



FEDERAL RESERVE BANK
OF DALLAS

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

DALLAS, TEXAS
75265-5906

April 6, 1998

Notice 98-29

TO: The Chief Operating Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

**Book-Entry Conversion for
Stripped U.S. Treasury Bearer Securities
April 6–October 9, 1998**

DETAILS

The Treasury's Bureau of the Public Debt has announced the opening of a six-month window to allow holders of physically stripped U.S. Treasury bearer securities to convert them to book-entry. Called the Bearer Corpora Conversion System (BECCS), the program offers holders of the principal portions, or *corpora* (singular: *corpus*), of U.S. Treasury bearer securities that were stripped of some or all noncallable coupons an opportunity to convert their stripped corpora to book-entry form. The program opens April 6, 1998, and closes October 9, 1998.

Bearer corpora not subject to call will be converted to zero coupon book-entry securities that are transferable within BECCS. Bearer corpora subject to call (therefore redeemable on call before maturity) and submitted with all associated callable coupons will also be converted to zero coupon book-entry securities that are transferable within BECCS. The associated callable coupons will be linked with the BECCS security and cannot be traded separately. If a callable bearer corpus is not submitted with all of its associated coupons, the corpus will be converted to a nontransferable zero coupon book-entry security within BECCS. Each callable coupon submitted will be converted to a nontransferable coupon within the existing Coupons Under Book-Entry Safekeeping (CUBES) program.

The Bureau of the Public Debt is also reopening the CUBES program during this six-month period. Participation in the BECCS program is not a prerequisite for using the CUBES program. CUBES allows holders of coupons previously stripped from bearer Treasury securities to convert those coupons to book-entry form, making them readily transferable.

For additional copies, bankers and others are encouraged to use one of the following toll-free numbers in contacting the Federal Reserve Bank of Dallas: Dallas Office (800) 333-4460; El Paso Branch *Intrastate* (800) 592-1631, *Interstate* (800) 351-1012; Houston Branch *Intrastate* (800) 392-4162, *Interstate* (800) 221-0363; San Antonio Branch *Intrastate* (800) 292-5810.

Depository institutions wishing to participate in the BECCS or CUBES program should contact either Grace Jaiman, (212) 720-8183, or JoAnna Grever, (212) 720-8184, at the Federal Reserve Bank of New York Fiscal Services Department to obtain an information package. Depository institutions that notify the Federal Reserve Bank of New York of their intention to participate can convert the stripped coupons between April 6 and October 9 by appointment, beginning in April. Corpora and/or coupons may be mailed to the Federal Reserve Bank of New York, Attn.: Fiscal Processing Division, BECCS or CUBES Program, 33 Liberty St., New York, NY 10045-0001. They may also be delivered to the Federal Reserve Bank of New York on Monday, Wednesday or Friday between 9 a.m. and 1 p.m., as scheduled. To allow time for the Treasury's verification and approval process, no trading of BECCS/CUBES balances will be permitted for the 12 business days following a deposit into the designated book-entry accounts.


Individuals or entities other than depository institutions holding stripped Treasury securities/coupons that wish to convert them to book-entry form under the BECCS or CUBES program must arrange for such conversion through a depository institution. Participating institutions will be charged a \$4 fee per converted piece (corpus or coupon) and will bear the full cost and risk associated with the delivery of the corpora or coupons to the Federal Reserve Bank of New York. Conversions under the BECCS and CUBES programs are subject to 31 CFR Part 358, as amended on March 6, 1998.

MORE INFORMATION

If you have any questions on the BECCS or CUBES program, please call Robert G. Kraus, (212) 720-1498, or Grace Jaiman, (212) 720-8183, at the Federal Reserve Bank of New York.

For additional copies of this Bank's notice, please call the Public Affairs Department at (214) 922-5254.

Sincerely,

A handwritten signature in cursive script that reads "Helen C. Holcomb". The signature is written in dark ink and is positioned below the word "Sincerely,".