

DEPARTMENT OF THE TREASURY

Fiscal Service

Coupons Under Book-Entry Safekeeping (CUBES) and Bearer Corpora Conversion System (BECCS); Opening of Programs

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

ACTION: Notice.

SUMMARY: This notice is being published to announce the reopening by the Department of the Treasury of its Coupons Under Book-Entry Safekeeping (CUBES), and the opening of its Bearer Corpora Conversion System (BECCS) programs, pursuant to the newly amended 31 CFR part 358. The reopening of CUBES will permit the conversion to book-entry of certain physical coupons detached from U.S. Treasury bearer securities. The opening of BECCS will permit the conversion to book-entry of U. S. Treasury stripped bearer corpora to book-entry form. CUBES and BECCS securities will be held in the commercial book-entry system, or TRADES. With the openings of the conversion window for CUBES and BECCS, depository institutions holding eligible coupons and corpora will have the opportunity, during the period from April 6, 1998, to and including October 9, 1998, to convert such coupons and corpora to book-entry form. Other entities wishing to convert coupons and corpora must arrange to do so through a depository institution.

DATES: April 6, 1998 through October 9, 1998, as described.

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; Edward C. Gronseth, Deputy Chief Counsel, Office of the Chief Counsel, Bureau of the Public Debt (304) 480-5192.

SUPPLEMENTARY INFORMATION: A final rule amending 31 CFR part 358, the regulations governing CUBES, is published in this issue of the **Federal**

Register. The final rule adds a new program, BECCS, that provides for the conversion of United States Treasury stripped bearer corpora to book-entry. To reflect the expanded scope of part 358, the title of the part has changed to Regulations Governing Book-Entry Conversion of Detached Bearer Coupons and Bearer Corpora. The amendment updates the terms and conditions governing conversions of coupons that occur after the effective date of the rule and provides the terms and conditions for the conversion of bearer corpora to BECCS. The amendment also shortens the notice requirement for openings of the CUBES program from two months to not less than 30 calendar days.

The regulations governing the book-entry conversion of detached bearer coupons and bearer corpora permit openings of the CUBES and BECCS windows for conversion to book-entry form of detached, physical coupons and stripped bearer corpora. The newly amended 31 CFR 358.0(a) provides, in part, that notice of time periods for conversion, as well as coupons and corpora eligible for conversion and applicable fees, will be published in the **Federal Register** no less than 30 days prior to the date coupons may be presented. Accordingly, pursuant to that authority, Treasury will reopen the window for conversion under its CUBES program, and open the window for conversion under its BECCS program beginning April 6, 1998, and ending close of business October 9, 1998. Under the program, depository institutions holding coupons stripped from Treasury securities and bearer corpora that have been stripped of all non-callable coupons will be permitted to convert them to book-entry form. Entities other than depository institutions that hold such coupons and bearer corpora and that wish to convert them to book-entry accounts under the CUBES and BECCS programs must arrange for conversion through a depository institution.

Detached bearer coupons and bearer corpora that are submitted within 30 days of their maturity date or, if the call provision has been invoked, within 30 days of their call date, will not be accepted for conversion.

Presentation of coupons under the CUBES and BECCS windows may be made only at the Federal Reserve Bank of New York and in compliance with the presentation procedures established by the Federal Reserve Bank of New York. Submissions of coupons are subject to the terms and conditions described in part 358.

A depository institution wishing to participate in CUBES or BECCS should contact Grace Jaiman (212) 720-8183 or Joanna Grever (212) 720-8184 of the Federal Reserve Bank of New York as soon as possible to obtain an information package and the necessary supplies required to present the stripped coupons and bearer corpora in acceptable form. The institution should inform the Federal Reserve Bank of New York of its intention to participate as soon as possible, but no later than two weeks before deposit, and should submit a completed holdings statement on the form provided in the information package.

Participants will be charged a separate conversion transaction fee of \$4 for each coupon and each corpus conversion transaction processed. A corpus submitted with all associated callable coupons will be charged one conversion transaction fee. A corpus submitted minus one or more associated callable coupons will be charged a transaction fee for the conversion of the corpus and a transaction fee for each separate callable coupon converted. Each non-callable coupon submitted will be charged a conversion transaction fee. The fee for any coupon or corpus that is rejected by the Department, for whatever reason, is non-refundable.

Submitters of coupons are deemed to agree to the terms and conditions set forth in this notice, 31 CFR part 358, and any other requirements that may be prescribed by the Department of the Treasury and the Federal Reserve Bank of New York.

Dated: March 3, 1998.

Van Zeck,

Acting Commissioner, Bureau of the Public Debt.

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