

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

[ Circular No. 7579  
March 5, 1975 ]

**TREASURY TO AUCTION \$3.25 BILLION OF NOTES**

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

The following statement was made public March 4 by the Treasury Department:

The Treasury will auction to the public up to \$1.75 billion of 6-year 8-month notes and up to \$1.5 billion of 14-month notes. Additional amounts of these notes may be issued at the average price of accepted tenders to Government accounts and to Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities.

The notes to be auctioned will be:

An additional amount of the 7-3/4% Treasury Notes of Series B-1981 dated November 15, 1974, due November 15, 1981 (CUSIP No. 912827 EA6) with interest payable on May 15 and November 15, and

Treasury Notes of Series M-1976 dated March 25, 1975, due May 31, 1976 (CUSIP No. 912827 EG3) with interest payable on November 30, 1975, and May 31, 1976. The coupon rate will be determined after tenders are allotted.

The 6-year 8-month notes will be issued in registered and bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The 14-month notes will be issued in registered and bearer form in denominations of \$5,000, \$10,000, \$100,000 and \$1,000,000. Both notes will be issued in book-entry form to designated bidders. Delivery of 6-year 8-month bearer notes will be made on March 19, 1975, and delivery of 14-month bearer notes will be made on March 25, 1975. Payment for the notes may not be made through tax and loan accounts.

Tenders for the 6-year 8-month notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, March 11, and tenders for the 14-month notes will be received up to 1:30 p.m., Eastern Daylight Saving time, Thursday, March 13, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D.C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than March 10 for the 6-year 8-month notes and March 12 for the 14-month notes. Each tender for the 6-year 8-month notes must be in the amount of \$1,000 or a multiple thereof. Each tender for the 14-month notes must be in the amount of \$5,000 or a multiple thereof. Each tender must state the price offered or yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender.

Competitive tenders for the 6-year 8-month notes must be expressed in terms of price, in two decimals, e.g., 100.00. Tenders at a price less than 98.51 will not be accepted. Tenders at the highest prices will be accepted to the extent required to attain the amount offered. Successful competitive bidders will be required to pay for the notes at the price they bid. Noncompetitive bidders will be required to pay the average price of all accepted competitive tenders; the price may be 100.00, or more or less than 100.00.

Competitive tenders for the 14-month notes must be expressed in terms of annual yield in two decimal places, e.g., 6.02, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon yield will be determined to the nearest 1/8 of 1 percent necessary to make the average accepted price 100.00 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield he bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Tenders at a yield that will produce a price less than 99.751 will not be accepted. Noncompetitive bidders will be required to pay the average price of accepted competitive tenders; the price will be 100.00 or less.

(Over)

Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES (Series M-1976 or B-1981)" should be printed at the bottom of the envelopes in which the tenders are submitted.

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 \$500,000 or less for each issue will be accepted in full at the average price of accepted competitive tenders.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, 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 the 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 commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, 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, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment for the notes with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders for the 6-year 8-month notes must be completed on Wednesday, March 19, 1975, and include accrued interest from November 15, 1974 to March 19, 1975, in the amount of \$26.54696 per \$1,000 of notes allotted. Payment for accepted tenders for the 14-month notes must be completed on Tuesday, March 25, 1975. Payment must be in cash, in other funds immediately available to the Treasury by that payment date or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Monday, March 17, 1975, for the 6-year 8-month notes and Thursday, March 20, 1975, for the 14-month notes if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Friday, March 14, 1975, for the 6-year 8-month notes and Tuesday, March 18, 1975, for the 14-month notes if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

Noncompetitive bidders should be aware that they may have to pay more than face value for the 7-3/4 percent notes and that, therefore, the yield on these notes may be less than 7-3/4 percent.

The official offering circulars and tender forms will be mailed to you as soon as possible.

ALFRED HAYES,  
*President.*