \$ 25,985,000 | \$ 24,985,000 | \$ 41,655,000 | \$ 39,655,000 |
| New York | 3,531,850,000 | 2,075,850,000 | 4,452,865,000 | 3,104,865,000 |
| Philadelphia | 22,690,000 | 22,690,000 | 10,070,000 | 10,070,000 |
| Cleveland | 22,820,000 | 22,820,000 | 9,290,000 | 9,290,000 |
| Richmond | 12,645,000 | 12,645,000 | 16,720,000 | 6,295,000 |
| Atlanta | 23,405,000 | 23,405,000 | 13,855,000 | 13,855,000 |
| Chicago | 239,925,000 | 148,525,000 | 416,640,000 | 128,840,000 |
| St. Louis | 49,830,000 | 41,830,000 | 32,160,000 | 17,160,000 |
| Minneapolis | 24,750,000 | 24,750,000 | 38,900,000 | 33,900,000 |
| Kansas City | 24,325,000 | 24,325,000 | 15,165,000 | 14,665,000 |
| Dallas | 22,215,000 | 22,215,000 | 28,085,000 | 24,385,000 |
| San Francisco | 214,310,000 | 56,710,000 | 330,745,000 | 97,245,000 |
| U.S. Treasury | 35,000 | 35,000 | 30,000 | 30,000 |
| TOTALS | \$4,214,785,000 | \$2,500,785,000^b | \$5,406,180,000 | \$3,500,255,000^c |

^b Includes \$284,620,000 noncompetitive tenders from the public.

^c Includes \$118,800,000 noncompetitive tenders from the public.