FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 88587 June 18, 1980

OFFERING OF TWO SERIES OF TREASURY BILLS

\$3,900,000,000 of 91-Day Bills, To Be Issued June 26, 1980, Due September 25, 1980 \$3,900,000,000 of 183-Day Bills, To Be Issued June 26, 1980, Due December 26, 1980

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

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

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$7,800 million, to be issued June 26, 1980. As the regular 13-week and 26-week bill maturities were issued in the amount of \$6,650 million, this offering will provide the Treasury about \$1,150 million new cash above the amount maturing through the regular issues. The \$4,031 million of additional issue 80-day cash management bills issued April 7 and maturing June 26, 1980, will be redeemed at

In the event that Congress fails to pass legislation to increase the temporary limit on the public debt, the Treasury may have to reduce the amounts offered in the auctions scheduled the week beginning

Monday, June 23.

The \$6,650 million of regular maturities includes \$1,302 million and the foreign and currently held by Federal Reserve Banks as agents for foreign and international monetary authorities, and \$2,446 million currently held by Federal Reserve Banks for their own account. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$3,900 million, representing an additional amount of bills dated March 27, 1980, and to mature September 25, 1980 (CUSIP No. 912793 5G7), originally issued in the amount of \$3,443 million, the additional and original bills to be freely interchanged. to be freely interchangeable.

183-day bills for approximately \$3,900 million to be dated June 26, 1980, and to mature December 26, 1980 (CUSIP

No. 912793 5T9

Both series of bills will be issued for cash and in exchange for Treasury bills maturing June 26, 1980. Tenders from Federal Reserve Banks for themselves and as agents for foreign and international monetary authorities will be accepted at the weighted average prices of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for ioreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them.

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, 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, Monday, June 23, 1980. Form PD 4632-2 (for 26-week series) or Form PD 4632-3 (for 13-week series) 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 in and borrowings on such securities may submit tenders for account of customers, if the

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.

This Bank will receive tenders for both series up to 1:30 p.m., Eastern Daylight Saving time, Monday, June 23, 1980, at the Securities Department of its Head Office and at its Buffalo Branch. Tender forms for the respective series are enclosed. Please use the appropriate forms to submit tenders and return them in the enclosed envelope marked "Tender for Treasury Bills." 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 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.

Results of the last weekly offering of Treasury bills are shown on the reverse side of this circular.

names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held at the close of business on the day prior to the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six month bills. 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, when submitting tenders for customers, must submit a separate tender for each customer whose net

long position in the bill being offered exceeds \$200 million.

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 on all accepted tenders 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.

Public announcement will be made by the Department of the Treasury of the amount and price range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$500,000 or less without stated price from any one bidder will be accepted in full at the weighted average price (in three decimals) of accepted competitive bids for the respective issues.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on June 26, 1980, in cash or other immediately available funds or in Treasury bills maturing June 26, 1980. Cash adjustments will be made for differences between the par value of the 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 these bills 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 these bills (other than life insurance companies) must include in his or her Federal income tax return, as ordinary gain or loss, the difference between the price paid for the bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made.

> ANTHONY M. SOLOMON, President.

Please note that the Treasury bills maturing December 26, 1980, will be 183-day bills.

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RESULTS OF LAST WEEKLY OFFERING OF TREASURY BILLS (TWO SERIES TO BE ISSUED JUNE 19, 1980)

Range of Accepted Competitive Bids

	91-Day Treasury Bills Maturing September 18, 1980			182-Day Treasury Bills Maturing December 18, 1980		
High	<i>Price</i> 98.415 ^a	Discount Rate 6.270%	Investment Rate ¹ 6.46%	<i>Price</i> 96.642 ^b	Discount Rate 6.642%	Investment Rate ¹ 6.97%
Low	98.380 98.390	6.409% 6.369%	6.60% 6.56%	96.626 96.632	6.674% 6.662%	7.00% 6.99%

¹ Equivalent coupon-issue yield. ^a Excepting one tender of \$1,240,000.

(43 percent of the amount of 91-day bills bid for at the low price was accepted.)

(53 percent of the amount of 182-day bills bid for at the low price was accepted.)

Total Tenders Received and Accepted

		reasury Bills stember 18, 1980	182-Day Treasury Bills Maturing December 18, 1980		
By F.R. District (and U.S. Treasury		Accepted	Received	Accepted	
Boston	\$ 40,640,000	\$ 28,640,000	\$ 21,280,000	\$ 18,780,000	
New York	4,974,370,000 21,220,000	3,110,910,000	6,290,230,000	3,470,070,000	
Philadelphia	32,160,000	21,220,000 32,160,000	6,825,000 10,615,000	6,825,000	
Richmond	59,300,000	59,300,000	10,215,000	10,615,000 8,215,000	
Atlanta	33,725,000	33,725,000	12,140,000	12,140,000	
Chicago	509,910,000	262,945,000	502,850,000	149,850,000	
St. Louis	25,620,000	17,195,000	16,425,000	6,425,000	
Minneapolis	21,840,000	21,840,000	18,125,000	5,775,000	
Kansas City	25,320,000	25,270,000	18,445,000	16,085,000	
Dallas	12,845,000	12,845,000	6,430,000	6,430,000	
San Francisco	336,580,000	154,490,000	361,390,000	131,140,000	
U.S. Treasury	120,415,000	120,415,000	59,490,000	59,490,000	
Totals	\$6,213,945,000	\$3,900,955,000	\$7,334,460,000	\$3,901,840,000	
By class of bidder Public					
Competitive	\$4,268,735,000	\$1,955,745,000	\$4,931,285,000	\$1,498,665,000	
Noncompetitive	572,705,000	572,705,000	220,875,000	220,875,000	
SUBTOTALS	\$4,841,440,000	\$2,528,450,000	\$5,152,160,000	\$1,719,540,000	
Federal Reserve	1,080,935,000	1,080,935,000	1,088,000,000	1,088,000,000	
Foreign Official Institutions	291,570,000	291,570,000	1,094,300,000	1,094,300,000	
Totals	\$6,213,945,000	\$3,900,955,000	\$7,334,460,000	\$3,901,840,000	

b Excepting one tender of \$740,000.