

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

Circular No. 8439
October 18, 1978

TREASURY TO AUCTION \$3,250 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 \$3,250 million of 2-year notes to refund \$2,718 million of notes maturing October 31, 1978, and raise \$532 million new cash. The \$2,718 million of maturing notes are those held by the public, including \$705 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$203 million of the maturing securities that may be refunded by issuing additional amounts of the new notes at the average price of accepted competitive tenders. Additional amounts of the new securities may also be issued at the average price, for new cash only, to Federal Reserve Banks as agents for foreign and international monetary authorities.

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. 212-791-6619).

Enclosed is a copy of a standard form that can be used in submitting tenders for this offering (or for any subsequent offering of 2-year notes).

This Bank will receive tenders up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, October 24, 1978, at the Securities Department of its Head Office and at its Buffalo Branch. *All competitive tenders*, whether transmitted by mail or by other means, must reach this Bank or its Branch by that time. However, for investors who wish to submit noncompetitive tenders and who find it more convenient to mail their tenders than to present them in person, the official offering circular provides that *noncompetitive* tenders will be considered timely received if they are mailed to this Bank or its Branch under a postmark *no later than October 23*.

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.

Payment may be made by 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*. A personal check submitted with the tender, either as a deposit or for the face amount of the securities, does not have to be certified. However, in cases where only a deposit is submitted with the tender, a personal check submitted for the final payment must be certified.

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."

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 OCTOBER 31, 1978**

(Delivery date for coupon securities is November 3, 1978)

Amount Offered:

To the public \$3,250 million

Description of Security:

Term and type of security 2-year notes
Series and CUSIP designation Series U-1980
(CUSIP No. 912827 JC7)
Maturity date October 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 April 30 and October 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 Tuesday, October 24, 1978,
by 1:30 p.m., EDST
Settlement date (final payment due)
a) Cash or Federal funds Tuesday, October 31, 1978
b) Check drawn on bank within FRB district where submitted Friday, October 27, 1978
c) Check drawn on bank outside FRB district where submitted Thursday, October 26, 1978
Delivery date for coupon securities **Friday, November 3, 1978**