

FEDERAL RESERVE BANK
OF NEW YORK
Fiscal Agent of the United States

Circular No. 9849
May 1, 1985

TREASURY ANNOUNCES MAY QUARTERLY FINANCING

To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:

The following is quoted from a statement issued yesterday by the Treasury Department:

The Treasury will raise about \$9,875 million of new cash and refund \$10,623 million of securities maturing May 15, 1985, by issuing \$8,000 million of 3-year notes, \$6,500 million of 10-year notes, and \$6,000 million of 29 $\frac{3}{4}$ -year 11 $\frac{1}{4}$ % bonds. The \$10,623 million of maturing securities are those held by the public, including \$1,192 million held, as of today, by Federal Reserve Banks as agents for foreign and international monetary authorities.

The 10-year note and 29 $\frac{3}{4}$ -year bond being offered today will be eligible for exchange in the STRIPS program and, accordingly, may be divided into their separate Interest and Principal Components and maintained on the book-entry records of the Federal Reserve Banks and Branches. Once a security is in the STRIPS form, the components may be maintained and transferred in multiples of \$1,000. Financial institutions should consult their local Federal Reserve Bank or Branch for procedures for requesting securities in STRIPS form.

The three issues totaling \$20,500 million are being offered to the public, and any amounts tendered by Federal Reserve Banks as agents for foreign and international monetary authorities will be added to that amount. Tenders for such accounts will be accepted at the average prices of accepted competitive tenders.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$2,618 million of the maturing securities that may be refunded by issuing additional amounts of the new securities at the average prices of accepted competitive tenders.

Printed on the reverse side is a table summarizing the highlights of the offerings.

The 10-year note and the 29 $\frac{3}{4}$ -year bond will be eligible for conversion to STRIPS (Separate Trading of Registered Interest and Principal of Securities). Information about this feature is contained in the enclosed announcement by the Treasury Department. Additional details are set forth in the Treasury Department's official offering circulars, copies of which will be furnished upon request directed to the Circulars Division (Tel. No. 212-791-5216) or the Government Bond Department (Tel. No. 212-791-6619). Questions regarding procedures for requesting securities in STRIPS form should be directed to H. John Costalos, Manager, Securities Transfer Department (Tel. No. 212-791-5986) or Daniel Bolwell, Chief, Securities Transfer Division (Tel. No. 212-791-5379).

In addition, enclosed are copies of the forms to be used in submitting tenders.

This Bank will receive tenders at the Securities Department of its Head Office and at its Buffalo Branch on the dates and times specified on the reverse side of this circular as the deadlines for receipt of tenders. *All competitive tenders*, whether transmitted by mail or by other means, must reach this Bank or its Branch by that time on the specified dates. However, for investors who wish to submit noncompetitive tenders and who find it more convenient to mail their tenders than to present them in person, the official offering circular for each offering provides that *noncompetitive* tenders will be considered timely received if they are mailed to this Bank or its Branch under a postmark no later than the date preceding the date specified for receipt of tenders.

Bidders submitting noncompetitive tenders should realize that it is possible that the average price may be above par, in which case they would have to pay more than the face value for the securities.

Payment with a tender may be made in cash, by check, in Treasury securities maturing on or before the issue date of the securities being purchased, by a charge to an institution's reserve account at this Bank, or, in the case of Treasury Tax and Loan Note Option Depositories, by credit to a Treasury Tax and Loan Note Account. Payment by check must be in the form of an official bank check, a Federal funds check (a check drawn by a depository institution on its Federal Reserve account), or a personal check, which need not be certified. All checks must be drawn payable to the Federal Reserve Bank of New York; *checks endorsed to this Bank will not be accepted.*

Recorded messages provide information about Treasury offerings and about auction results: at the Head Office — Tel. No. 212-791-7773 (offerings) and Tel. No. 212-791-5823 (results); at the Buffalo Branch — Tel. No. 716-849-5158 (offerings) and Tel. No. 716-849-5046 (results). Additional inquiries regarding this offering may be made by calling, at the Head Office, Tel. No. 212-791-6619, or, at the Buffalo Branch, Tel. No. 716-849-5016.

E. GERALD CORRIGAN, *President.*

(Over)

**HIGHLIGHTS OF TREASURY
OFFERINGS TO THE PUBLIC
MAY 1985 FINANCING
TO BE ISSUED MAY 15, 1985**

	<u>3-Year Notes</u>	<u>10-Year Notes</u>	<u>29¾-Year Bonds</u>
Amount Offered:			
To the public	\$8,000 million	\$6,500 million	\$6,000 million
Description of Security:			
Term and type of security	3-year notes	10-year notes	29¾-year bonds (reopening)
Series and CUSIP designation	Series S-1988 (CUSIP No. 912827 SD5)	Series B-1995 (CUSIP No. 912827 SE3)	Bonds of 2015 (CUSIP No. 912810 DP0)
CUSIP Nos. for STRIPS			
Components	Not applicable	Listed in Attachment A of offering circular	Listed in Attachment A of offering circular
Maturity date	May 15, 1988	May 15, 1995	February 15, 2015
Interest rate	To be determined, based on the average of accepted bids	To be determined, based on the average of accepted bids	11 ¼ %
Investment yield	To be determined at auction	To be determined at auction	To be determined at auction
Premium or discount	To be determined after auction	To be determined after auction	To be determined after auction
Interest payment dates	November 15 and May 15	November 15 and May 15	August 15 and February 15
Minimum denomination available ..	\$5,000	\$1,000	\$1,000
Amount Required for STRIPS	Not applicable	To be determined after auction	To be determined after auction
Terms of Sale:			
Method of sale	Yield auction	Yield auction	Yield auction
Competitive tenders	Must be expressed as an annual yield, with two decimals, e.g., 7.10%	Must be expressed as an annual yield, with two decimals, e.g., 7.10%	Must be expressed as an annual yield with two decimals, e.g., 7.10%
Noncompetitive tenders	Accepted in full at the average price up to \$1,000,000	Accepted in full at the average price up to \$1,000,000	Accepted in full at the average price up to \$1,000,000
Accrued interest payable by investor ..	None	None	\$27.65884 per \$1,000 (from February 15 to May 15, 1985)
Payment through Treasury Tax and Loan (TT&L) Note Accounts	Acceptable for TT&L Note Option Depositories	Acceptable for TT&L Note Option Depositories	Acceptable for TT&L Note Option Depositories
Payment by non-institutional investors	Full payment to be submitted with tender	Full payment to be submitted with tender	Full payment to be submitted with tender
Deposit guarantee by designated institutions	Acceptable	Acceptable	Acceptable
Key Dates:			
Receipt of tenders	Tuesday, May 7, 1985, prior to 1:00 p.m., EDST	Wednesday, May 8, 1985, prior to 1:00 p.m., EDST	Thursday, May 9, 1985, prior to 1:00 p.m., EDST
Settlement			
a) cash or Federal funds	Wednesday, May 15, 1985	Wednesday, May 15, 1985	Wednesday, May 15, 1985
b) readily collectible check	Monday, May 13, 1985	Monday, May 13, 1985	Monday, May 13, 1985

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TREASURY ANNOUNCES GENERIC CUSIP FOR STRIPS

The following statement was issued yesterday by the Treasury

Department:

The 10-year note and the 29-3/4-year bond being offered today will be eligible for conversion to STRIPS (Separate Trading of Registered Interest and Principal of Securities) and will have separate CUSIP numbers for each of their Principal and Interest Components. The 29-3/4-year bond is a reopening of the February 15, 1985 issue for which CUSIP numbers have already been assigned. Since the 10-year note is a new issue, its CUSIP numbers will be different from the CUSIP numbers on the outstanding securities already eligible for STRIPS.

The Department has concluded, however, that it will soon be able to assign one CUSIP number for each interest payment date. A generic CUSIP number will be assigned to all Interest Components of Strips paying interest on the same date, including interest payments on securities already issued under the STRIPS Program and interest payments on future issues under the program. Separate CUSIP numbers will continue to be assigned to each Principal Component, and there will be no change in the CUSIP number assigned to the callable portion of the 30-year bond of November 15, 2009-14. System changes are currently underway which will enable the Department to implement the generic CUSIP approach by the August Quarterly Financing. Prior to moving to generic CUSIP numbers the Department will provide specific information on how and when the transition will occur.

Also, effective May 17, 1985, the 11-5/8% 20-year bond of November 15, 2004, will be eligible to be held in STRIPS form. Treasury's plan to include this bond in the STRIPS Program was announced on January 15, 1985. The minimum amount of this bond required for exchange in STRIPS form is \$1,600,000. Larger amounts must be a multiple of the minimum required.

The Department is very pleased with the success of the STRIPS Program thus far. The movement to generic CUSIP numbers will significantly reduce transaction costs and add to the liquidity of STRIPS, thus providing further savings to the Treasury in financing the public debt.

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