

FEDERAL RESERVE BANK OF DALLAS  
FISCAL AGENT OF THE UNITED STATES  
DALLAS, TEXAS 75222

Circular No. 67-251  
December 19, 1967

**BOOK-ENTRY PROCEDURE FOR  
TREASURY SECURITIES**

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

The Treasury Department has adopted, effective January 1, 1968, an amendment to its Circular No. 300, "General Regulations with Respect to United States Securities," providing for book-entry Treasury securities. This amendment as originally proposed was the subject of our circular letter dated August 23, 1967.

Enclosed herewith are copies of the following documents relating to the book-entry procedure:

1. Subpart O of Treasury Department Circular No. 300, effective January 1, 1968, and the Appendix thereto dealing with certain record keeping requirements and other matters for Federal income tax purposes;
2. This Bank's Fiscal Agency Operating Circular No. 3, effective January 1, 1968, entitled "Book-Entry Treasury Securities";
3. Supplement to Bulletin No. 7 of this Bank, "Custody of Securities," effective January 1, 1968, adding a new paragraph dealing with book-entry Treasury securities (Not applicable to non-member banks); and
4. Amendment No. 1 to Bulletin No. 12 of this Bank, "Advances to and Discounts for Member Banks," effective January 1, 1968, adding a new paragraph dealing with book-entry Treasury securities (Not applicable to nonmember banks).

Under the book-entry procedure, this Bank, as fiscal agent of the United States, is authorized to issue book-entry Treasury securities by means of entries on its records whenever Treasury securities are deposited, upon original issue or otherwise, for any of the following purposes: (1) as collateral for advances by this Bank; (2) as collateral for Treasury Tax and Loan Accounts or for deposits of public moneys under Treasury Department Circulars No. 92 or 176, respectively, or (3) for the sole account of a member bank of this District (including a member bank having an office in the central financial district of Dallas, El Paso, Houston or San Antonio) and in lieu of the safekeeping of definitive Treasury securities by this Bank. While no additional accounts will at this time be included in the book-entry procedure, the final version of Subpart O of Treasury Department Circular No. 300 authorizes this Bank to include other accounts. At such time as we take action under this authorization, we will advise depositors who may be affected.

Under the book-entry procedure, any member bank or other depositor which has transferable Treasury bonds, notes, certificates of indebtedness or bills on deposit with this Bank for any of the foregoing purposes on January 1, 1968, will be deemed to have authorized the conversion of such securities into book-entry form and to have agreed to all of the provisions of our Fiscal Agency Operating Circular No. 3. After such date, unless this Bank determines that special circumstances require otherwise, any such securities in definitive form deposited for any of the said purposes will be converted to and held by us in book-entry form, and depositors tendering definitive securities to us for any of such purposes will be deemed to have consented to such conversion.

Subpart O and our Fiscal Agency Operating Circular No. 3 more completely describe the details of the new book-entry procedure. The attention of depositors is called in particular to the provisions therein relating to the deposit, withdrawal and transfer of securities under the book-entry procedure and to the provisions regarding the creation of security interests. Depositors should also note the provisions of the new procedure relating to possible tax consequences, which are described in some detail in the Appendix to Subpart O. These provisions have been revised since our circular letter dated August 23, 1967.

Additional copies of this circular and its enclosures will be supplied upon request.

Yours very truly,

Watrous H. Irons

President