

DEPARTMENT OF THE TREASURY**Fiscal Service****Fee Structure for the Transfer of U.S. Treasury Book-Entry Securities Held on the National Book-Entry System**

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

ACTION: Notice.

SUMMARY: The Department of the Treasury is announcing a new fee structure and fees to be charged starting February 1, 1999, on the transfer of book-entry Treasury securities between accounts maintained on the National Book-Entry System (NBES).

The Treasury fee for an on-line book-entry security transfer will be reduced by nine percent in 1999. In addition, the Treasury will implement a fee structure for book-entry transfers that will split the on-line transfer fee between the originator and receiver of a transfer (rather than charge the entire transfer fee to the originator), and add a surcharge for off-line transfers. These changes will result in total Treasury fees paid by depository institutions being reduced by 9% or almost \$1.4 million in 1999. With the reduction in the charge made by the Federal Reserve for the movement of funds, the total reduction in fees paid by depository institutions is about 24% or \$5.1 million.

Starting January 1, 1999, Treasury will discontinue charging a fee for the transfer of a book-entry Treasury security sent from or received to a collateral account established under 31 CFR Part 225 (Treasury Circular 154).

Treasury absorbs the costs of original issues, account maintenance, interest and redemption payments, and the costs

associated with stripping and reconstituting Treasury securities.

EFFECTIVE DATE: The new fee structure and fees will be effective February 1, 1999. The effective date for the elimination of fees for a Treasury security transfer to or from a Circular 154 account is January 1, 1999.

FOR FURTHER INFORMATION CONTACT: Carl M. Locken, Jr., Assistant Commissioner (Financing), Bureau of the Public Debt, Room 510, E St. Building, Washington, DC 20239-0001, telephone (202) 219-3350.

Diane M. Polowczuk, Government Securities Specialist, Bureau of the Public Debt, Room 510, E St. Building, Washington, DC 20239-0001, telephone (202) 219-3350.

SUPPLEMENTARY INFORMATION: On October 1, 1985, the Department of the Treasury established a fee structure for the transfer of Treasury book-entry securities from one book-entry account to another book-entry account maintained on NBES.

Based on the latest review of book-entry costs and volumes, Treasury has decided to reduce the on-line fees and increase the off-line fees from the levels currently in effect. In addition, Treasury has developed a new fee structure which more accurately allocates the fees based on costs, as described below.

Starting February 1, 1999, the Treasury will split the current on-line origination fee into a basic transfer fee charged to the sending bank and receiving bank of both on-line and off-line transfers. This fee will be \$0.75 for each securities transfer and reversal sent and received, a nine percent fee decrease per transfer. The current off-line transfer fee will be replaced by an off-line surcharge of \$13.00 in addition to the basic transfer fee.

Changing the on-line transfer fee to a fee assessed to both senders and receivers more accurately aligns the costs and benefits to participants in a transfer. The off-line surcharge more clearly identifies the costs associated with the additional processing necessary for off-line transfers. This price structure also promotes pricing consistency with similar electronic payment services in the secondary market and other depository systems.

Treasury, in keeping with the practice of not charging a fee on other Treasury security transfers sent from or received to a fiscal collateral account, will no longer charge a fee on transfers sent from or received to a Circular 154 collateral account.

Treasury does not charge a fee for original issues, account maintenance, interest and redemption payments, and for the actual stripping and reconstituting of Treasury securities.

The pricing structure and fees described in this notice apply only to the transfer of Treasury book-entry securities held on NBES. The Federal Reserve System assesses a fee to recover the costs associated with the processing of the funds component of Treasury book-entry transfer messages, as well as the costs of providing book-entry services for Government agencies on NBES. Information concerning book-entry transfers of government agency securities, which are priced by the Federal Reserve System, is set out in a separate **Federal Register** notice published by the Board of Governors of the Federal Reserve System in the issue of the **Federal Register** (FR Doc. 98-30338).

The following is the Treasury fee schedule that will be effective February 1, 1999, for the book-entry transfers on NBES:

TREASURY-NBES FEE SCHEDULE ¹

[Effective February 1, 1999]

Transfer type	Basic fee ²	Off-line ² surcharge	Funds ³ movement fee	Total fee
On-line transfer originated	\$0.75	\$0.00	\$0.10	\$0.85
On-line transfer received	0.75	0.00	0.10	0.85
On-line reversal transfer originated	0.75	0.00	0.10	0.85
On-line reversal transfer received	0.75	0.00	0.10	0.85
Off-line transfer originated	0.75	13.00	0.10	13.85
Off-line transfer received	0.75	13.00	0.10	13.85
Off-line account switch received	0.75	0.00	0.10	0.85
Off-line reversal transfer originated	0.75	13.00	0.10	13.85
Off-line reversal transfer received	0.75	13.00	0.10	13.85

¹ Treasury does not charge a fee for original issues, account maintenance, interest and redemption payments, and for the stripping and reconstituting of Treasury book-entry securities.

² No fees are currently charged for transfers sent from or received to collateral accounts supporting borrowings from the Federal Reserve or Treasury deposits; Discount, Treasury Tax and Loan (31 CFR Part 203), and Treasury Circular 176 (31 CFR Part 202). Effective January 1, 1999, no fee will be charged for transfers sent from or received to collateral accounts under Treasury Circular 154 (31 CFR Part 225).

³ The funds movement fee is not a Treasury fee, but is charged by the Federal Reserve for the cost of moving funds associated with the transfer of a Treasury book-entry security.

Authority: 31 CFR 357.45.

Dated: November 4, 1998.

Donald V. Hammond,

Fiscal Assistant Secretary.

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