

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. 7864 ]  
April 29, 1976

**TREASURY ANNOUNCES MAY REFINANCING**

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

The following statements were issued April 28 by the Treasury Department:

The Treasury will raise \$2.2 billion of new cash and refund \$4.1 billion of securities maturing May 15, 1976, by issuing \$2.0 billion of 2-year notes, \$3.5 billion of 10-year notes, and \$0.75 billion of 23 $\frac{3}{4}$ -year bonds.

The \$4.1 billion of maturing securities to be refunded in the general offering are those held by private investors. Government accounts and Federal Reserve Banks, for their own accounts, hold \$1.4 billion of maturing securities that may be refunded by issuing additional amounts of the new securities. Additional amounts of the 2-year notes and the bonds may also be issued, for new cash only, to Federal Reserve Banks as agents for foreign and international monetary authorities.

The 2-year notes will be auctioned on Tuesday, May 4, 1976, with bidding on a yield basis. The interest rate will be set following the auction.

The 10-year notes will bear interest at the rate of 7 $\frac{7}{8}$ %. They will be sold at par. Subscriptions will be received through Wednesday, May 5, 1976.

The 23 $\frac{3}{4}$ -year bonds will bear interest at 7 $\frac{7}{8}$ % and will be auctioned on Friday, May 7, 1976, by the price method.

Final payment for all of these securities will be required by Monday, May 17, 1976.

*\$2.0 billion of 2-year Notes*

The Department of the Treasury will auction \$2.0 billion of 2-year notes as one of three securities to be issued for the purpose of refunding debt maturing May 15 and raising new cash. Details of the other two securities are contained [*elsewhere in this circular*]. Additional amounts of the notes may be issued to Government accounts and Federal Reserve Banks for their own account in exchange for notes maturing May 15, 1976, and to Federal Reserve Banks as agents for foreign and international monetary authorities for new cash only.

The notes now being offered will be Treasury Notes of Series L-1978 dated May 17, 1976, due April 30, 1978 (CUSIP No. 912827 FN 7) with interest payable on a semiannual basis on October 31, 1976, and thereafter on April 30 and October 31. The coupon rate will be determined after tenders are allotted. The notes will be issued in registered and bearer form in denominations of \$5,000, \$10,000, \$100,000 and \$1,000,000, and they will be available for issue in book-entry form to designated bidders.

Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, May 4, 1976, 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 Monday, May 3. Tenders must be in the amount of \$5,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "*TENDER FOR TREASURY NOTES*" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, 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 rate will be determined at a  $\frac{1}{8}$  of one percent increment that translates into an average accepted price close to 100.000 and a lowest accepted price above 99.750. That rate of interest 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 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 shall be final. Noncompetitive bidders will be required to pay the average price of accepted



competitive 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 NOTES.*

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, and all tenders from Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities, 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 therein. 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 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 must be completed on or before Monday, May 17, 1976. Payment must be in cash,  $6\frac{1}{2}\%$  Treasury Notes of Series B-1976 or  $5\frac{3}{4}\%$  Treasury Notes of Series E-1976, which will be accepted at par, in other funds immediately available to the Treasury by the 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) Wednesday, May 12, 1976, 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) Monday, May 10, 1976, 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.

#### *\$3.5 billion of 10-year Notes*

The Department of the Treasury will offer to sell \$3.5 billion of 10-year notes as one of three securities to be issued for the purpose of refunding debt maturing May 15 and raising new cash. The amount of the offering may be increased by a reasonable amount to the extent that the total amount of subscriptions for \$500,000 or less accompanied by 20% deposit so warrants. Details of the other two securities are contained [*elsewhere in this circular*]. Additional amounts of the notes may be issued to Government accounts and Federal Reserve Banks for their own account.

The notes now being offered will be  $7\frac{7}{8}\%$  Treasury Notes of Series A-1986 dated May 17, 1976, due May 15, 1986 (CUSIP No. 912827 FP 2). They will be sold at par. Interest will be payable on a semi-annual basis on November 15, 1976, and thereafter on May 15 and November 15. The notes will be issued in registered and bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000, and they will be available for issue in book-entry form to designated subscribers.

Subscriptions will be received through Wednesday, May 5, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226 provided, however, that subscriptions up to \$500,000 accompanied by a 20% deposit will be considered timely received if they are mailed to any such agency under a postmark no later than Tuesday, May 4, 1976. Subscriptions must be in the amount of \$1,000 or a multiple thereof. The notation "*SUBSCRIPTION FOR TREASURY NOTES*" should be printed at the bottom of envelopes in which subscriptions are submitted.

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 subscriptions



for the account of customers, *PROVIDED THE NAMES OF THE CUSTOMERS ARE SET FORTH THEREIN*. Others will not be permitted to submit tenders except for their own account.

The Secretary of the Treasury expressly reserves the right to accept or reject any or all subscriptions, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, subscriptions for \$500,000, or less, will be allotted in full provided that 20% of the face value of the securities for each subscriber is submitted as a deposit. Such deposits must be submitted to the Federal Reserve Bank or Branch, or to the Bureau of the Public Debt, with the subscription; this will apply even if the subscription is for the account of a commercial bank or securities dealer, or for one of their customers. Guarantees in lieu of deposits will not be accepted. Allotment notices will not be sent to subscribers making the 20% deposit.

Subscriptions not accompanied by the 20% deposit will be received subject to a percentage allotment irrespective of the size of the subscription. No allotment will be made of these subscriptions until and unless the subscriptions accompanied by 20% deposit pursuant to the preceding paragraph have been allotted in full. On such subscriptions a 5% deposit will be required from all subscribers except 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. Commercial banks and securities dealers authorized to enter subscriptions for customers will be required to certify that they have received the 5% deposit from their customers or guarantee payment of the deposits.

Subscribers may submit subscriptions under each of the provisions of the two foregoing paragraphs, i.e., up to \$500,000 with a 20% cash deposit and in any amount with a 5% deposit. Each of the two types of subscriptions will be treated as separate subscriptions.

Payment for accepted subscriptions must be completed on or before Monday, May 17, 1976. Payment must be in cash, 6½% Treasury Notes of Series B-1976 or 5¾% Treasury Notes of Series E-1976, which will be accepted at par, in other funds immediately available to the Treasury by the payment date or by check drawn to the order of the Federal Reserve Bank to which the subscription is submitted, or the United States Treasury if the subscription is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Wednesday, May 12, 1976, 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) Monday, May 10, 1976, 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 subscription up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

Bearer notes will be delivered on May 17, 1976, except that if adequate stocks of the notes are not available on that date, the Department of the Treasury reserves the right to issue interim certificates on that date. The certificates would be bearer securities exchangeable at face value for 7⅞% Treasury Notes of Series A-1986 when available.

#### *\$750 million of 23¾-year Bonds*

The Department of the Treasury will auction \$750 million of 23¾-year bonds as one of three securities to be issued for the purpose of refunding debt maturing May 15 and raising new cash. Details of the other two securities are contained [*elsewhere in this circular*]. Additional amounts of the bonds may be issued to Government accounts and Federal Reserve Banks for their own account in exchange for notes maturing May 15, 1976, and to Federal Reserve Banks as agents for foreign and international monetary authorities for new cash only.

The bonds now being offered will be an additional amount of 7⅞% Treasury Bonds of 1995-2000 dated February 18, 1975, due February 15, 2000, callable at the option of the United States on any interest payment date on and after February 15, 1995 (CUSIP No. 912810 BS 6) with interest payable on February 15 and August 15. They will be issued in registered and bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000, and they will be available for issue in book entry form to designated bidders.

Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Friday, May 7, 1976, 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 Thursday, May 6, 1976. Tenders must be in the amount of \$1,000 or a mul-



multiple thereof. Each tender must state the price offered, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "*TENDER FOR TREASURY BONDS*" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed on the basis of price, in two decimal places, e.g., 100.00. Tenders at a price less than 94.26 will not be accepted. Tenders at the highest prices, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. Successful competitive bidders will be required to pay for the bonds 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. *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 BONDS.*

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 and all tenders from Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities, 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 bonds 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 bonds 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 must be completed on or before Monday, May 17, 1976, and include accrued interest from February 15 to May 17, 1976, in the amount of \$19.90385 per \$1,000 of bonds allotted. Payment must be in cash, 6½% Treasury Notes of Series B-1976 or 5¾% Treasury Notes of Series E-1976, which will be accepted at par, in other funds immediately available to the Treasury by the 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) Wednesday, May 12, 1976, 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) Monday, May 10, 1976, 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 bonds allotted will be subject to forfeiture to the United States.

Subscriptions for the 10-year notes must be received at the Securities Department of this Bank or at its Buffalo Branch *no later than 5 p.m., Eastern Daylight Saving time, Wednesday, May 5, 1976*, except that subscriptions up to \$500,000 that are accompanied by a 20% deposit and that are postmarked before midnight, Tuesday, May 4, will be deemed timely.

For the 10-year notes, *separate subscription forms must be submitted* for subscriptions that are accompanied by a 20% deposit and for subscriptions that are subject to a 5% deposit.

Tender and subscription forms for the new securities will be mailed to you as soon as possible. The text of the official offering circulars will be furnished upon request. Telephone inquiries regarding this offering may be made by calling Telephone No. 212-791-5823, 212-791-6616, or 212-791-5465.

PAUL A. VOLCKER,  
*President.*