

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

Circular No. 9951
November 14, 1985

TREASURY TO AUCTION \$9,500 MILLION OF 2-YEAR NOTES

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

The following statement was issued by the Treasury Department:

The Department of the Treasury will auction \$9,500 million of 2-year notes to refund \$8,321 million of 2-year notes maturing November 30, 1985, and to raise about \$1,175 million new cash. The \$8,321 million of maturing 2-year notes are those held by the public, including \$638 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

The \$9,500 million is 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 price of accepted competitive tenders.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$758 million of the maturing securities that may be refunded by issuing additional amounts of the new notes at the average price of accepted competitive tenders.

The Treasury will postpone the auction unless it has assurance of Congressional action on legislation to raise the statutory debt limit before the scheduled auction date of November 20, 1985.

Printed on the reverse side is a table summarizing the highlights of the offering. Copies of the official offering circular will be furnished upon request directed to our Government Bond Division (Tel. No. 212-791-6619).

Enclosed is a copy of a standard form for your use in submitting tenders for this offering.

This Bank will receive tenders prior to 1:00 p.m., Eastern Standard time, Wednesday, November 20, 1985, at the Securities Department of its Head Office and at its Buffalo Branch. *All competitive tenders*, whether transmitted by mail or by other means, must reach this Bank or its Branch by that time. 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 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 November 19*.

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
OFFERING TO THE PUBLIC
OF 2-YEAR NOTES
TO BE ISSUED DECEMBER 2, 1985**

Amount Offered:

To the public \$9,500 million

Description of Security:

Term and type of security 2-year notes
 Series and CUSIP designation Series AC-1987
 (CUSIP No. 912827 SW3)
 Maturity date November 30, 1987
 Call date No provision
 Interest rate To be determined, based on the
 average of accepted bids
 Investment yield To be determined at auction
 Premium or discount To be determined after auction
 Interest payment dates May 31 and November 30
 Minimum denomination available \$5,000

Terms of Sale:

Method of sale Yield auction
 Competitive tenders 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
 Accrued interest payable by investor None
 Payment by non-institutional investors Full payment to be submitted
 with tender
 Payment through Treasury Tax and Loan (TT&L)
 Note Accounts Acceptable for TT&L Note
 Option Depositories
 Deposit guarantee by designated institutions Acceptable

Key Dates:

Receipt of tenders Wednesday, November 20, 1985,
 prior to 1:00 p.m., EST
 Settlement (final payment due from institutions)
 a) cash or Federal funds Monday, December 2, 1985
 b) readily collectible check Wednesday, November 27, 1985