

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 357

Regulations Governing Book-Entry Treasury Bonds, Notes and Bills

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury (Department) or (Treasury) is issuing in final form an amendment to its regulations governing book-entry Treasury Bonds, Notes and Bills to reduce the number of days required for processing transaction requests affecting payment instructions, transaction requests affecting reinvestments on Treasury bills, and for the receipt of evidence supporting such transaction requests within the TREASURY DIRECT system from 20 calendar days to 10 business days. This change will benefit the TREASURY DIRECT investor by giving such investor more time prior to a payment or maturity date to submit a transaction request affecting payment instructions, a transaction request affecting reinvestment of a bill, and evidence in support of such transaction requests, and will make the TREASURY DIRECT system a more viable alternative to TRADES, the commercial book-entry system for holding Treasury securities. In addition, Treasury is studying other possible changes to TREASURY DIRECT, including the possibility that investors could hold stripped securities in the TREASURY DIRECT system.

EFFECTIVE DATE: April 16, 1997.

FOR FURTHER INFORMATION CONTACT: Maureen Parker, Director, Division of Securities Systems, Bureau of the Public Debt (304) 480-7761; Susan Klimas, Attorney-Adviser, Office of the Chief Counsel, Bureau of the Public Debt (304) 480-5192.

SUPPLEMENTARY INFORMATION: This final rule amends the general regulations governing book-entry Treasury Bonds, Notes and Bills to change the number of days required for the receipt of transaction requests within the TREASURY DIRECT system which affect payment instructions from not less than 20 calendar days to not less than 10 business days preceding the next payment date. This final rule also changes the number of days required by the Department to receive evidence in support of a transaction request before the maturity date of a security from at least 20 calendar days to at least 10 business days. Thirdly, this rule

changes the number of days required to receive a transaction request to reinvest the proceeds of a Treasury bill, or a request to revoke a previous direction to reinvest such bill from not less than 20 calendar days to not less than 10 business days prior to the maturity date of the bill. The Department has reserved the right to act on any transaction request or evidence in support of such request received less than 10 calendar days prior to the next payment date if, in its discretion, sufficient time remains for processing.

Procedural Requirements

It has been determined that this final rule does not meet the criteria for a "significant regulatory action," as defined in Executive Order 12866. Therefore, the regulatory review procedures contained therein do not apply.

This final rule relates to matters of public contract and procedures for U.S. securities. Accordingly, pursuant to 5 U.S.C. 553(a)(2), the notice, public comment and delayed effective date provisions of the Administrative Procedure Act do not apply. As no notice of proposed rulemaking is required, the provisions of the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*) do not apply.

There are no new collections of information contained in this final rule, therefore, the Paperwork Reduction Act (44 U.S.C. 3504(h)) does not apply.

List of Subjects in 31 CFR Part 357

Banks, Banking, Bonds, Federal Reserve System, Government securities.

Dated: April 4, 1997.

Gerald Murphy,
Fiscal Assistant Secretary.

For the reasons set out in the preamble, 31 CFR part 357 is amended as follows:

PART 357—GENERAL REGULATIONS GOVERNING BOOK-ENTRY TREASURY BONDS, NOTES AND BILLS

1. The authority citation for part 357 continues to read as follows:

Authority: 31 U.S.C. Chapter 31, 5 U.S.C. 301 and 12 U.S.C. 391.

2. Section 357.3 is amended by adding the following definition to read as follows:

§ 357.3 Definitions.

In this part, unless the context indicates otherwise:

* * * * *

Business day means any day other than a Saturday, Sunday, or other day

on which the Federal Reserve Banks are not open for business.

* * * * *

3. Section 357.27 is amended by revising paragraph (b), to read as follows:

§ 357.27 Reinvestment.

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(b) *Treasury bills.* A request by an owner for a single or successive reinvestment of a Treasury bill must be made in accordance with the terms prescribed on the tender form submitted at the time of purchase of the original bill, or by a subsequent transaction request received not less than ten (10) business days prior to the maturity date of the bill. A request to revoke a direction to reinvest the proceeds of a bill must be received by the Department not less than ten (10) business days prior to the maturity date of the bill. If either a request for reinvestment or revocation of a reinvestment request is received less than ten (10) business days prior to maturity of the original bill, the Department may in its discretion act on such request if sufficient time remains for processing.

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4. Section 357.29 is amended by revising the first three sentences to read as follows:

§ 357.29 Time required for processing transaction request.

For purposes of a transaction request affecting payment instructions with respect to a security, a proper request must be received not less than ten (10) business days preceding the next payment date. If a transaction request is received less than ten (10) business days preceding a payment date, the Department may in its discretion act on such request if sufficient time remains for processing. * * *

5. Section 357.30 is amended by revising the first sentence to read as follows:

§ 357.30 Cases of delay or suspension of payment.

If evidence required by the Department in support of a transaction request is not received by the Department at least ten (10) business days before the maturity date of the security, or if payment at maturity has been suspended pursuant to § 357.26(d), then, except as provided in § 357.27, in cases of reinvestment, the Department will redeem the security and hold the redemption proceeds in the same form of registration as the security redeemed, pending further disposition. * * *

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