

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

Circular No. 8351
May 19, 1978

Offering of \$2,454,000,000 of 364-Day Treasury Bills

Dated May 30, 1978

Due May 29, 1979

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 \$2,454 million, or thereabouts, of 364-day Treasury bills to be dated May 30, 1978, and to mature May 29, 1979 (CUSIP No. 912793 V86). 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 May 30, 1978.

This issue will not provide new money for the Treasury as the maturing issue is outstanding in the amount of \$2,454 million, of which \$1,236 million is held by the public and \$1,218 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 Daylight Saving time, Wednesday, May 24, 1978. 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 May 30, 1978, in cash or other immediately available funds or in Treasury bills maturing May 30, 1978. However, since the New York Federal Reserve Bank and the Baltimore Branch of the Richmond Federal Reserve Bank will be closed on the settlement date for the new issue of 52-week bills, investors purchasing the bills through those offices are given the following payment options:

1. Payment with cash, Federal funds, other immediate credit items, or check in collected form, by Monday, May 29;
2. Payment with the matured issue of 52-week bills by Wednesday, May 31;
3. Payment with cash, Federal funds, or other immediate credit items by Wednesday, May 31, plus one day's accrued interest; and
4. Payment through a member correspondent bank in another Federal Reserve District by Tuesday, May 30, provided the purchaser gives its Federal Reserve Bank advance notice of the intended payment procedure.

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.

(Over)

Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Wednesday, May 24, 1978 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.*

For settlement in this District (in cash or other immediately available funds), please specify the date payment will be made (May 29 or May 31) on the tender form. If settlement will be made at a Federal Reserve office in another district on May 30, please so specify on the tender form.

PAUL A. VOLCKER,
President.

May 19, 1978

I M P O R T A N T N O T I C E

In connection with the Treasury's 52-week bill offering announced in the enclosed circular, the Treasury issued the following statement regarding Memorial Day observances:

TREASURY BILL ISSUES AFFECTED BY
MEMORIAL DAY OBSERVANCES

In a separate release today [May 18], the Department of the Treasury announced its regular 52-week bill offering in the amount of \$2,454 million to refund the same amount of maturing bills. The new bills will be issued Tuesday, May 30.

Monday, May 29, is a Federal holiday and the Treasury and most Federal Reserve Bank offices will be closed that day. However, the New York Federal Reserve Bank and the Baltimore Branch of the Richmond Federal Reserve Bank will observe the traditional Memorial Day and, therefore, will be closed on Tuesday, May 30. Since the New York Reserve Bank and the Baltimore Branch will be closed on the settlement date for the new issue of 52-week bills, investors purchasing the bills through those offices are given the following payment options:

1. Payment with cash, Federal funds, other immediate credit items, or check in collected form, by Monday, May 29;
2. Payment with the matured issue of 52-week bills by Wednesday, May 31;
3. Payment with cash, Federal funds, or other immediate credit items by Wednesday, May 31, including payment for one day's accrued interest; and
4. Payment through a member correspondent bank in another Federal Reserve District by Tuesday, May 30, provided the purchaser gives its Federal Reserve Bank advance notice of the intended payment procedure.

Redemption of the maturing issue of 52-week bills held at the New York Federal Reserve Bank and the Baltimore Branch of the Richmond Federal Reserve Bank on May 30, will be effected at those offices on Wednesday, May 31.

The announcement and auction dates for the weekly bills to be issued June 1 will also be changed due to the holiday. The Treasury will release the offering announcement tomorrow [May 19] and auction the bills the following Friday, May 26.

Government Bond and Safekeeping Department
FEDERAL RESERVE BANK OF NEW YORK

IMPORTANT—Please specify on this form the date payment will be made to this Bank (May 29 or May 31), unless payment will be by surrender of eligible maturing securities. May 31 payments must include one (1) day's interest, calculated on the basis of the accepted price. If payment will be made to another Federal Reserve office on May 30, please specify.

(Closing date for receipt of this tender is Wednesday, May 24, 1978)

TENDER FOR 364-DAY BOOK-ENTRY TREASURY BILLS

DATED MAY 30, 1978

DUE MAY 29, 1979

(For Use in Subscribing Through a Financial Institution)

Do Not Use This Form for Direct Subscriptions to the Treasury

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

Dated at.....
....., 19.....

Pursuant and subject to the provisions of Treasury Department Circulars No. 26-76 and No. 27-76, Public Debt Series, and to the provisions of the public notice issued by the Treasury Department inviting tenders for the current offering of 12-month Treasury bills, the undersigned hereby offers to purchase such currently offered Treasury Bills in the amount indicated below, and agrees to make payment therefor at your Bank on or before the issue date at the price indicated below:

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.

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

Price: per 100.
(Price must be expressed with not more than three decimal places, for example, 99.925)

at the average price of accepted competitive bids.

Subject to allotment, please issue and accept payment for the bills as indicated below:

Safekeeping or Delivery Instructions
(No changes will be accepted)

Book-Entry—

- 1. Hold in safekeeping at FRB NY (for member bank only) in—
 - Investment Account
 - General Account
 - Trust Account

- 2. Hold as collateral for Treasury Tax and Loan Account*

- 3. Wire to
(Exact Receiving Bank Wire Address/Account)

Definitive—

- 4. Issue in definitive form† (in \$100,000 denominations only) and—
 - Deliver over the counter to the undersigned
 - Ship to the undersigned

Payment Instructions

Payment will be made as follows to FRB NY:.....

- (Date)
- By charge to our reserve account
- By cash or check in immediately available funds
- By surrender of eligible maturing securities
- By charge to my correspondent bank

.....
(Name of Correspondent)
(Payment cannot be made through Treasury Tax and Loan Account)

Other FRB.....
(Specify)

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

† This tender is submitted by the undersigned for which is required by law or regulation (.....) to hold or pledge securities in definitive form. (Separate tender forms must be submitted for each such entity.)
(Name of entity)
(Give citation)

Insert this tender in envelope marked "Tender for Treasury Bills"

.....
(Name of subscriber—please print or type)
.....
(Address—incl. City and State)
.....
(Tel. No.) (Signature of subscriber or authorized signature)
.....
(Title of authorized signer)

(Banking 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 \$10,000 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 price 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. If the person making the tender is a corporation, the tender should be signed by an officer of the corporation authorized to make the tender, and the signing of the tender by an officer of the corporation will be construed as a representation that such officer has been so authorized. If the tender is made by a partnership, it should be signed by a member of the firm, who should sign in the form "....., a copartnership, by a member of the firm."
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.
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.

PRIVACY ACT STATEMENT: The individually identifiable information required on this form is necessary to permit the tender to be processed and the bills to be issued, in accordance with the General Regulations governing United States book-entry Treasury Bills (Department Circular No. 26-76, Public Debt Series). The transaction will not be completed unless all required data is furnished.