

FEDERAL RESERVE BANK  
OF NEW YORK

Fiscal Agent of the United States

Circular No. 8538  
March 15, 1979

TREASURY TO AUCTION \$2,880 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 \$2,880 million of 2-year notes to refund approximately the same amount of notes maturing March 31, 1979. The \$2,879 million of maturing notes are those held by the public, including \$743 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

Without assurance, before the auction date of March 21, of Congressional action on legislation to raise the temporary debt ceiling, the Treasury will postpone this auction.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$640 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 to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing securities held by them.

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 Standard time, Wednesday, March 21, 1979, 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 March 20*.

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.

PAUL A. VOLCKER,  
President.

(Over)

**HIGHLIGHTS OF TREASURY  
OFFERING TO THE PUBLIC  
OF 2-YEAR NOTES  
TO BE ISSUED APRIL 2, 1979**

**Amount Offered:**

To the public ..... \$2,880 million

**Description of Security:**

Term and type of security ..... 2-year notes

Series and CUSIP designation ..... Series R-1981  
(CUSIP No. 912827 JN3)

Maturity date ..... March 31, 1981

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 21, 1979  
by 1:30 p.m., EST

Settlement date (final payment due)

    a) cash or Federal funds ..... Monday, April 2, 1979

    b) check drawn on bank within FRB district where submitted ..... Thursday, March 29, 1979

    c) check drawn on bank outside FRB district where submitted ..... Wednesday, March 28, 1979

Delivery date for coupon securities ..... **Monday, April 2, 1979**

March 15, 1979

TREASURY WOULD POSTPONE AUCTION  
OF TWO YEAR NOTE OFFERING IF CONGRESSIONAL ACTION  
TO INCREASE THE DEBT CEILING HAS NOT BEEN ASSURED

The following statement was issued yesterday by the Treasury  
Department:

The present temporary debt ceiling of \$798 billion expires on  
March 31, 1979, at which time the debt limit will revert to the permanent  
ceiling of \$400 billion. Without new legislation, the Treasury would be  
unable to assure delivery on April 2 of notes awarded in the auction scheduled  
for March 21. Therefore, unless there is assurance of Congressional action  
on legislation to raise the temporary debt limit to allow delivery of the  
new two year notes, the auction of these notes would have to be postponed.

FEDERAL RESERVE BANK OF NEW YORK  
Fiscal Agent of the United States

[Enc. Cir. No. 8538]

UNITED STATES OF AMERICA  
TREASURY NOTES OF MARCH 31, 1981  
SERIES R-1981

DEPARTMENT CIRCULAR  
Public Debt Series - No. 6-79

DEPARTMENT OF THE TREASURY,  
OFFICE OF THE SECRETARY,  
Washington, March 15, 1979.

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 \$2,880,000,000 of United States securities, designated Treasury Notes of March 31, 1981, Series R-1981 (CUSIP No. 912827 JN 3). 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 of the new securities may also be issued at the average price to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing securities held by them.

2. DESCRIPTION OF SECURITIES

2. 1. The securities will be dated April 2, 1979, and will bear interest from that date, payable on a semiannual basis on September 30, 1979, and each subsequent 6 months on March 31 and September 30, until the principal becomes payable. They will mature March 31, 1981, 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 21, 1979. Noncompetitive tenders as defined below will be considered timely if postmarked no later than Tuesday, March 20, 1979.

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 99.750. 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 Monday, April 2, 1979, 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) Thursday, March 29, 1979, 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) Wednesday, March 28, 1979, 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,  
Fiscal Assistant Secretary.

**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 2-year notes 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 2-YEAR TREASURY NOTES**

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

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

Pursuant to the provisions of the public notice issued by the Treasury Department inviting tenders for the current offering of 2-year Treasury notes, the undersigned hereby offers to purchase such currently offered Treasury notes 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.

\$..... (maturity value)

*(Not to exceed \$1,000,000 for one bidder through all sources) at the average price of accepted competitive bids.*

Yield: .....

*(Yield must be expressed with not more than two decimal places, for example, 7.11)*

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	Denominations	Maturity value		
	\$ 5,000		<input type="checkbox"/> Deliver over the counter to the undersigned (1)	Payment will be made as follows: <input type="checkbox"/> By charge to our reserve account (D) <input type="checkbox"/> By cash or check in immediately available funds (F) <input type="checkbox"/> By surrender of maturing securities (E) <input type="checkbox"/> By charge to my correspondent bank ..... (D) (Name of bank) <input type="checkbox"/> Special instructions (3)
	\$ 10,000		<input type="checkbox"/> Ship to the undersigned (2)	
	\$ 100,000		<input type="checkbox"/> Hold in safekeeping (for member bank only) in—	
	\$1,000,000		<input type="checkbox"/> Investment Account (4)	
			<input type="checkbox"/> General Account (5)	
			<input type="checkbox"/> Trust Account (6)	
			<input type="checkbox"/> Hold as collateral for Treasury Tax and Loan Account* (7)	
	Totals		<input type="checkbox"/> Wire to..... (8)	(Exact Receiving Bank Wire Address/Account)

\* 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		
City	State	Zip
Phone (Include Area Code)	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:**

- No tender for less than \$5,000 will be considered; and each tender must be for a multiple of \$5,000 (maturity value).
- 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.
- 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 at least 5 percent of the face amount of the securities applied for.
- A personal check, cash, or Treasury securities maturing on or before the issue date of the new securities may be submitted with the tender. Personal checks submitted with the tender, either as a deposit or for the face amount of the securities, do 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 and received at this Bank on the payment date (which is generally three business days before the issue date) shown on the "Notice of Balance Due" that will be mailed to you. All checks must be payable on its face to the Federal Reserve Bank of New York; checks endorsed to this Bank will not be accepted. Settlement on the issue date must be in cash or in other immediately available funds.
- A recorded message (at the Head Office—Tel. No. 212-791-5823; at the Buffalo Branch—Tel. No. 716-849-5046) provides information about Treasury offerings; additional inquiries regarding Treasury offerings 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.)
- 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.

(OVER)

**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 the ownership and interest records. The transaction will not be completed unless all required data is furnished.

**SCHEDULE FOR ISSUE OF REGISTERED 2-YEAR TREASURY NOTES**

SUBSCRIBER'S NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_  
 SIGNATURE \_\_\_\_\_

**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

**SUBSCRIPTION NO.**

FOR FRB USE ONLY	
TRANS. ACCOUNTING DATE	
ISSUE AGENT 12	LOAN CODE
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			
	34	10,000			
	38	100,000			
ID OR S.S. NO.	42	1,000,000			
ADDRESS	99	TOTAL			
CITY STATE ZIP					TR. CASE NO.
NAME(S)	32	5,000			
	34	10,000			
	38	100,000			
ID OR S.S. NO.	42	1,000,000			
ADDRESS	99	TOTAL			
CITY STATE ZIP					TR. CASE NO.
NAME(S)	32	5,000			
	34	10,000			
	38	100,000			
ID OR S.S. NO.	42	1,000,000			
ADDRESS	99	TOTAL			
CITY STATE ZIP					TR. CASE NO.