

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 9976
December 26, 1985

OFFERING OF TWO SERIES OF TREASURY BILLS

\$7,600,000,000 of 91-Day Bills, To Be Issued January 2, 1986, Due April 3, 1986

\$7,600,000,000 of 182-Day Bills, To Be Issued January 2, 1986, Due July 3, 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 two series of Treasury bills totaling approximately \$15,200 million, to be issued January 2, 1986. This offering will provide about \$1,300 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$13,901 million. 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 Standard time, Monday, December 30, 1985. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$7,600 million, representing an additional amount of bills dated October 3, 1985, and to mature April 3, 1986 (CUSIP No. 912794 JZ8), currently outstanding in the amount of \$6,860 million, the additional and original bills to be freely interchangeable.

182-day bills for approximately \$7,600 million, to be dated January 2, 1986, and to mature July 3, 1986 (CUSIP No. 912794 KV5).

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.

The bills will be issued for cash and in exchange for Treasury bills maturing January 2, 1986. 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 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. Federal Reserve Banks currently hold \$1,326 million as agents for foreign and international monetary authorities, and \$3,239 million for their own account. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 4632-2 (for 26-week series) or Form PD 4632-3 (for 13-week series).

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

This Bank will receive tenders for both series prior to 1:00 p.m., Eastern Standard time, Monday, December 30, 1985, 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 are shown on the reverse side of this circular.

E. GERALD CORRIGAN,
President.

(OVER)

RESULTS OF LAST WEEKLY OFFERING OF TREASURY BILLS
(TWO SERIES TO BE ISSUED DECEMBER 26, 1985)

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing March 27, 1986			:	maturing June 26, 1986		
	<u>Discount</u>	<u>Investment</u>	<u>Price</u>	:	<u>Discount</u>	<u>Investment</u>	<u>Price</u>
	<u>Rate</u>	<u>Rate 1/</u>	<u>Price</u>	:	<u>Rate</u>	<u>Rate 1/</u>	<u>Price</u>
Low	6.98%	7.20%	98.236	:	7.05%	7.41%	96.436
High	7.05%	7.28%	98.218	:	7.07%	7.43%	96.426
Average	7.02%	7.24%	98.226	:	7.05%	7.41%	96.436

Tenders at the high discount rate for the 13-week bills were allotted 26%.
Tenders at the high discount rate for the 26-week bills were allotted 62%.

TENDERS RECEIVED AND ACCEPTED
(In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>	:	<u>Received</u>	<u>Accepted</u>
Boston	\$ 38,930	\$ 38,930	:	\$ 26,055	\$ 26,055
New York	16,679,485	6,568,805	:	19,715,035	6,943,535
Philadelphia	29,935	29,935	:	8,765	8,765
Cleveland	46,775	46,775	:	20,805	20,805
Richmond	39,900	39,900	:	41,420	37,430
Atlanta	47,005	45,005	:	25,750	25,750
Chicago	1,511,145	308,545	:	1,472,215	129,715
St. Louis	69,685	29,685	:	93,715	52,955
Minneapolis	14,040	14,040	:	15,635	15,635
Kansas City	50,955	50,955	:	163,045	96,635
Dallas	31,200	31,200	:	15,540	15,540
San Francisco	515,555	137,815	:	567,545	36,545
Treasury	<u>260,800</u>	<u>260,800</u>	:	<u>197,430</u>	<u>197,430</u>
TOTALS	\$19,395,410	\$7,602,390	:	\$22,362,955	\$7,606,795
<u>Type</u>					
Competitive	\$16,571,510	\$4,778,490	:	\$19,227,640	\$4,471,480
Noncompetitive	1,007,250	1,007,250	:	648,515	648,515
Subtotal, Public	<u>\$17,578,760</u>	<u>\$5,785,740</u>	:	<u>\$19,876,155</u>	<u>\$5,119,995</u>
Federal Reserve	1,523,350	1,523,350	:	1,400,000	1,400,000
Foreign Official Institutions	<u>293,300</u>	<u>293,300</u>	:	<u>1,086,800</u>	<u>1,086,800</u>
TOTALS	\$19,395,410	\$7,602,390	:	\$22,362,955	\$7,606,795

1/ Equivalent coupon-issue yield.