used to approve or deny exemption from social security and Medicare taxes.

Respondents: Individuals or households.

Estimated Number of Respondents/Recordkeepers: 3,754.

Estimated Burden Hours Per Respondent/Recordkeeper:

Recordkeeping: 7 min.

Learning about the law or the form: 11 min.

Preparing the form: 11 min.

Copying, assembling, and sending the form to the IRS: 35 min.

Frequency of Response: Other (one-time).

Estimated Total Reporting/Recordkeeping Burden: 4,017 hours.

OMB Number: 1545–0928.

Regulation Project Number: EE–35–85 (Final), TD 8219.

Type of Review: Extension.

Title: Income Tax: Taxable Years Beginning After December 31, 1953; OMB Control Number Under the Paperwork Reduction Act; Survivor Benefits, Distribution Restriction and Various Other Issues Under the Retirement Equity Act of 1984.

Description: The notices referred to in this Treasury decision are required by statute and must be provided by employers to retirement plan participants to inform participants of their rights under the plan or under the law. Failure to timely notify participants of their rights may result in loss of plan benefits.

Respondents: Business or other for-profit, Not-for-profit institutions, Federal Government, State, Local or Tribal Government.

Estimated Number of Respondents: 750,000.

Estimated Burden Hours Per Respondent: 31 minutes.

Frequency of Response: On occasion.

Estimated Total Reporting Burden: 385,000 hours.

OMB Number: 1545–1431.

Regulation Project Number: IA–74–93 (Final).

Type of Review: Extension.

Title: Substantiation Requirement for Certain Contributions.

Description: These regulations provide that, for purposes of substantiation for certain charitable contributions, consideration does not include *de minimis* goods or services. It also provides guidance on how taxpayers may satisfy the substantiation requirement for contributions of $250 or more.

Respondents: Business or other for-profit, Individuals or households, Not-for-profit institutions.

Estimated Number of Respondents: 16,000.

Estimated Burden Hours Per Respondent: 3 hours, 13 minutes.

Frequency of Response: On occasion.

Estimated Total Reporting Burden: 51,500 hours.

OMB Number: 1545–1519.

Form Number: IRS Form 1099–LTC.

Type of Review: Extension.

Title: Long-Term Care and Accelerated Death Benefits.

Description: Under the terms of Internal Revenue Code (IRC) sections 7720B and 101g, qualified long-term and accelerated death benefits paid to chronically ill individuals are treated as amounts received for expenses incurred for medical care. Amounts received on a per diem basis in excess of $175 per day are taxable. Section 6050Q requires all such amounts to be reported.

Respondents: Business or other for-profit, Individuals or households, Not-for-profit institutions, State, Local or Tribal Government.

Estimated Number of Respondents: 3,000.

Estimated Burden Hours Per Respondent: 11 minutes.

Frequency of Response: Annually.

Estimated Total Reporting Burden: 13,602 hours.

Clearance Officer: Garrick Shear, Internal Revenue Service, Room 5244, 1111 Constitution Avenue, NW, Washington, DC 20224.

OMB Reviewer: Alexander T. Hunt, (202) 395–7860, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, DC 20503.

Lois K. Holland,

Departmental Reports, Management Officer.

[FR Doc. 00–5858 Filed 3–9–00; 8:45 am]

BILLING CODE 4830–01–U

DEPARTMENT OF THE TREASURY

Report on the Feasibility and Appropriateness of Mandatory Subordinated Debt

AGENCY: Departmental Offices, Treasury.

ACTION: Request for comments.

SUMMARY: Legislation recently enacted requires the Board of Governors of the Federal Reserve System (Board) and the Secretary of the Treasury (Secretary) to conduct a study of the use of subordinated debt to bring market forces and market discipline to bear on the operation and assessment of the viability of large financial institutions. In conducting this study, we will consider the views of the general public. We invite all interested parties to submit written comments on the topics set forth below.

DATE: Comments must be in writing and must be received by May 9, 2000.

ADDRESSES: Send comments to: Subordinated Debt Study, Office of Financial Institutions Policy, Department of the Treasury, Room SC 37, 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220.

FOR FURTHER INFORMATION CONTACT: Joan Affleck-Smith, Director, Office of Financial Institutions Policy, U. S. Treasury Department, 202/622–2470; and Myron Kwast, Associate Director, Division of Research and Statistics, Federal Reserve Board, 202–452–2909.

SUPPLEMENTARY INFORMATION: Section 108 of the Gramm-Leach-Bliley Act of 1999 (Public Law No. 106–102) requires the Board and the Secretary to conduct a study of the feasibility and appropriateness of establishing a requirement that large insured depository institutions [1] and depository institution holding companies [2] maintain some portion of their capital in the form of subordinated debt [3] in order to bring market forces and market discipline to bear on the operation of, and the assessment of the viability of, such institutions and companies and to reduce the risk to economic conditions, financial stability, and any deposit insurance fund.

The Act also requires that, if such a subordinated debt requirement is feasible and appropriate, the study address: (1) The appropriate amount or percentage of capital that should be subordinated debt, and (2) The manner in which any such subordinated debt requirement could be incorporated into existing capital standards and other issues relating to the transition to such a requirement. The Act requires the Board and the Secretary to report to Congress by May 12, 2001 on their findings and conclusions in connection with the study together with any legislative and administrative proposals that the Board and the Secretary may determine to be appropriate.

[1] The term ''insured depository institution'' has the meaning given the term in section 3(c) of the Federal Deposit Insurance Act.

[2] The term ''holding company'' has the meaning given the term in section 2 of the Bank Holding Company Act of 1956.

[3] The term ''subordinated debt'' means unsecured debt that: (a) Has an original weighted average maturity of not less than five years; (b) is subordinated as to payment of principal and interest to all other indebtedness of the bank, including deposits; (c) is not supported by any form of credit enhancement, including a guarantee or standby letter of credit; and (d) is not held in whole or in part by any affiliate or institution-affiliated party of the insured depository institution or bank holding company.

Suggested Format of Comments

In order to assist the Board and the Secretary in preparing the subordinated debt study, the two agencies have determined to invite interested parties to submit comments and information that would inform the study. Comment is invited on all of the issues under study and identified below as well as on other issues related to the study that have not been included below.

I. Objectives of a Mandatory Subordinated Debt Requirement

Several changes in the banking industry [4] have complicated the supervision of large banking organizations. These changes include the removal of barriers to interstate banking, the blurring of traditional boundaries between banking and other types of financial services, and the consolidation of bank and nonbank activities in very large organizations. Large banks use highly complex methods for taking, measuring, and controlling risks. This greatly increases the challenge that regulators have in evaluating bank performance and ensuring safety and soundness.

Proponents of a requirement for large banking organizations to issue subordinated debt (SD) argue that it would enhance market discipline exerted on banks, and thus help to promote safety and soundness. A mandatory SD policy could provide direct discipline through changes in a bank's cost of issuing SD. An SD requirement could also enhance indirect discipline, as private market participants and government supervisors evaluate bank risk by monitoring SD secondary market prices. Expectations of higher SD interest costs and the potential imposition of other market or regulatory penalties would provide a bank with incentives to manage risk-taking more effectively.

Some proponents of an SD requirement emphasize its potential in limiting supervisory forbearance towards troubled institutions, while others argue that it would serve the objective of improving transparency and disclosure as SD holders and other market participants demand sufficient information to assess the bank's financial condition.

Finally, an SD requirement is often viewed as a means to increase the protection of the deposit insurance funds, since SD could provide the FDIC an extra buffer to absorb losses in the event of bank failure.

[4] This and subsequent references to the banking industry refer to both commercial banks and savings institutions.

II. Is a Mandatory SD Requirement on Large Banking Organizations Feasible and Appropriate?

Current Market: An understanding of the current market for banking organization SD is necessary to evaluate the feasibility of instituting an SD requirement. Important features of the current market to consider include: Its liquidity; the typical size and frequency of debt issuance; fixed and variable issuance costs; the degree of homogeneity of the debt instruments; the quality of price and volume data; and the size and other characteristics of the issuing organizations. It is also important to assess the effectiveness of the current SD market with respect to: creating market discipline; protecting the FDIC; and providing useful information to government supervisors.

Benefits of Mandatory SD: Proponents of a mandatory SD policy argue that, if structured in certain ways, the policy would provide greater market discipline than that provided by the existing SD market. Some also have argued that: SD compares favorably to other debt instruments and to equity in providing accurate and timely signals about bank risk; mandatory SD could improve bank supervision; and mandatory SD would provide additional protection from losses to the deposit insurance funds.

Costs and Risks of Mandatory SD: Critics of mandatory SD argue that such a requirement may impose additional costs on banking organizations, including the greater underwriting and related costs arising from required periodic issuance. A mandatory policy may alter market liquidity in ways that raise banks' funding costs. There are concerns that a mandatory SD policy might lead to a substitution of debt for equity. Some have cautioned about risks to economic stability, including the possibility that such a policy could exacerbate a business cycle downturn. These critics also say that SD may not be necessary because the deposit insurance reforms enacted early in the 1990s may provide a sufficient amount of market discipline in a downturn. Furthermore, an SD policy structured in certain ways (*e.g.,* capping spreads on the debt or requiring put options) could unduly constrict supervisory flexibility and destabilize financial institutions or debt markets.

III. If an SD Requirement Is Feasible and Appropriate, How Should It Be Structured and to Which Organizations Should It Apply?

Most mandatory SD proposals have called for debt to be issued at the bank level, while the existing market for the publicly traded SD of large banking organizations is primarily at the holding company level. The minimum institution size to which an SD requirement would apply, the amount of SD required, the minimum frequency of issuance and maturity, and other features of the debt all would affect the degree to which the policy meets its desired objectives while avoiding undue costs and risks.

IV. If an SD Requirement is Feasible and Appropriate, How Should It Be Incorporated Into Existing Capital Standards and Supervisory Policies?

Some mandatory SD proposals would allow SD to count towards existing capital requirements while others call for SD over and above capital levels currently required. Application of mandatory SD only to U.S. banks could have implications for international competitiveness. Some argue that using interest rate spreads or SD as supervisory triggers (*e.g.*, in prompt corrective action and in setting risk-based deposit insurance premiums) would be critical to its effectiveness, while others argue that the augmented market discipline and additional information it would provide to supervisors would be worthwhile on their own.

V. If an SD Requirement Is Feasible and Appropriate, What Are the Transition Issues?

Imposing an SD requirement would raise various transition issues, including the treatment of existing SD outstanding (*e.g.*, grandfathering) and the length of a transition period to full implementation of the requirement.

Dated: February 25, 2000.

Gregory A. Baer,

Assistant Secretary for Financial Institutions, Department of the Treasury.

[FR Doc. 00–5856 Filed 3–9–00; 8:45 am]

BILLING CODE 4810–25–P

DEPARTMENT OF THE TREASURY

Fiscal Service

Financial Management Service; Proposed Collection of Information: Application of Undertaker for Payment of Funeral Expenses From Funds to the Credit of a Deceased Depositor

AGENCY: Financial Management Service, Fiscal Service, Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Financial Management Service, as part of its continuing effort