

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

Circular No. 9997
January 30, 1986

TREASURY ANNOUNCES FEBRUARY QUARTERLY FINANCING
INCLUDING OFFERING OF 10-YEAR FOREIGN-TARGETED NOTES

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

The following statement was issued yesterday by the Treasury Department:

The Treasury will raise about \$13,200 million of new cash and refund \$9,818 million of securities maturing February 15, 1986, through domestic issues of \$9,000 million of 3-year notes, \$7,000 million of 10-year notes, and \$7,000 million of 30-year bonds; in addition, the Treasury will raise up to \$1,000 million by issuing 10-year foreign-targeted notes. The \$9,818 million of maturing securities are those held by the public, including \$499 million held, as of today, by Federal Reserve Banks as agents for foreign and international monetary authorities.

The 10-year domestic note and 30-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 3-year notes, 10-year domestic notes, and 30-year bonds totaling \$23,000 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. *Accrued interest will be payable by investors on the 10-year domestic notes, the 10-year foreign-targeted notes, and the 30-year bonds.*

The foreign-targeted notes will be sold only under competitive bidding, and only to foreign institutions, to foreign branches of United States financial institutions, to central banks or monetary authorities of foreign governments, or to certain public international organizations of which the United States is a member. A maximum of \$1,000 million of bids will be accepted, and if less than \$500 million of acceptable bids is received, none will be accepted. A bidder must certify that, as of the date of issuance, the notes are not being acquired for, or for offer to resell to, a United States person. In any event, the issue may not be sold to United States persons for 45 days (until March 23, 1986). United States persons who purchase the notes from March 23, 1986, onwards must meet U.S. tax requirements. In addition, such notes may be exchanged for the companion domestic notes in accordance with the terms of the circular.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$1,486 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.

Details about each of the new securities are given in the "highlights" of the offering and in the official offering circular. Potential bidders for the foreign-targeted notes should obtain copies of the Offering Circular from the Federal Reserve Bank of New York, Securities Department, Room 835, or at the Treasury Department, Public Affairs, Room 2315, Washington, D.C. Circulars for securities with the STRIPS feature, which include CUSIP numbers for their components, can be obtained by contacting the nearest Federal Reserve Bank or Branch.

Printed on the reverse side is a table summarizing the highlights of the offerings. Copies of the official offering circulars for the domestic notes will be furnished upon request directed to our Government Bond Division (Tel. No. 212-791-6619). In addition, enclosed are copies of the forms to be used in submitting tenders for the domestic notes. For information regarding the foreign-targeted notes, please contact our Securities Department, Tel. No. 212-791-5465.

The 10-year note and the 30-year bond will be eligible for conversion to STRIPS (Separate Trading of Registered Interest and Principal of Securities). Information about this feature is set forth in the Treasury Department's official offering circulars. Questions regarding procedures for requesting securities in STRIPS form should be directed to Daniel Bolwell, Chief, Securities Transfer Division (Tel. No. 212-791-5379).

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 OF
3-YEAR NOTES, DOMESTIC AND FOREIGN-TARGETED 10-YEAR NOTES, AND 30-YEAR BONDS**

	<u>3-Year Notes</u>	<u>10-Year Notes</u>	<u>10-Year Foreign-Targeted Notes</u>	<u>30-Year Bonds</u>
Amount Offered:				
To the public	\$9,000 million	\$7,000 million	Up to \$1,000 million	\$7,000 million
Eligible bidders	The public	The public	See Section 2.1 and 2.19 of the Offering Circular	The public
Description of Security:				
Term and type of security	3-year notes	10-year notes	10-year foreign-targeted notes	30-year bonds
Series and CUSIP designation	Series Q-1989 (CUSIP No. 912827 TE2)	Series A-1996 (CUSIP No. 912827 TF9)	Series B-1996 (CUSIP No. 912827 TG7)	Bonds of 2016 (CUSIP No. 912810 DV7)
CUSIP Nos. for STRIPS Components	Not applicable	Listed in Attachment A of offering circular	Not applicable	Listed in Attachment A of offering circular
Issue date	February 18, 1986	February 18, 1986 (to be dated February 15, 1986)	February 18, 1986 (to be dated February 15, 1986)	February 18, 1986 (to be dated February 15, 1986)
Maturity date	February 15, 1989	February 15, 1996	February 15, 1996	February 15, 2016
Interest rate	To be determined, based on the average of accepted bids	To be determined, based on the average of accepted bids	Same as the rate established in the companion domestic auction	To be determined, based on the average of accepted bids
Investment yield	To be determined at auction	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	To be determined after auction
Interest payment dates	August 15 and February 15	August 15 and February 15	February 15 (first interest payment Feb. 15, 1987)	August 15 and February 15
Minimum denomination available ..	\$5,000	\$1,000	\$1,000	\$1,000
Amount Required for STRIPS	Not applicable	To be determined after auction	Not applicable	To be determined after auction
Terms of Sale:				
Method of sale	Yield auction	Yield auction	Yield auction	Yield auction
Competitive tenders	Must be expressed as an annual yield, with two decimals, e.g., 7.10%, based on a semi-annual interest payment	Must be expressed as an annual yield, with two decimals, e.g., 7.10%, based on a semi-annual interest payment	Must be submitted to the Federal Reserve Bank (FRB) New York and expressed as an annual yield, with two decimals, e.g., 7.10%, based on an annual interest payment	Must be expressed as an annual yield, with two decimals, e.g., 7.10%, based on a semi-annual interest payment
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	Not permitted	Accepted in full at the average price up to \$1,000,000
Minimum tender	\$5,000	\$1,000	Aggregate amount at lowest yield bid for must be <i>at least</i> \$50,000,000. See Section 6 of Offering Circular.	\$1,000
Accrued interest payable by investor ..	None	To be determined after auction	To be determined after auction	To be determined after auction
Payment Terms:				
Designation of paying institution ...	No provision	No provision	See Section 6 of Offering Circular	No provision
Payment by non-institutional investors	Full payment to be submitted with tender	Full payment to be submitted with tender	Not applicable	Full payment to be submitted with tender
Guarantee by designated institution ..	Acceptable	Acceptable	See Section 6 of Offering Circular	Acceptable
Payment through Treasury Tax and Loan (TT&L) Note Accounts ...	Acceptable for TT&L Note Option Depositories	Acceptable for TT&L Note Option Depositories	No provision	Acceptable for TT&L Note Option Depositories
Key Dates:				
Receipt of tenders	Tuesday, February 4, 1986, prior to 1:00 p.m., EST	Wednesday, February 5, 1986, prior to 1:00 p.m., EST	Wednesday, February 5, 1986, prior to 1:00 p.m., EST, at FRB New York	Thursday, February 6, 1986, prior to 1:00 p.m., EST
Settlement				
a) funds immediately available to the Treasury	Tuesday, February 18, 1986	Tuesday, February 18, 1986	Tuesday, February 18, 1986, no later than 9:00 a.m., EST, at FRB New York	Tuesday, February 18, 1986
b) readily collectible check	Thursday, February 13, 1986	Thursday, February 13, 1986	Not applicable	Thursday, February 13, 1986