

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 7398]
May 23, 1974]

Treasury Offers \$800 Million Strip of Weekly Bills

To All Incorporated Banks and Trust Companies, and Others Concerned,
in the Second Federal Reserve District:

The following statement was made public yesterday by the Treasury Department:

The Treasury announced today that it will raise \$800 million by auctioning a "strip" of Treasury bills consisting of additions to eight outstanding weekly series of bills. Additions of \$100 million will be made to bills maturing each week from September 19 through November 7, 1974.

The auction will be on Thursday, May 30, with payment on Wednesday, June 5. Payment for the bills may not be made by credit to Treasury Tax and Loan Accounts.

The "strip" of bills now being offered is expected to meet the Treasury's cash needs prior to the period of heavy June tax payments.

Following is the text of the public notice offering the strip of Treasury bills referred to in the above statement:

The Treasury Department, by this public notice, invites tenders for additional amounts of eight series of Treasury bills to the aggregate amount of \$800,000,000, or thereabouts, for cash. The additional bills will be issued June 5, 1974, will be in the amounts, and will be in addition to the bills originally issued and maturing, as follows:

| Amount of additional issue | Original issue dates 1974 | Maturity Dates 1974 | CUSIP Nos. | Days from June 5, 1974 to maturity | Amount currently outstanding (in millions) |
|----------------------------|---------------------------|---------------------|------------|------------------------------------|--------------------------------------------|
| \$100,000,000 | March 21 | September 19 | 912793 UQ7 | 106 | \$1,801 |
| 100,000,000 | March 28 | September 26 | 912793 UR5 | 113 | 1,801 |
| 100,000,000 | April 4 | October 3 | 912793 US3 | 120 | 1,810 |
| 100,000,000 | April 11 | October 10 | 912793 UT1 | 127 | 1,802 |
| 100,000,000 | April 18 | October 17 | 912793 UU8 | 134 | 1,804 |
| 100,000,000 | April 25 | October 24 | 912793 UV6 | 141 | 1,801 |
| 100,000,000 | May 2 | October 31 | 912793 UW4 | 148 | 1,802 |
| 100,000,000 | May 9 | November 7 | 912793 UX2 | 155 | 1,801 |
| <hr/> \$800,000,000 | | | | (Average) 130.5 | |

The additional and original bills will be freely interchangeable.

Each tender submitted must be in the minimum amount of \$80,000. Tenders over \$80,000 must be in multiples of \$40,000. One-eighth of the amount tendered will be applied to each of the above series of bills.

The bills offered hereunder will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$10,000, \$15,000, \$50,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Thursday, May 30, 1974. Tenders will not be received at the Treasury Department, Washington. In the case of competitive tenders the price offered must be

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expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. A single price must be submitted for each tender. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Only those submitting competitive tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for \$160,000 or less (in amounts as set forth in the second paragraph) without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on June 5, 1974.

Under Sections 454(b) and 1221(5) of the Internal Revenue Code of 1954, the amount of discount at which bills issued hereunder are sold is considered to accrue when the bills are sold, redeemed or otherwise disposed of, and the bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder must include in his income tax return, as ordinary gain or loss, the difference between the price paid for the bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made. Purchasers of a strip of the bills offered hereunder should, for tax purposes, take such bills onto their books on the basis of their purchase price prorated to each of the eight outstanding issues using as a basis for proration the closing market prices for each of the issues on June 5, 1974. (Federal Reserve Banks will have available a list of these market prices, based on the mean between the bid and asked quotations furnished by the Federal Reserve Bank of New York.)

Treasury Department Circular No. 418 (current revision) and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

This Bank will receive tenders up to 1:30 p.m., Eastern Daylight Saving time, Thursday, May 30, 1974, at the Securities Department of its Head Office and at its Buffalo Branch. Please use the enclosed tender form to submit a tender, and return it in the enclosed envelope marked "Tender for Treasury Bills." Tenders not requiring a deposit may be submitted by telegraph, subject to written confirmation; no tenders may be submitted by telephone. *Payment for the strip of bills cannot be made by credit through the Treasury Tax and Loan Account. Settlement must be made in cash or other immediately available funds.*

ALFRED HAYES,
President.