

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

Circular No. 9005
January 19, 1981

Offering of \$4,500,000,000 of 364-Day Treasury Bills

Dated January 29, 1981

Due January 28, 1982

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

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

The Department of the Treasury, by this public notice, invites tenders for approximately \$4,500 million of 364-day Treasury bills to be dated January 29, 1981, and to mature January 28, 1982 (CUSIP No. 912793 7F7). This issue will provide about \$500 million new cash for the Treasury as the maturing 52-week bill was originally issued in the amount of \$3,989 million.

The bills will be issued for cash and in exchange for Treasury bills maturing January 29, 1981. In addition to the maturing 52-week bills, there are \$7,930 million of maturing bills which were originally issued as 13-week and 26-week bills. The disposition of this latter amount will be announced next week. Federal Reserve Banks as agents for foreign and international monetary authorities currently hold \$2,741 million, and Federal Reserve Banks for their own account hold \$2,313 million of the maturing bills. These amounts represent the combined holdings of such accounts for the three issues of maturing bills. Tenders from Federal Reserve Banks for themselves and as agents for foreign and international monetary authorities will be accepted at the weighted average price of accepted competitive tenders. Additional amounts of the bills may be issued 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 bills held by them. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$652 million of the original 52-week issue.

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. This 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 Standard time, Thursday, January 22, 1981. 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 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. 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. 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 bills 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 \$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.

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 January 29, 1981, in cash or other immediately available funds or in Treasury bills maturing January 29, 1981. 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 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.

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.

Tenders will be received up to 1:30 p.m., Eastern Standard time, Thursday, January 22, 1981, 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 Treasury securities maturing on or before the issue date.*

ANTHONY M. SOLOMON,
President.

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 securities 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. (See reverse side for further instructions.)

TENDER FOR 12-MONTH BOOK-ENTRY TREASURY BILLS
(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.

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

\$ (maturity value)
(Not to exceed \$500,000 for one bidder through all sources)
 at the average price of accepted competitive bids.

Certification by Competitive Bidders: The Bidder's Customer's net long position in these bills (including 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) as of 12:30 p.m. Eastern time on the day of this auction, was—

- Not in excess of \$200 million.
- In excess of \$200 million, amounting to \$..... million.

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 FRBNY (for member bank only) in—
 - Investment Account (4)
 - General Account (5)
 - Trust Account (6)
- 2. Hold as collateral for Treasury Tax and Loan Account* (7)
- 3. Wire to (8)
 (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:

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

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

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

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

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

Name of Subscriber (Please Print or Type)			
Address			
City	State	Zip Code	
Phone (Include Area Code)	Signature of Subscriber or Authorized Signer		
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)

PRIVACY ACT STATEMENT: The individually identifiable information required on this form is necessary 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.

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* (except that a separate tender must be submitted for each customer whose net long position in the bill being offered exceeds \$200 million) 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.