

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 8296
March 16, 1978

TREASURY TO AUCTION \$3,000 MILLION OF 2-YEAR NOTES

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

The following statement was issued yesterday by the Treasury Department:

The Department of the Treasury will auction \$3,000 million of 2-year notes to refund \$2,850 million of notes held by the public maturing March 31, 1978, and to raise \$150 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 \$312 million maturing notes held by them, and to Federal Reserve Banks as agents of foreign and international monetary authorities for new cash only.

Details about the new security are given in the attached highlights of the offering and in the official offering circular.

The new 2-year notes, Series M-1980, will have the same maturity and interest payment dates as the outstanding 7-1/2% 4-year notes, Series C-1980, issued March 17, 1976. The public currently holds \$1,902 million of the outstanding notes.

If the auction of the 2-year notes, in accordance with the circular offering the notes to the public, results in the same coupon rate as the outstanding 4-year notes (7-1/2%), the 2-year notes will be considered an additional issue of the 4-year notes. Owners of either issue would not have to take any action with respect to their securities. If such a consolidation occurs, it would be effective March 31, 1978, and the Treasury circular governing the notes would be amended accordingly.

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 directed to our Government Bond Division (Tel. No. 212-791-6356).

Bidders submitting noncompetitive tenders 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 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.

As provided in the official offering circular, "in every case where full payment is not completed on time, the deposit submitted with the tender, up to 5 percent of the face amount of securities allotted, shall, at the discretion of the Secretary of the Treasury, be forfeited to the United States."

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 on time, bidders should use other means of transmitting their tenders.

A recorded message (at the Head Office — Tel. No. 212-791-5823; at the Buffalo Branch — Tel. No. 716-849-5046) provides information about this and other Treasury offerings; additional inquiries regarding this offering may be made by calling, at the Head Office, Tel. No. 212-791-6619, or, at the Buffalo Branch, Tel. No. 716-849-5016. (If the inquiry relates to competitive tenders, however, the Head Office number to call is 212-791-5465.)

PAUL A. VOLCKER,
President.

(Over)

**HIGHLIGHTS OF TREASURY
OFFERING TO THE PUBLIC
OF 2-YEAR NOTES
TO BE ISSUED MARCH 31, 1978**

(Delivery date for coupon securities — April 7, 1978)

Amount Offered:

To the public \$3,000 million

Description of Security:

Term and type of security 2-year notes
 Series and CUSIP designation Series M-1980
 (CUSIP No. 912827 HP0)
 Maturity date March 31, 1980
 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 September 30 and March 31
 Minimum denomination available \$5,000

Terms of Sale:

Method of sale Yield auction
 Accrued interest payable by investor None
 Preferred allotment Noncompetitive bid for \$1,000,000
 or less
 Deposit requirement 5% of face amount
 Deposit guarantee by designated institutions Acceptable

Key Dates:

Deadline for receipt of tenders Wednesday, March 22, 1978
 by 1:30 p.m., EST
 Settlement date (final payment due)
 a) Cash or Federal funds Friday, March 31, 1978
 b) Check drawn on bank within FRB district where submitted Tuesday, March 28, 1978
 c) Check drawn on bank outside FRB district where submitted Monday, March 27, 1978
 Delivery date for coupon securities **Friday, April 7, 1978**

UNITED STATES OF AMERICA
TREASURY NOTES OF MARCH 31, 1980
SERIES M-1980

DEPARTMENT CIRCULAR
Public Debt Series - No. 7-78

DEPARTMENT OF THE TREASURY,
OFFICE OF THE SECRETARY,
Washington, March 16, 1978.

1. INVITATION FOR TENDERS

1. 1. The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, invites tenders for approximately \$3,000,000,000 of United States securities, designated Treasury Notes of March 31, 1980, Series M-1980 (CUSIP No. 912827 HP 0). The securities will be sold at auction with bidding on the basis of yield. Payment will be required at the price equivalent of the bid yield of each accepted tender. The interest rate on the securities and the price equivalent of each accepted bid will be determined in the manner described below. Additional amounts of these securities may be issued to Government accounts and Federal Reserve Banks for their own account in exchange for maturing Treasury securities. Additional amounts may also be issued for cash to Federal Reserve Banks as agents of foreign and international monetary authorities.

1. 2. If the interest rate determined in accordance with this circular is identical to the rate on an outstanding issue of United States notes, and the terms and conditions of such outstanding issue are otherwise identical to terms and conditions of the securities offered by this circular, this shall be considered an invitation for an additional amount of the outstanding securities and this circular will be amended accordingly. Payment for the securities in that event will be calculated on the basis of the auction price determined in accordance with this circular plus accrued interest from the last preceding interest payment date on the outstanding securities.

2. DESCRIPTION OF SECURITIES

2. 1. The securities will be dated March 31, 1978, and will bear interest from that date, payable on a semiannual basis

on September 30, 1978, and each subsequent 6 months on March 31 and September 30 until the principal becomes payable. They will mature March 31, 1980, and will not be subject to call for redemption prior to maturity.

2. 2. The income derived from the securities is subject to all taxes imposed under the Internal Revenue Code of 1954. The securities 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, any possession of the United States, or any local taxing authority.

2. 3. The securities will be acceptable to secure deposits of public monies. They will not be acceptable in payment of taxes.

2. 4. Bearer securities with interest coupons attached, and securities registered as to principal and interest, will be issued in denominations of \$5,000, \$10,000, \$100,000, and \$1,000,000. Book-entry securities will be available to eligible bidders in multiples of those amounts. Interchanges of securities of different denominations and of coupon, registered and book-entry securities, and the transfer of registered securities will be permitted.

2. 5. The Department of the Treasury's general regulations governing United States securities apply to the securities offered in this circular. These general regulations include those currently in effect, as well as those that may be issued at a later date.

3. SALE PROCEDURES

3. 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 1:30 p.m., Eastern Standard time, Wednesday, March 22, 1978. Noncompetitive tenders as defined below will be considered timely if postmarked no later than Tuesday, March 21, 1978.

3. 2. Each tender must state the face amount of securities bid for. The minimum bid is \$5,000 and larger bids must be in multiples of that amount. Competitive tenders must also show the yield desired, expressed in terms of an annual yield with two

decimals, e.g., 7.11%. Common fractions may not be used. Noncompetitive tenders must show the term "noncompetitive" on the tender form in lieu of a specified yield. No bidder may submit more than one noncompetitive tender and the amount may not exceed \$1,000,000.

3. 3. All bidders must certify that they have not made and will not make any agreements for the sale or purchase of any securities of this issue prior to the deadline established in Section 3.1. for receipt of tenders. Those authorized to submit tenders for the account of customers will be required to certify that such tenders are submitted under the same conditions, agreements, and certifications as tenders submitted directly by bidders for their own account.

3. 4. Commercial banks, which for this purpose are defined as banks accepting demand deposits, and primary dealers, which for this purpose are defined as dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, may submit tenders for account of customers if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account.

3. 5. Tenders will be received without deposit for their own account from commercial banks and other banking institutions; primary dealers, as defined above; Federally-insured savings and loan associations; States, and their political subdivisions or instrumentalities; public pension and retirement and other public funds; international organizations in which the United States holds membership; foreign central banks and foreign states; Federal Reserve Banks; and Government accounts. Tenders from others must be accompanied by a deposit of 5% of the face amount of securities applied for (in the form of cash, maturing Treasury securities or readily collectible checks), or by a guarantee of such deposit by a commercial bank or a primary dealer.

3. 6. Immediately after the closing hour, tenders will be opened, followed by a public announcement of the amount and yield range of accepted bids. Subject to the reservations

expressed in Section 4, noncompetitive tenders will be accepted in full, and then competitive tenders will be accepted, starting with those at the lowest yields, through successively higher yields 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 established, on the basis of a 1/8 of one percent increment, which results in an equivalent average accepted price close to 100.000 and a lowest accepted price above the original issue discount limit of 99.500. That rate of interest will be paid on all of the securities. 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 equivalent to the yield bid. Those submitting noncompetitive tenders will pay the price equivalent to the weighted average yield of accepted competitive tenders. 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. If the amount of noncompetitive tenders received would absorb all or most of the offering, competitive tenders will be accepted in an amount sufficient to provide a fair determination of the yield. Tenders received from Government accounts and Federal Reserve Banks will be accepted at the price equivalent to the weighted average yield of accepted competitive tenders.

3. 7. Competitive bidders will be advised of the acceptance or rejection of their tenders. Those submitting noncompetitive tenders will only be notified if the tender is not accepted in full, or when the price is over par.

4. RESERVATIONS

4. 1. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders in whole or in part, to allot more or less than the amount of securities specified in Section 1, and to make different percentage allotments to various classes of applicants when the Secretary considers it in the public interest. The Secretary's action under this Section is final.

5. PAYMENT AND DELIVERY

5. 1. Settlement for allotted securities must be made or completed on or before Friday, March 31, 1978, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt, wherever the tender was submitted. Payment must be in cash; in other funds immediately available to the Treasury; in Treasury bills, notes or bonds (with all coupons detached) maturing on or before the settlement date but which are not overdue as defined in the general regulations governing United States securities; or by check drawn to the order of the institution to which the tender was submitted, which must be received at such institution no later than:

- (a) Tuesday, March 28, 1978, if the check is drawn on a bank in the Federal Reserve District of the institution to which the check is submitted (the Fifth Federal Reserve District in case of the Bureau of the Public Debt), or
- (b) Monday, March 27, 1978, if the check is drawn on a bank in another Federal Reserve District.

Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at the applicable Federal Reserve Bank. Payment will not be considered complete where registered securities 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. When payment is made in securities, a cash adjustment will be made to or required of the bidder for any difference between the face amount of securities presented and the amount payable on the securities allotted.

5. 2. In every case where full payment is not completed on time, the deposit submitted with the tender, up to 5 percent of the face amount of securities allotted, shall, at the discretion of the Secretary of the Treasury, be forfeited to the United States.

5. 3. Registered securities tendered as deposits and in payment for allotted securities are not required to be assigned

if the new securities are to be registered in the same names and forms as appear in the registrations or assignments of the securities surrendered. When the new securities are to be registered in names and forms different from those in the inscriptions or assignments of the securities presented, the assignment should be to "The Secretary of the Treasury for (securities offered by this circular) in the name of (name and taxpayer identifying number)." If new securities in coupon form are desired, the assignment should be to "The Secretary of the Treasury for coupon (securities offered by this circular) to be delivered to (name and address)." Specific instructions for the issuance and delivery of the new securities, signed by the owner or authorized representative, must accompany the securities presented. Securities 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 securities must be delivered at the expense and risk of the holder.

5. 4. If bearer securities are not ready for delivery on the settlement date, purchasers may elect to receive interim certificates. These certificates shall be issued in bearer form and shall be exchangeable for definitive securities of this issue, when such securities are available, at any Federal Reserve Bank or Branch or at the Bureau of the Public Debt, Washington, D. C. 20226. The interim certificates must be returned at the risk and expense of the holder.

5. 5. Delivery of securities in registered form will be made after the requested form of registration has been validated, the registered interest account has been established, and the securities have been inscribed.

6. GENERAL PROVISIONS

6. 1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive tenders, to make allotments as directed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of securities on full-paid allotments, and to issue interim certificates pending delivery of the definitive securities.

6. 2. The Secretary of the Treasury may at any time issue supplemental or amendatory rules and regulations governing the offering. Public announcement of such changes will be promptly provided.

Paul H. Taylor,
Acting Fiscal Assistant Secretary.

IMPORTANT — Closing time for receipt of this tender is 1:30 p.m., Wednesday, March 22, 1978

TENDER FOR TREASURY NOTES OF SERIES M-1980

Dated March 31, 1978

Due March 31, 1980

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 the above-described securities 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 \$1,000,000 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			

Deliver over the counter to the undersigned (1)

Ship to the undersigned (2)

Hold in safekeeping (for member bank only) in —

Investment Account (4)

General Account (5)

Trust Account (6)

Hold as collateral for Treasury Tax and Loan Account* (7)

Wire to (8)
(Exact Receiving Bank Wire Address/Account)

Payment will be made as follows:

By charge to our reserve account (D)

By cash or check in *immediately available funds* (F)

By surrender of maturing securities (E)

By charge to my correspondent bank (D)
(Name of bank)

Special instructions (3)

* 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 not made and will not make any agreements for the sale or purchase of any securities of this issue prior to the closing time for receipt of this tender.

WE FURTHER CERTIFY that we have received tenders from customers in the amounts set forth opposite their names on the list which is made a part of this tender, and that we have received and are holding for the Treasury, or that we guarantee payment to the Treasury, of the deposits stipulated in the official offering circular.

WE FURTHER CERTIFY that tenders received by us, if any, from other commercial banks or primary dealers for their own account, and for the account of their customers, have been entered with us under the same conditions, agreements, and certifications 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 report daily to this Bank their positions with respect to 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 March 31, 1978. If payment is by check drawn on a bank in this District, it must be received by March 28, 1978; checks drawn on a bank in another District must be received by March 27, 1978. 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 M-1980

SUBSCRIPTION NO.

SUBSCRIBER _____
 SIGNATURE _____
 ADDRESS _____
 _____ ZIP _____

DELIVERY INSTRUCTIONS

- DELIVER OVER THE COUNTER
- SHIP TO SUBSCRIBER
- OTHER INSTRUCTIONS:

PAYMENT INSTRUCTIONS

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

FOR FRB USE ONLY	
TRANS. ACCOUNTING DATE	
ISSUE AGENT 12	LOAN CODE
MARCH 31, 1978 INTEREST COMP. DATE	110-01

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