

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 9237
January 20, 1982

OFFERING OF TWO SERIES OF TREASURY BILLS

\$5,000,000,000 of 91-Day Bills, To Be Issued January 28, 1982, Due April 29, 1982

\$5,000,000,000 of 182-Day Bills, To Be Issued January 28, 1982, Due July 29, 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 \$10,000 million, to be issued January 28, 1982. This offering will provide \$925 million of new cash for the Treasury, as the maturing bills were originally issued in the amount of \$9,075 million. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$5,000 million, representing an additional amount of bills dated October 29, 1981, and to mature April 29, 1982 (CUSIP No. 912794 AN4), currently outstanding in the amount of \$4,728 million, the additional and original bills to be freely interchangeable.

182-day bills for approximately \$5,000 million, to be dated January 28, 1982, and to mature July 29, 1982 (CUSIP No. 912794 BF0).

Both series of bills will be issued for cash and in exchange for Treasury bills maturing January 28, 1982. In addition to the maturing 13-week and 26-week bills, there are \$4,684 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 \$2,534 million, and Federal Reserve Banks for their own account hold \$2,367 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 \$1,720 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, January 25, 1982. 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 January 28, 1982, in cash or other immediately available funds or in Treasury bills maturing January 28, 1982. 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, January 25, 1982, 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 JANUARY 21, 1982)**

Range of Accepted Competitive Bids

91-Day Treasury Bills Maturing April 22, 1982				182-Day Treasury Bills Maturing July 22, 1982		
	Price	Discount Rate	Investment Rate ¹		Discount Rate	Investment Rate ¹
High	96.878 ^a	12.351%	12.93%	93.406 ^b	13.043%	14.16%
Low	96.818	12.588%	13.18%	93.347	13.160%	14.29%
Average	96.839	12.505%	13.09%	93.376	13.102% ²	14.23%

¹Equivalent coupon-issue yield.

²The four-week average for calculating the maximum interest rate payable on money market certificates is 12.659%.

^aExcepting one tender of \$100,000.

^bExcepting four tenders totaling \$2,910,000.

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

(13 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</i> <i>Maturing April 22, 1982</i>		<i>182-Day Treasury Bills</i> <i>Maturing July 22, 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	\$	78,840,000	\$ 78,840,000	\$ 95,275,000	\$ 65,275,000
New York		7,169,705,000	3,463,455,000	7,718,740,000	3,743,640,000
Philadelphia		43,930,000	43,930,000	22,410,000	22,410,000
Cleveland		74,955,000	71,955,000	101,595,000	65,595,000
Richmond		47,945,000	47,945,000	70,610,000	70,610,000
Atlanta		67,305,000	67,305,000	72,020,000	71,020,000
Chicago		918,930,000	512,930,000	592,240,000	144,240,000
St. Louis		50,190,000	42,490,000	37,090,000	27,090,000
Minneapolis		11,290,000	11,290,000	22,730,000	22,730,000
Kansas City		65,285,000	65,285,000	58,780,000	58,780,000
Dallas		26,805,000	26,805,000	27,835,000	22,835,000
San Francisco		531,030,000	181,030,000	735,035,000	330,685,000
U.S. Treasury		288,745,000	288,745,000	255,345,000	255,345,000
TOTALS		\$9,374,955,000	\$4,902,005,000	\$9,809,705,000	\$4,900,255,000
<i>By class of bidder</i>					
Public					
Competitive		\$7,142,815,000	\$2,869,865,000	\$7,512,180,000	\$2,802,730,000
Noncompetitive		1,231,710,000	1,231,710,000	885,425,000	885,425,000
SUBTOTALS		\$8,374,525,000	\$4,101,575,000	\$8,397,605,000	\$3,688,155,000
Federal Reserve		851,130,000	651,130,000	825,000,000	625,000,000
Foreign Official Institutions ..		149,300,000	149,300,000	587,100,000	587,100,000
TOTALS		\$9,374,955,000	\$4,902,005,000	\$9,809,705,000	\$4,900,255,000