

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 9218
December 23, 1981

OFFERING OF TWO SERIES OF TREASURY BILLS

\$4,900,000,000 of 91-Day Bills, To Be Issued December 31, 1981, Due April 1, 1982

\$4,900,000,000 of 182-Day Bills, To Be Issued December 31, 1981, Due July 1, 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 by the Treasury Department:

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$9,800 million, to be issued December 31, 1981. This offering will provide \$1,250 million of new cash for the Treasury, as the maturing bills were originally issued in the amount of \$8,542 million. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$4,900 million, representing an additional amount of bills dated October 1, 1981, and to mature April 1, 1982 (CUSIP No. 912794 AK0), currently outstanding in the amount of \$4,513 million, the additional and original bills to be freely interchangeable.

182-day bills for approximately \$4,900 million, to be dated December 31, 1981, and to mature July 1, 1982 (CUSIP No. 912794 AV6).

Both series of bills will be issued for cash and in exchange for Treasury bills maturing December 31, 1981. In addition to the maturing 13-week and 26-week bills, there are \$4,518 million of maturing 52-week bills. The disposition of this latter amount was announced last week. Federal Reserve Banks, as agents for foreign and international monetary authorities, currently hold \$2,154 million, and Federal Reserve Banks for their own account hold \$3,286 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 prices 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 \$1,534 million of the original 13-week and 26-week issues.

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. 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 Standard time, Monday, December 28, 1981. 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 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 as of 12:30 p.m., Eastern time, on the day of 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 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 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 December 31, 1981, in cash or other immediately available funds or in Treasury bills maturing December 31, 1981. 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 Section 454(b) of the Internal Revenue Code, the amount of discount at which these bills are sold is considered to accrue when the bills are sold, redeemed, or otherwise disposed of. Section 1232(a)(4) provides that any gain on the sale or redemption of these bills that does not exceed the ratable share of the acquisition discount must be included in the Federal income tax return of the owner as ordinary income. The acquisition discount is the excess of the stated redemption price over the taxpayer's basis (cost) for the bill. The ratable share of this discount is determined by multiplying such discount by a fraction, the numerator of which is the number of days the taxpayer held the bill and the denominator of which is the number of days from the day following the taxpayer's date of purchase to the maturity of the bill. If the gain on the sale of a bill exceeds the taxpayer's ratable portion of the acquisition discount, the excess gain is treated as short-term capital gain.

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 Standard time, Monday, December 28, 1981, at the Securities Department of its Head Office and at its Buffalo Branch. Tender forms for both 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 Treasury securities maturing on or before the issue date.*

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

ANTHONY M. SOLOMON,
President.

(OVER)

**RESULTS OF LAST WEEKLY OFFERING OF TREASURY BILLS
(TWO SERIES TO BE ISSUED DECEMBER 24, 1981)**

Range of Accepted Competitive Bids

	<i>91-Day Treasury Bills Maturing March 25, 1982</i>			<i>182-Day Treasury Bills Maturing June 24, 1982</i>		
	<i>Price</i>	<i>Discount Rate</i>	<i>Investment Rate¹</i>	<i>Price</i>	<i>Discount Rate</i>	<i>Investment Rate¹</i>
High	97.229	10.962%	11.43%	94.061	11.747%	12.66%
Low	97.196	11.093%	11.57%	93.995	11.878%	12.81%
Average	97.210	11.037%	11.51%	94.015	11.838% ²	12.77%

¹Equivalent coupon-issue yield.

²The four-week average for calculating the maximum interest rate payable on money market certificates is 11.226%.

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

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

Total Tenders Received and Accepted

	<i>91-Day Treasury Bills Maturing March 25, 1982</i>		<i>182-Day Treasury Bills Maturing June 24, 1982</i>	
	<i>Received</i>	<i>Accepted</i>	<i>Received</i>	<i>Accepted</i>
<i>By F.R. District (and U.S. Treasury)</i>				
Boston	\$ 42,400,000	\$ 32,400,000	\$ 37,065,000	\$ 27,065,000
New York	9,002,880,000	3,938,830,000	7,357,925,000	4,240,910,000
Philadelphia	33,680,000	30,720,000	13,240,000	13,240,000
Cleveland	55,225,000	41,530,000	28,385,000	22,385,000
Richmond	38,895,000	33,295,000	24,815,000	24,815,000
Atlanta	45,505,000	44,920,000	23,115,000	23,115,000
Chicago	597,910,000	237,910,000	426,430,000	71,940,000
St. Louis	24,500,000	22,500,000	21,200,000	19,200,000
Minneapolis	8,075,000	8,075,000	6,790,000	6,790,000
Kansas City	35,665,000	33,855,000	31,015,000	31,015,000
Dallas	18,145,000	18,145,000	11,375,000	11,375,000
San Francisco	419,710,000	111,710,000	453,055,000	88,055,000
U.S. Treasury	146,330,000	146,330,000	120,950,000	120,950,000
TOTALS	\$10,468,920,000	\$4,700,220,000	\$8,555,360,000	\$4,700,855,000
<i>By class of bidder</i>				
Public				
Competitive	\$8,204,320,000	\$2,435,620,000	\$5,936,605,000	\$2,082,100,000
Noncompetitive	757,645,000	757,645,000	467,655,000	467,655,000
SUBTOTALS	\$8,961,965,000	\$3,193,265,000	\$6,404,260,000	\$2,549,755,000
Federal Reserve	1,350,955,000	1,350,955,000	1,350,000,000	1,350,000,000
Foreign Official Institutions ..	156,000,000	156,000,000	801,100,000	801,100,000
TOTALS	\$10,468,920,000	\$4,700,220,000	\$8,555,360,000	\$4,700,855,000