

# FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 9699

July 5, 1984

## OFFERING OF TWO SERIES OF TREASURY BILLS

**\$6,400,000,000 of 91-Day Bills, To Be Issued July 12, 1984, Due October 11, 1984**

**\$6,400,000,000 of 182-Day Bills, To Be Issued July 12, 1984, Due January 10, 1985**

*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 \$12,800 million, to be issued July 12, 1984. This offering will provide \$250 million of new cash for the Treasury, as the maturing bills were originally issued in the amount of \$12,541 million. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$6,400 million, representing an additional amount of bills dated April 12, 1984, and to mature October 11, 1984 (CUSIP No. 912794 FX7), currently outstanding in the amount of \$6,059 million, the additional and original bills to be freely interchangeable. 182-day bills for approximately \$6,400 million, to be dated July 12, 1984, and to mature January 10, 1985 (CUSIP No. 912794 GP3).

Both series of bills will be issued for cash and in exchange for Treasury bills maturing July 12, 1984. In addition to the maturing 13-week and 26-week bills, there are \$7,846 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 \$1,317 million, and Federal Reserve Banks for their own account hold \$4,511 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 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. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$1,162 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. 20239, prior to 1:00 p.m., Eastern Daylight Saving time, Monday, July 9, 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. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

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 July 12, 1984, in cash or other immediately-available funds or in Treasury bills maturing July 12, 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 Depositories 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, July 9, 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 Depositories 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)



# **RESULTS OF LAST WEEKLY OFFERING OF TREASURY BILLS** **(TWO SERIES TO BE ISSUED JULY 5, 1984)**

## **Range of Accepted Competitive Bids**

	91-Day Treasury Bills Maturing October 4, 1984			182-Day Treasury Bills Maturing January 3, 1985		
	Discount Rate	Investment Rate <sup>1</sup>	Price	Discount Rate	Investment Rate <sup>1</sup>	Price
Low rate.....	9.99%	10.39%	97.475	10.53% <sup>a</sup>	11.28%	94.677
High rate .....	10.02%	10.42%	97.467	10.55%	11.30%	94.666
Average rate .....	10.01%	10.41%	97.470	10.54%	11.29%	94.671

<sup>1</sup>Equivalent coupon-issue yield.

<sup>a</sup>Excepting one tender of \$600,000.

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

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

## **Total Tenders Received and Accepted**

<i>91-Day Treasury Bills</i> <i>Maturing October 4, 1984</i>			<i>182-Day Treasury Bills</i> <i>Maturing January 3, 1985</i>		
<i>By F.R. District (and U.S. Treasury)</i>	<i>Received</i>	<i>Accepted</i>	<i>Received</i>	<i>Accepted</i>	
Boston .....	\$ 242,680,000	\$ 42,680,000	\$ 222,185,000	\$ 67,185,000	
New York .....	15,165,870,000	5,530,320,000	15,346,520,000	5,210,195,000	
Philadelphia .....	30,000,000	30,000,000	26,500,000	26,500,000	
Cleveland .....	93,045,000	56,560,000	86,370,000	51,600,000	
Richmond .....	46,970,000	46,970,000	93,495,000	69,375,000	
Atlanta .....	63,865,000	58,865,000	63,460,000	55,460,000	
Chicago .....	1,266,500,000	126,920,000	1,443,270,000	86,910,000	
St. Louis .....	25,230,000	25,230,000	47,850,000	32,650,000	
Minneapolis .....	21,410,000	16,010,000	30,920,000	20,920,000	
Kansas City .....	54,040,000	49,400,000	81,315,000	76,815,000	
Dallas .....	47,170,000	39,470,000	39,470,000	29,470,000	
San Francisco .....	1,410,180,000	89,395,000	1,686,750,000	334,010,000	
U.S. Treasury .....	297,300,000	297,300,000	361,320,000	361,320,000	
TOTALS .....	\$18,764,260,000	\$6,409,120,000	\$19,529,425,000	\$6,422,410,000	
<i>By class of bidder</i>					
Public					
Competitive .....	\$16,110,300,000	\$3,755,160,000	\$16,254,725,000	\$3,147,710,000	
Noncompetitive .....	1,096,750,000	1,096,750,000	1,282,400,000	1,282,400,000	
SUBTOTALS .....	\$17,207,050,000	\$4,851,910,000	\$17,537,125,000	\$4,430,110,000	
Federal Reserve .....	1,387,110,000	1,387,110,000	1,300,000,000	1,300,000,000	
Foreign Official Institutions ..	170,100,000	170,100,000	692,300,000	692,300,000	
TOTALS .....	\$18,764,260,000	\$6,409,120,000	\$19,529,425,000	\$6,422,410,000	