

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

Circular No. 9970
December 13, 1985

Offering of \$9,000,000,000 of 365-Day Treasury Bills

Dated December 26, 1985

Due December 26, 1986

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 approximately \$9,000 million of 365-day Treasury bills to be dated December 26, 1985, and to mature December 26, 1986 (CUSIP No. 912794 KU7). This issue will provide about \$425 million of new cash for the Treasury, as the maturing 52-week bill is outstanding in the amount of \$8,587 million. Tenders will be received at the Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D.C. 20239, prior to 1:00 p.m., Eastern Standard time, Thursday, December 19, 1985.

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. This 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.

The bills will be issued for cash and in exchange for Treasury bills maturing December 26, 1985. In addition to the maturing 52-week bills, there are \$11,574 million of maturing 13-week and 26-week bills and \$5,010 million of maturing 78-day cash management bills. The disposition of these two latter amounts will be announced next week. Federal Reserve Banks currently hold \$2,397 million as agents for foreign and international monetary authorities, and \$4,487 million for their own account. These amounts represent the combined holdings of such accounts for the four issues of maturing bills. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rate 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 \$185 million of the original 52-week issue. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 4632-1.

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 will be received prior to 1:00 p.m., Eastern Standard time, Thursday, December 19, 1985 at the Securities Department of this Bank's Head Office, at our Buffalo Branch, or at the Bureau of the Public Debt. A tender form is enclosed. Please be sure to use that form to submit the tender and return it 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 previous 364-day bill offering are shown on the reverse side of this circular.

E. GERALD CORRIGAN, *President*.

(OVER)

**RESULTS OF PREVIOUS 364-DAY OFFERING OF TREASURY BILLS
(ISSUED NOVEMBER 29, 1985)**

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment Rate</u> <u>(Equivalent Coupon-Issue Yield)</u>	<u>Price</u>
Low -	7.32%	7.86%	92.599
High -	7.34%	7.88%	92.578
Average -	7.33%	7.87%	92.589

Tenders at the high discount rate were allotted 83%.

**TENDERS RECEIVED AND ACCEPTED
(In Thousands)**

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 46,705	\$ 27,685
New York	19,888,020	7,809,210
Philadelphia	8,845	8,845
Cleveland	91,170	86,920
Richmond	36,810	26,130
Atlanta	93,170	44,220
Chicago	1,517,300	329,390
St. Louis	91,525	57,995
Minneapolis	11,150	11,150
Kansas City	26,075	26,015
Dallas	17,895	12,045
San Francisco	1,347,815	497,935
Treasury	<u>67,750</u>	<u>67,750</u>
TOTALS	\$23,244,230	\$9,005,290
 <u>Type</u>		
Competitive	\$20,968,285	\$6,729,345
Noncompetitive	415,945	415,945
Subtotal, Public	<u>\$21,384,230</u>	<u>\$7,145,290</u>
Federal Reserve	1,800,000	1,800,000
Foreign Official Institutions	<u>60,000</u>	<u>60,000</u>
TOTALS	\$23,244,230	\$9,005,290

An additional \$40,000 thousand of the bills will be issued to foreign official institutions for new cash.