FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. **9680**
May 16, 1984

OFFERING OF TWO SERIES OF TREASURY BILLS

$6,350,000,000 of 91-Day Bills, To Be Issued May 24, 1984, Due August 23, 1984
$6,350,000,000 of 183-Day Bills, To Be Issued May 24, 1984, Due November 23, 1984

To All Banking Institutions, 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 $12,700 million, to be issued May 24, 1984. This offering will not provide new cash for the Treasury, as the maturing bills are outstanding in the amount of $12,683 million, including $945 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities and $2,662 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 $6,350 million, representing an additional amount of bills dated February 23, 1984, and to mature August 23, 1984 (CUSIP No. 912794 FS8), currently outstanding in the amount of $6,448 million, the additional and original bills to be freely interchangeable.

183-day bills for approximately $6,350 million, to be dated May 24, 1984, and to mature November 23, 1984 (CUSIP No. 912794 GC2).

Both series of bills will be issued for cash and in exchange for Treasury bills maturing May 24, 1984. Tenders from Federal Reserve Banks for themselves and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates 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.

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. 20239, prior to 1:00 p.m., Eastern Daylight Saving time, Monday, May 21, 1984. 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 state the par amount of bills bid for, which must be a minimum of $10,000. Tenders over $10,000 must be in multiples of $5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. 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.

A noncompetitive bidder may not have entered into an agreement, or may not make an agreement with respect to the purchase or sale or other disposition of any noncompetitive awards of this issue in this auction prior to the designated closing time for receipt of tenders.

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. A deposit of 2 percent of the par amount of the bills applied for must accompany tenders for such bills from others, unless an express guaranty of payment by an incorporated bank or trust company accompanies the tenders.

Public announcement will be made by the Department of the Treasury of the amount and yield 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 $1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids 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.

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 May 24, 1984, in cash or other immediately-available funds or in Treasury bills maturing May 24, 1984. 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. In addition, Treasury Tax and Loan Note Option Depositaries may make payment for allotments of bills for their own accounts and for account of customers by credit to their Treasury Tax and Loan Note Accounts on the settlement date.

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 prior to 1:00 p.m., Eastern Daylight Saving time, Monday, May 21, 1984, at the Securities Department of its Head Office and at its Buffalo Branch. Tender forms for both series are enclosed. Please be sure to use them to submit tenders and return them in the enclosed envelope. 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. Settlement must be made in cash or other immediately available funds or in Treasury securities maturing on or before the issue date. *Treasury Tax and Loan Note Option Depositaries may make payment for Treasury bills by credit to their Treasury Tax and Loan Note Accounts.*

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

ANTHONY M. SOLOMON, *President*

(OVER)

Please note that the Treasury Bills maturing November 23, 1984, will be 183-day Bills.

RESULTS OF LAST WEEKLY OFFERING OF TREASURY BILLS (TWO SERIES TO BE ISSUED MAY 17, 1984)

Range of Accepted Competitive Bids

	91-Day Treasury Bills Maturing August 16, 1984			182-Day Treasury Bills Maturing November 15, 1984		
	Discount Rate	Investment Rate[1]	Price	Discount Rate	Investment Rate[1]	Price
Low rate	10.02%[a]	10.42%	97.467	10.37%[b]	11.10%	94.757
High rate	10.10%	10.51%	97.447	10.43%	11.16%	94.727
Average rate	10.07%	10.47%	97.455	10.40%	11.13%	94.742

[1]Equivalent coupon-issue yield.
[a]Excepting one tender of $1,000,000.
[b]Excepting two tenders totaling $2,000,000.

(32 percent of the amount of 91-day bills bid for at the high discount rate was accepted.)

(6 percent of the amount of 182-day bills bid for at the high discount rate was accepted.)

Total Tenders Received and Accepted

	91-Day Treasury Bills Maturing August 16, 1984		182-Day Treasury Bills Maturing November 15, 1984	
By F.R. District (and U.S. Treasury)	Received	Accepted	Received	Accepted
Boston	$ 254,145,000	$ 169,145,000	$ 166,635,000	$ 86,635,000
New York	12,111,760,000	3,716,545,000	12,182,465,000	3,879,065,000
Philadelphia	35,775,000	35,775,000	27,315,000	27,315,000
Cleveland	76,365,000	72,965,000	58,280,000	53,280,000
Richmond	56,250,000	56,250,000	52,220,000	52,220,000
Atlanta	59,925,000	59,925,000	43,850,000	43,850,000
Chicago	995,295,000	184,295,000	980,395,000	180,455,000
St. Louis	34,295,000	31,295,000	34,360,000	29,480,000
Minneapolis	23,765,000	23,765,000	24,070,000	24,070,000
Kansas City	68,550,000	68,550,000	72,375,000	72,375,000
Dallas	34,090,000	34,090,000	20,730,000	20,730,000
San Francisco	751,425,000	250,065,000	628,390,000	221,390,000
U.S. Treasury	301,310,000	301,310,000	311,815,000	311,815,000
TOTALS	$14,802,950,000	$5,003,975,000	$14,602,900,000	$5,002,680,000
By class of bidder				
Public				
Competitive	$12,151,115,000	$2,552,140,000	$11,650,365,000	$2,250,145,000
Noncompetitive	1,241,620,000	1,241,620,000	1,035,535,000	1,035,535,000
SUBTOTALS	$13,392,735,000	$3,793,760,000	$12,685,900,000	$3,285,680,000
Federal Reserve	1,349,715,000	1,149,715,000	1,300,000,000	1,100,000,000
Foreign Official Institutions	60,500,000	60,500,000	617,000,000	617,000,000
TOTALS	$14,802,950,000	$5,003,975,000	$14,602,900,000	$5,002,680,000