

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS 75222

Circular No. 74-23  
January 28, 1974

**PROGRESS REPORT ON THE BOOK-ENTRY PROCEDURE**

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

In our Circulars Nos. 73-64, dated March 30, 1973, 73-264, dated October 18, 1973, and 74-17, dated January 21, 1974, we reported on the status of the program for the further expansion of the book-entry procedure (a) to include Treasury securities held by all member banks throughout the country for the account of their customers, and (b) to include eligible U. S. Government Agency securities. Circular No. 73-64 also set forth the options available to each member bank in the Eleventh Federal Reserve District with respect to opening "Investment," "Trust," and "General" book-entry accounts, in addition to the various book-entry collateral accounts maintained by this Bank. The expanded book-entry program offers to member banks the opportunity to reduce substantially the risk of loss of definitive securities; to eliminate the repetitive and burdensome handling of such securities and related coupons; and to expedite and simplify the delivery of securities in connection with sales and other market transactions, through the telegraphic transfer procedure.

Following is a report on the progress being made in the application of the expanded book-entry program to Treasury and eligible Government Agency securities and in the development of the telegraphic securities-transfer procedure.

**Treasury securities**

During the past year, through the joint efforts of the Federal Reserve System and member banks throughout the country considerable progress has been made in converting marketable Treasury securities held by member banks into book-entry form. Data compiled by the United States Treasury Department indicates that, of a total of \$270.2 billion of marketable Treasury securities outstanding as of December 31, 1973, \$176.6 billion — 65.3 percent — had been converted into book-entry form. Of the remaining \$93.6 billion of Treasury securities eligible for conversion into book-entry form, \$87 billion — 32.2 percent of total marketable Treasury securities — were held in bearer form and \$6.6 billion — 2.5 percent — were held in registered form.

Information available to the Federal Reserve Banks indicates that the majority of the Treasury securities not yet converted into book-entry form consists of holdings by banks for customers, including correspondent banks, nonbank dealers, and trust (fiduciary) accounts, and that such holdings are maintained primarily in major financial centers such as New York City. Discussions

are currently being held with member banks in each Federal Reserve District urging that all reasonable steps be taken to expedite the conversion into book-entry form, at the earliest practicable date, of the remaining definitive Treasury securities being held by banks.

#### **Agency securities**

Circulars Nos. 73-64, 73-264, and 74-17 also referred to the issuance of regulations by several United States Government Agencies to permit application of the book-entry procedure to their obligations. As a result of those regulations, approximately \$3 billion of securities issued by the Banks for Cooperatives, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, and the United States Postal Service held by member banks throughout the country have already been converted into book-entry form. This represents approximately eight percent of the estimated \$36.5 billion in bearer securities of those Agencies that are currently outstanding.

In addition to the Agencies enumerated above, the Farmers Home Administration, on December 6, 1973, published a book-entry regulation in the *Federal Register* and issued securities eligible for issuance in book-entry form dated December 28, 1973. Accordingly, any securities eligible for conversion into book-entry form that are issued by the Farmers Home Administration and deposited with us for safekeeping will be converted into book-entry form.

Also, the Federal National Mortgage Association published a proposed book-entry regulation in the *Federal Register* on December 14, 1973, inviting comment from interested persons on or before January 18, 1974.

#### **Telegraphic securities transfers**

The facilities of the Federal Reserve interdistrict wire network are increasingly being employed to effect the transfer of Government Agency Securities eligible for conversion into book-entry form between the Federal Reserve Bank of New York and other Federal Reserve Banks and Branches. Delivery of such securities by wire in this District can be made only to book-entry accounts maintained in the name of a member bank.

It is urged that your bank review the advantages and savings that can be realized with full utilization of the book-entry procedure. Representatives of this Bank will be glad to provide you with any information that will assist you in the development of internal procedures. Questions regarding this circular letter or the book-entry procedure should be directed to the officers in charge of Fiscal Agency activities at any of our offices.

Additional copies of this circular will be available on request.

Yours very truly,

P. E. Coldwell

President