

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

Circular No. 71-75
April 1, 1971

PURCHASE AND SALE OF SECURITIES

To the Member Banks of the
Eleventh Federal Reserve District:

Enclosed is Bulletin No. 3 of this Bank entitled
Purchase and Sale of Securities. This bulletin should be
inserted in your ring binder of Bulletins and Regulations
and Bulletin No. 10 should be removed and destroyed.

Please acknowledge receipt of this bulletin by
signing and returning the enclosed postal card.

Yours very truly,

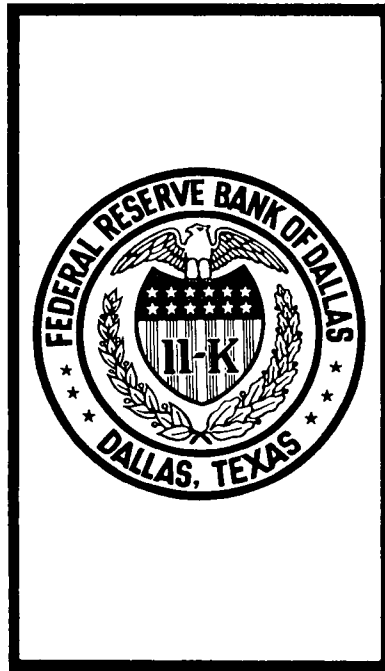
P. E. Coldwell

President

Enclosures (2)

BULLETIN 3

Purchase and Sale of Securities



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin describes the terms and conditions under which this bank will act as agent for member banks in purchasing and selling United States Government and United States Agency securities. These services are limited to actual purchase and sales and do not include investment advisory services.

TABLE OF CONTENTS**Section 1, DEFINITIONS**

- 1.00 Securities
- 1.05 Dealer
- 1.10 Book-entry advice number
- 1.15 Advice of transaction
- 1.20 Reference to Bulletin 1
- 1.25 Reference to bulletin concerning telegraphic transfers

Section 2, ORDERS AND INSTRUCTIONS

- 2.00 Orders
- 2.05 Receipt of instructions
- 2.10 Instructions

- 2.15 Placing of orders upon receipt of securities
- 2.20 Orders placed with recognized dealers
- 2.25 Maximum time orders will be held
- 2.30 Charge to member bank's reserve account
- 2.35 Treasury Department securities
- 2.40 Shipments to this bank
- 2.45 Shipments by this bank

Section 3, ORDERS PLACED DIRECTLY BY BANKS**Section 4, ACCOUNTING****Section 5, RISK**

Section 1, DEFINITIONS

1.00 Securities

"Securities" means transferable United States Treasury bonds, notes, certificates of indebtedness and bills issued under the second Liberty Bond Act and securities issued by United States Government agencies.

1.05 Dealer

"Dealer" means an individual or company which makes a market in securities and with which the management of this bank has decided to do business.

1.10 Book-entry advice number

"Book-entry advice number" means the number assigned by this bank to the specific lot of securities referred to in an advice of transaction.

1.15 Advice of transaction

"Advice of transaction" means the acknowledgement a member bank receives from us when we purchase securities for a commercial bank pursuant to its order and hold such securities in custody.

1.20 Reference to Bulletin 1

Several definitions, rules of construction, and other provisions applicable to this bulletin are found in our Bulletin 1, "General Provisions" and are incorporated herein by reference.

1.25 Reference to bulletin concerning telegraphic transfers

Procedures and other provisions concerning the telegraphic transfer of securities are contained in our bulletin entitled "Telegraphic Transfers of Unmatured Marketable Bearer Securities of the United States."

Section 2, ORDERS AND INSTRUCTIONS

2.00 Orders

This bank will place orders for the purchase or sale of securities in accordance with the provisions of 2.05 to 2.25 of this bulletin.

2.05 Receipt of instructions

Instructions to place orders shall be in writing over an authorized signature. Instructions to purchase or sell may be received by telephone; however, a confirmation over an authorized signature shall be mailed to this bank the same day.

2.10 Instructions

Written instructions or confirmation shall contain:

- (1) Face amount traded,
- (2) Type of issue,
- (3) Interest rate,
- (4) Maturity date,
- (5) For purchases, delivery instructions,¹ and
- (6) For sales, the book-entry advice number, custody acknowledgement number, or source when the securities are not held by this bank.

2.15 Placing of orders upon receipt of securities

Orders for sales of securities that are not in the possession of this bank will be deferred pending receipt of the securities.

2.20 Orders placed with recognized dealers

Orders will be placed with recognized dealers. When the face amount is more than \$25,000, competitive prices will be obtained from more than one dealer and the best price will be accepted. All orders will be placed at market unless otherwise instructed. Orders will be placed for regular delivery (deferred one or more days) unless cash delivery (same day) is requested.

2.25 Maximum time orders will be held

Orders to purchase or sell at a specific price will be held for a maximum of ten days from date of receipt and thereafter cancelled unless renewed by the bank placing the order.

¹This bank will hold securities in accordance with the provisions of Bulletin 7, Custody of Securities.

2.30 Charge to member bank's reserve account

A bank's reserve account will be adjusted for the amount of such order and charged for such incidental expenses as shipping charges, insurance, and wire transfer fees.

2.35 Treasury Department securities

This bank, as Fiscal Agent of the United States, accepts registered securities that are assigned in accordance with Treasury Department regulations to be forwarded to the Treasury for release from registration and exchange for coupon securities. After the exchange is completed, this bank will sell the coupon security. In the event this bank must make a refund to the Treasury, whatever the reason, the amount of the refund will be charged to the member bank's reserve account.

2.40 Shipments to this bank

Security shipments to this bank may be by registered mail or other prepaid carrier. Shipments to this bank by registered mail may be insured while in transit under the terms and conditions of our registered mail insurance as described in our bulletin entitled "Custody of Securities".

2.45 Shipments by this bank

Shipments from this bank of definitive securities will be by registered mail unless other instructions are received. Shipments by registered mail

from this bank will be insured under this bank's insurance policies.

Section 3, ORDERS PLACED DIRECTLY BY BANKS

Member banks that place orders directly with dealers may utilize this bank's facilities for the receipt or delivery of any securities and for the payment or collection of funds. This bank should be notified of the exact amount to be debited or credited to their reserve account. A letter of instructions must be sent to this bank giving the exact amount, including interest to be charged or credited, and a description of the securities involved.

Section 4, ACCOUNTING

Appropriate entries will be made to the bank's reserve account to reflect all purchases, sales, refunds or charges unless otherwise directed by the member bank.

Section 5, RISK

This bank will assume no liability in connection with the handling of securities except for losses resulting from this bank's negligent failure to follow instructions. This bank will not be responsible for the genuineness, validity, or alteration of, or any defect in securities handled under the terms of this bulletin.