FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 8230 December 2, 1977

Offering of \$3,505,000,000 of 364-Day Treasury Bills

Dated December 13, 1977

Due December 12, 1978

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

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

The Department of the Treasury, by this public notice, invites tenders for \$3,505 million, or thereabouts, of 364-day Treasury bills to be dated December 13, 1977, and to mature December 12, 1978 (CUSIP No. 912793 R81). The bills, with a limited exception, will be available in book-entry form only, and will be issued for cash and in exchange for Treasury bills maturing December 13, 1977.

This issue will not provide new money for the Treasury as the maturing issue is outstanding in the amount of \$3,505 million, of which \$2,136 million is held by the public and \$1,368 million is held by Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities. Additional amounts of the bills may be issued to Federal Reserve Banks as agents of foreign and international monetary authorities. Tenders from Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities will be accepted at the average price of accepted tenders.

The bills will be issued on a discount basis under competitive and non-competitive bidding, and at maturity their par amount will be payable without interest. Except for definitive bills in the \$100,000 denomination, which will be available only to investors who are able to show that they are required by law or regulation to hold securities in physical form, this series of bills will be issued entirely in book-entry form on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D.C. 20226, up to 1:30 p.m., Eastern Standard time, Wednesday, December 7, 1977. Form PD 4632-1 should be used to submit tenders for bills to be maintained on the book-entry records of the Department of the Treasury.

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 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.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities, for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches, or for definitive bills, where authorized. A deposit of 2 percent of the par amount of the bills applied for must accompany tenders for such bills from others, unless an express guaranty of payment by an incorporated bank or trust company accompanies the tenders.

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 \$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.

Settlement for accepted tenders for bills to be maintained on the records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on December 13, 1977, in cash or other immediately available funds or in Treasury bills maturing December 13, 1977. 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 a 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 Circulars, Public Debt Series—Nos. 26-76 and 27-76, and this notice, prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars and tender forms may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

Tenders will be received up to 1:30 p.m., Eastern Standard time, Wednesday, December 7, 1977, at the Securities Department of this Bank's Head Office, at our Buffalo Branch, or at the Bureau of the Public Debt. The enclosed form should be used for submitting tenders through a financial institution. Forms for submitting tenders directly to the Treasury are available from the Government Bond Division of this Bank. Tenders not requiring a deposit may be submitted by telegraph, subject to written confirmation; no tenders may be submitted by telephone. Payment for the 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.

PAUL A. VOLCKER, President.

IMPORTANT—This is a standard form. Its terms are subject to change at any time by the Treasury. This tender will be construed as a bid to purchase the securities for which the Treasury has outstanding an invitation for tenders on the date received by the Federal Reserve Bank of New York or its Buffalo Branch.

TENDER FOR 12-MONTH BOOK-ENTRY TREASURY BILLS

(For Use in Subscribing Through a Financial Institution) Do Not Use This Form for Direct Subscriptions to the Treasury

10 FEDERAL KESERVE BANK OF N		Dated at		
Fiscal Agent of the United States New York, N.Y. 10045			, 19	
101K, 11.1.10043			, 19	
Pursuant and subject to the pr	ovisions of Treasury	Department Circu	ilars No. 26-76 and No. 27-76, Publi	
			asury Department inviting tenders for	
			y offers to purchase such currently of	
			payment therefor at your Bank on or	
before the issue date at the price		agrees to make	payment therefor at your Bank on o	
before the issue date at the price	mulcated below.			
COMPETITIVE TENDER		th Competitive and enders on one form	NONCOMPETITIVE TENDER	
Φ.				
\$			(maturity value)	
		(Not to exceed \$	500,000 for one bidder through all sources,	
Price:	per 100.			
(Price must be expressed with decimal places, for example, 99	not more than three	at the average	price of accepted competitive bids.	
Subject to allotment, please issue	and accept payment	for the bills as inc	dicated below:	
Safekeeping or	Delivery Instructions			
(No changes will be accepted)			Payment Instructions Payment will be made as follows: ☐ By charge to our reserve account	
Book-Entry—				
☐ 1. Hold in safekeeping at FRB NY (for member bank only) in— ☐ Investment Account			By cash or check in immediately	
☐ General Account			available funds	
☐ Trust Account			By surrender of eligible maturing securities	
2. Hold as collateral for Treasury Tax and Loan Account* 3. Wire to			By charge to my correspondent bank	
(Exact Rece	iving Bank Wire Address/A	(count)		
Definitive—	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	ico dano,		
☐ 4. Issue in definitive form† (in \$100,000 denominations only) and— ☐ Deliver over the counter to the undersigned ☐ Ship to the undersigned			(Name of Correspondent) (Payment cannot be made through Treasury Tax and Loan Account)	
* The undersigned certifies that the	e allotted securities will	be owned solely by t		
† This tender is submitted by the ur	ndersigned for	(Name of entity)	, which is required by law	
or regulation ()	to hold or pledge see	curities in definitive form. (Separate tender	
(Give ci forms must be submitted for each such				
Insert this tender	(Name of subscriber—please pri			
in envelope	(Address—incl. City and State)			
marked "Tender for	(Tel. No.) (Signature of subscriber or authorized signature) (Title of authorized signer)			
Treasury Bills"				
(Banking institutions submitting tenders	s for customer account m	ust list customers' na	mes on lines below or on an attached rider)	
(Name of customer)			(Name of customer)	
NSTRUCTIONS:				
1. No tender for less than \$10,000	will be considered, and	each tender must be	for a multiple of \$5,000 (maturity value).	
their positions with respect to Govern doing so, they may consolidate competi list is attached showing the name of ea	ment securities and bor tive tenders at the same	rowings thereon, ma	nent securities and report daily to this Bank y submit tenders for customer account; in solidate noncompetitive tenders, provided a nt. Others will not be permitted to submit	
authorized to make the tender, and	the signing of the tend	er by an officer of	e signed by an officer of the corporation the corporation will be construed as a a partnership, it should be signed by a	

4. 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 Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company. All checks must be drawn to the order of the Federal Reserve Bank of New York; and personal checks should be certified. Checks endorsed to this Bank will not be accepted.

..., a member of the firm."

member of the firm, who should sign in the form ".

5. If the language of this tender is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.