



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 76-58

April 12, 1976

PROGRESS REPORT ON THE BOOK-ENTRY PROCEDURE FOR U.S. TREASURY AND FEDERAL AGENCY SECURITIES

**TO ALL BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:**

As announced in previous circulars we have issued, the joint Federal Reserve/U.S. Treasury book-entry program has made considerable progress since its inauguration in January 1968. The purpose of this program is to reduce the use of definitive securities to the fullest possible extent in connection with the issuance, custody, and transfer of marketable Treasury and Agency obligations. The book-entry procedure offers substantial benefits to investors, the financial community, and the Treasury. It reduces the burden of paperwork created by the mounting volume of public debt transactions; it protects against loss, theft, and counterfeiting; and it substantially reduces the cost of issuing, storing, and delivering Treasury securities.

At the end of February 1976, a total of \$299.1 billion, representing 79 percent of marketable Treasury securities outstanding, was in book-entry form. In addition, at the same date, the program also included \$46.7 billion of eligible Federal Agency obligations, representing over 63 percent of the outstanding debt of those Agencies. On the table that is printed on one of the following pages, there is shown the respective book-entry totals at each year-end from 1968 through 1975, and also at the end of January and February 1976.

With nearly 80 percent of the marketable Treasury debt now in book-entry form, it is apparent that this program will, in time, serve all sectors of the investing public, and make it unnecessary to issue definitive securities either on original issues, or in connection with secondary market transactions. In the light of this progress, the Department of the Treasury has recently issued a press release, which is printed on one of the following pages, as a statement of its expectations for the future course of book-entry.

In an effort to accelerate the expansion of the book-entry system, the Federal Reserve Banks are requesting all commercial banks and other financial institutions in their respective Districts to effect the conversion of eligible Treasury and Agency securities into book-entry form, through member banks, as rapidly as feasible. In this connection, we are aware that the laws of some states or local governments, and certain regulations of administrative or supervisory

agencies, currently prevent the full application of the book-entry procedure. In order that we may be of maximum assistance in eliminating any remaining obstacles to the full use of the program, we would appreciate being advised of any circumstances of which you may be aware where legislative or other action is required to overcome such difficulties. Your communications in this regard should be addressed to C. T. Pat Powell, Manager of the Head Office Securities Department, at (214) 651-6384.

Our joint efforts should make it possible to realize further the benefits of the book-entry system by reducing the remaining definitive Treasury and Agency securities outstanding, and thereby move forward toward a true certificateless system.

Sincerely yours,

T. W. Plant

First Vice President

MARCH 1976

MARKETABLE UNITED STATES TREASURY SECURITIES
AND PORTION IN BOOK-ENTRY FORM
1968 TO DATE

<u>End of Period</u>	<u>Marketables</u> ^{1/} (billions)	<u>Book-Entry Holdings</u> ^{2/}		<u>Definitive</u> ^{3/} <u>Outstanding</u> (billions)
		<u>System Total</u> (billions)	<u>%</u>	
1968	\$ 236.8	\$ 36.5	15.4	\$ 200.3
1969	235.9	38.2	16.2	197.7
1970	247.7	121.3	48.9	126.4
1971	262.0	152.6	58.2	109.4
1972	269.5	160.2	59.4	109.3
1973	270.2	176.6	65.4	93.6
1974	281.3	201.4	71.6	79.9
1975	363.2	285.1	78.5	78.1
Jan 1976	369.3	292.6	79.8	76.7
Feb 1976	378.8	299.1	79.0	79.7

MARKETABLE GOVERNMENT AGENCY SECURITIES
AND PORTION IN BOOK-ENTRY FORM

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1974	71.9	23.2	32.3	48.7
1975	74.4	40.5	54.4	33.9
Jan 1976	74.2	45.2	60.9	29.0
Feb 1976	73.4	46.7	63.6	26.7

1/ Source: Monthly Statement of the Public Debt; excludes Federal Financing Bank for July 1974 et seq.

2/ Source: Treasury Department and FRB New York.

3/ Includes both bearer and registered securities.

4/ Source: Daily Quotation Sheets.

The Department of the **TREASURY**

WASHINGTON, D.C. 20220

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NEWS



FOR IMMEDIATE RELEASE

Contact: H. J. Hintgen
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March 31, 1976

FORMATION OF A TREASURY-FEDERAL RESERVE TASK FORCE ESTABLISHED TO EXPAND THE BOOK-ENTRY PROGRAM OF ISSUING GOVERNMENT SECURITIES

Secretary of the Treasury William E. Simon today announced the formation of a Treasury-Federal Reserve Task Force, established to expand the book-entry program of issuing Government securities. The Secretary commented that the expansion of the book-entry program over the past eight years has been most gratifying. At the end of February 1976, the amount of United States Treasury bills, notes, and bonds in book-entry form reached a level of \$299.1 billion or 79% of the total marketable debt.

Initiated in 1968, the book-entry procedure eliminates the issuance of engraved Treasury securities in favor of book-entries maintained at Federal Reserve Banks for the accounts of commercial banks which are members of the Federal Reserve System. The book-entry procedure is currently available to both individuals and institutions acting through such member banks. The book-entry procedure offers substantial benefits to investors, the financial community, and the Treasury. It reduces the burden of paperwork created by the mounting volume of public debt transactions; it protects against loss, theft, and counterfeiting; and it substantially reduces the cost of issuing, storing, and delivering Treasury securities.

The Treasury-Federal Reserve Task Force will design and adopt an expanded book-entry system with the ultimate objective of completely eliminating the use of definitive securities in new public debt borrowings. During the course of this effort, the views and comments of the financial community and other interested parties will be solicited.

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