

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 8234]
December 12, 1977]

AVAILABILITY OF CERTAIN TREASURY AND FEDERAL AGENCY SECURITIES
IN BOOK-ENTRY FORM ONLY

Revision of Operating Circular No. 21

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

Previous circulars issued by this Bank have reported on the progress being made in the application of the book-entry program to Treasury and eligible Federal Agency securities. 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 Federal Agency securities.

As part of the program, both the Treasury and the Farm Credit Administration have adopted regulations providing for the issuance of certain securities in book-entry form only. To reflect the adoption of these and similar regulations, this Bank's Operating Circular No. 21 and Appendix C to that operating circular have been revised, and two additional appendices have been adopted. Enclosed are copies of the following documents:

- (a) Operating Circular No. 21, "Book-Entry Securities," Revised December 12, 1977.
- (b) Appendix C, "Correlation Table of Treasury and Agency Book-Entry Regulations," Revised December 12, 1977, to Operating Circular No. 21.
- (c) Appendix D, "Book-Entry Treasury Bills," effective December 12, 1977, to Operating Circular No. 21.
- (d) Appendix E, "Agency Securities Available in Book-Entry Form Only," effective December 12, 1977, to Operating Circular No. 21.

Appendix A, "Text of Subpart O of Treasury Department Circular No. 300," effective March 30, 1973, to Operating Circular No. 21, and Appendix B, "Federal Agencies with Book-Entry Regulations," Revised July 1, 1976, to Operating Circular No. 21, continue in effect and *should be retained*.

Questions regarding the book-entry program or Operating Circular No. 21 and its appendices may be directed to our Securities Clearance Division (Tel. No. 212-791-5380).

PAUL A. VOLCKER,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

[Operating Circular No. 21]
[Revised December 12, 1977]

BOOK-ENTRY SECURITIES

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

1. (a) This circular contains the general terms and conditions governing the issuance and maintenance by this Bank of:

(1) Treasury book-entry securities under Subpart O of Treasury Circular No. 300, as amended (hereinafter "Subpart O"), a copy of which is set forth in Appendix A to this circular;

(2) Treasury securities available in book-entry form only, under Subpart B of 31 C.F.R. Part 350 (hereinafter "Subpart B"), which Part is set out in its entirety in Appendix D to this circular;

(3) Book-entry securities issued by those agencies, instrumentalities, and establishments of the United States listed in Appendix B to this circular (hereinafter "Agency"); and

(4) Agency securities available in book-entry form only, which securities are set out in Appendix E to this circular.

(b) For the purposes of this circular, (1) the term "book-entry regulations" shall refer to Subparts O and B, and to regulations concerning the issuance of securities in book-entry form by an Agency; (2) the term "securities" shall include both Treasury securities and Agency securities, and the term "book-entry securities" shall include both book-entry Treasury securities and book-entry Agency securities; (3) the term "securities available in book-entry form only" shall refer to securities listed in Appendix D and Appendix E which are generally available only in book-entry form from this Bank under the book-entry regulations; and (4) the term "depositor" shall refer to a member bank or other party in the Second Federal Reserve District for which this Bank maintains book-entry securities in a book-entry account referred to in paragraphs 3 and 4 hereof, pursuant to the book-entry regulations and under this circular. References in this circular to sections of the book-entry regulations are to the section numbers in Subpart O, and are deemed to refer as well to the appropriate section numbers of other book-entry regulations; a table correlating the sections of Subpart O to the appropriate sections of such other book-entry regulations is set forth in Appendix C to this circular.

[Enc. Cir. No. 8234]

(c) Treasury securities available in book-entry form only are eligible to be maintained in book-entry accounts at this Bank or in book-entry accounts with the Treasury Department, at the option of the purchaser, pursuant to Subpart C of 31 C.F.R. Part 350 (hereinafter "Subpart C").

(d) The handling of securities other than book-entry securities for safekeeping, sale, redemption, or exchange, and the shipment of such securities, is covered by this Bank's Operating Circular No. 14, "Safekeeping, Handling, and Shipment of Definitive Securities." Book-entry securities are maintained only at our Head Office; depositors located in the territory assigned to our Buffalo Branch may have book-entry securities maintained at our Head Office.

Book-entry accounts

2. This Bank is prepared to maintain book-entry custody accounts for its member banks in which a member bank may deposit, pursuant to the book-entry regulations, any securities held by it, including securities that are its own property and securities held by it for account of its customers. Such accounts are described in paragraph 3 hereof. This Bank is also prepared to maintain other book-entry accounts for its depositors in certain specified cases involving pledges of securities entered in the records of this Bank (*e.g.*, pledges of securities held as collateral for advances by this Bank to its member banks, or pledges of securities held as collateral to secure deposits in Treasury Tax and Loan Accounts). Such accounts, known as "collateral accounts," are described in paragraph 4 hereof. In addition, this Bank may also maintain certain other types of book-entry accounts for special purposes, subject to terms and conditions agreed upon between this Bank and the depositor of securities in such accounts.

Book-entry custody accounts for member banks

3. (a) Under this paragraph a member bank may deposit with this Bank any securities held by it, including securities that are its own property and securities held by it for account of its customers. All securities deposited with this Bank by a member bank and held for its account under this paragraph may be held in a single book-entry custody account. If a single account is used, such account would be designated a "General Account." However, at the request and for the convenience of the member bank depositor, this Bank is prepared to open and maintain any or all of the following types of accounts:

(1) *Investment Account*: An "Investment Account" may be opened and used for the deposit of book-entry securities that are the property of the member bank depositor;

(2) *Dealer Account*: A "Dealer Account" may be opened and used for the deposit of book-entry securities owned by a member bank as a dealer in securities as trading inventory, or for such book-entry securities it handles as a clearing agent for dealers or brokers in such securities;

(3) *Trust Account*:¹ A "Trust Account" may be opened and used

¹ Section 11-1.8 of the New York *Estates Powers and Trust Law* contains provisions concerning securities held by a bank when acting as a fiduciary or as a custodian for a fiduciary.

for the deposit of book-entry securities held by the member bank depositor in the capacity of a fiduciary or as custodian for a fiduciary, or for securities owned solely by such bank and set aside in its trust department under applicable law to secure deposits of trust funds awaiting investment or distribution (see *e.g.*, Public Law 87-722 (12 U.S.C. 92a(d))) ; and

(4) *General Account*: A "General Account" may be opened and used for the deposit of book-entry securities held by the member bank for account of its customers. In addition, as indicated above, if the maintenance of the full range of separate book-entry custody accounts described above is not required by a member bank, any or all of those accounts may be combined in the General Account.

(b) Regardless of the combination of accounts selected by a member bank depositor, all securities deposited in any account under paragraph 3(a) hereof shall be subject to the sole order of such member bank depositor. In those cases in which this Bank maintains two or more such accounts for a depositor, securities deposited with this Bank that are not specifically designated for deposit in one of such accounts shall be deposited in the General Account of such depositor, provided such depositor has opened a General Account with this Bank.

(c) Member banks depositing securities held by them for account of their customers are expected to maintain appropriate records in regard to their customers, covering such matters as transfer of the securities, pledge interests in the securities, and redemption of the securities and payment of interest thereon.

(d) Book-entry securities may be moved by a member bank depositor between its book-entry accounts specified in this paragraph (*e.g.*, from a bank's Investment Account to its General Account) by means of appropriate instructions to this Bank.

Book-entry collateral accounts

4. In addition to the book-entry custody account(s) maintained under paragraph 3, this Bank will also maintain book-entry "collateral" accounts involving pledges of book-entry securities entered in the records of this Bank, pursuant to Section 306.118(a) of the book-entry regulations. Such accounts include, but are not limited to:

(a) accounts in which securities are deposited with this Bank pursuant to Section 306.117(a) of the book-entry regulations:

(1) as collateral for advances by this Bank, in its individual capacity;

(2) as collateral to secure deposits in member banks of funds of States, municipalities, or other political subdivisions;

(3) pursuant to Section 61 of the Bankruptcy Act in connection with the deposit of bankruptcy funds in commercial banks; and

(4) as collateral in connection with the qualifications of member bank depositors to exercise trust powers.

The accounts referred to in (2), (3), and (4) above shall be subject to

special arrangements between this Bank, the public official or authority that requires that such securities be deposited, and the bank or entity depositing the securities. In such cases, the public official or authority shall be a depositor for purposes of Section 306.119(a) of the book-entry regulations and this circular.

(b) accounts in which securities are deposited with this Bank, as Fiscal Agent of the United States, pursuant to Section 306.117(b) of the book-entry regulations, as collateral to secure balances in Treasury Tax and Loan Accounts, or security in lieu of surety or sureties on penal bonds, or as collateral for monies owed the Treasury, under Treasury Department Circulars Nos. 92, 154, or 176, respectively, as they may be from time to time amended or superseded. Such securities shall be subject to the provisions of the relevant Treasury Department Circular or other instructions from the Treasury Department concerning such securities. Such collateral accounts may also include securities deposited with this Bank, as Fiscal Agent of the United States, pursuant to Section 306.117(b) of the book-entry regulations, for such other purposes as shall be designated by this Bank, as Fiscal Agent of the United States, with the approval of the Secretary of the Treasury.

Deposit, maintenance, and withdrawal

Deposit of securities

5. Securities may be deposited in the book-entry accounts referred to in paragraphs 3 and 4 hereof by (a) the deposit of such securities with this Bank in definitive form, (b) the transfer to this Bank of such securities, by telegraphic transfer or otherwise for deposit in a book-entry account, or a transfer from one such account on this Bank's books to another such account, or (c) the original issue of such securities in book-entry form by this Bank in accordance with the provisions of paragraph 6 hereof.

Original issue of book-entry securities

6. If upon original issue of securities, it is requested by a depositor that the securities be maintained in one of the book-entry accounts referred to in paragraphs 3 and 4 hereof, such securities will be maintained in the form of book-entry securities in accordance with the terms of the appropriate book-entry regulations and of this circular, and will be entered in the designated book-entry account in the name of the depositor.

Conversion of securities to and from book-entry securities

7. (a) Unless this Bank determines that special circumstances require otherwise, definitive securities deposited with this Bank prior to maturity or call to be maintained in a book-entry account referred to in paragraphs 3 and 4 hereof will be converted to book-entry securities in accordance with the terms of the appropriate book-entry regulations and this circular and entered in a book-entry account in the name of the depositor. This Bank reserves the right to convert any book-entry security (other than those securities listed in Appendix D and Appendix E) maintained in a book-entry account referred to in paragraphs 3 and 4 hereof to a definitive security of the same amount, loan title (or series), and maturity date; such definitive security will be held, or otherwise dealt with, in accordance

with the agreement between this Bank and its depositor pursuant to which the security is then on deposit. In accordance with the book-entry regulations, this Bank shall, upon receipt of appropriate instructions, arrange for the conversion of book-entry securities (other than those securities listed in Appendix D and Appendix E) into definitive securities and deliver them in accordance with the provisions of paragraph 10 of this circular concerning the withdrawal of book-entry securities.

(b) Registered Treasury securities must be assigned to "Federal Reserve Bank of New York, as Fiscal Agent of the United States, for conversion to book-entry Treasury securities," and such assignment must be executed in accordance with Subpart F of Treasury Department Circular No. 300.²

(c) In appropriate cases, bearer Treasury securities presented by a depositor for conversion to book-entry securities may be restrictively endorsed, as provided in Treasury Department Circular No. 853, as revised, and this Bank's Operating Circular No. 14, "Safekeeping, Handling, and Shipment of Definitive Securities." Such restrictive endorsement should be in the following form:

"For presentation to the Federal Reserve Bank of New York,
Fiscal Agent of the United States, for conversion to book-entry
securities.

(Name of presenting bank)

ABA No. _____"

(d) Assignments of those registered Agency securities which are also available in bearer form and are eligible for deposit with this Bank in a book-entry account must be executed in accordance with the appropriate provisions, if any, of the regulations of the Agency concerned and assigned to "Federal Reserve Bank of New York, as Fiscal Agent of (name of Agency), for conversion to book-entry (name of Agency) securities."³

Withdrawal of book-entry securities

8. At any time prior to maturity or call, book-entry securities (other than those securities listed in Appendix D and Appendix E) may be withdrawn by the depositor for whose account such securities are maintained by this Bank, from a book-entry account referred to in paragraphs 3 and 4 hereof; provided, however, that book-entry securities maintained for a collateral-pledge purpose specified in paragraphs 4(a) and 4(b) hereof may be withdrawn by the depositor only in accordance with the arrangement pursuant to which the securities are maintained. Customers of member bank depositors must arrange for the withdrawal of book-entry securities through the member bank for whose account the book-entry securities are

² In accordance with Subpart O of Treasury Department Circular No. 300, however, no such assignment is required in respect of registered Treasury securities on deposit with this Bank on the effective date of said Subpart O.

³ Each of the book-entry regulations issued by an Agency provides that no such assignment is required in respect of the Agency's registered Agency securities on deposit with this Bank on the effective date of the book-entry regulation issued by the Agency; the date of issue of each Agency book-entry regulation is noted in Appendix B to this circular.

maintained by this Bank. Securities withdrawn hereunder will be converted into definitive securities in bearer form, or, if this Bank is so requested, in registered form,⁴ in the amount, loan title (or series), and maturity date of the securities withdrawn, and such definitive securities will be delivered under the provisions of paragraph 10 hereof to the depositor effecting the withdrawal, or on its order and at its expense, to a transferee. Securities available in book-entry form only (listed in Appendix D and Appendix E) generally may not be "withdrawn" in definitive form. Treasury securities available in book-entry form only, however, may be transferred to a book-entry account maintained at the Treasury under Subpart C, or to or through another Reserve Bank.

Transfer and pledge of book-entry securities

9. (a) Detailed rules governing transfer and pledge of Treasury securities which are on deposit with a Reserve Bank in book-entry form are set forth in Section 306.118 of Subpart O. That section establishes two general rules providing for transfers and pledges.

(b) One rule is set forth in Section 306.118(b) stating, in part, that a transfer or pledge of book-entry securities is effected, and a pledge is perfected, by any means that would be effective under applicable law if the securities were maintained by the Reserve Bank in bearer definitive form. Under this rule no notice or advice is to be given to the Reserve Bank and no entry of the particular transfer or pledge in the records of the Reserve Bank is involved. For example, a pledge of Treasury securities owned by a customer of a member bank and deposited with the member bank and by the latter with the Federal Reserve Bank in one of the custody accounts referred to in paragraph 3 of this circular would be perfected under this rule, in accordance with the requirements of applicable law, without notice or advice to the Reserve Bank. In this connection, the Uniform Commercial Code provides for notification, where securities are held by a third person, to the bailee to perfect a pledge of securities; and the book-entry regulations provide, in effect, that, where securities are recorded on the books of a depository (*e.g.*, a bank, banking institution, financial firm, or similar party performing securities custodial services) for account of the pledgor thereof, such depository shall, for purposes of perfecting a pledge of such securities, be the bailee to which notification of the pledge of the securities may be given.

(c) The second rule is set forth in Section 306.118(a) and provides for effecting and perfecting transfers and pledges by means of an appropriate entry in the records of a Reserve Bank in those instances where the transfer or pledge is being made to one of the transferees or pledgees described in such section (*i.e.*, a Reserve Bank, the United States, or any transferee or pledgee eligible to maintain an appropriate book-entry account in its name with a Reserve Bank under the book-entry regulations). The collateral accounts referred to in paragraph 4 of this circular represent examples of pledges effected and perfected under this rule.

(d) Book-entry Agency securities may be transferred or pledged as provided in those sections of the book-entry regulations issued by an

⁴ Except for Treasury bills and EA and EO series of Treasury notes, and those Agency securities which are not issued in registered form.

Agency which correspond to Section 306.118 of Subpart O (a table correlating the sections of Subpart O to the appropriate sections of Agency book-entry regulations is set forth in Appendix C to this circular).

(e) The entry by this Bank of book-entry securities in an account referred to in paragraph 4 hereof shall be an appropriate entry under Section 306.118(a) of the book-entry regulations of the securities pledged.

(f) Customers of member banks wishing to transfer or pledge book-entry securities should arrange for such transfer or pledge with the member bank depositor in whose name and subject to whose order the book-entry securities are maintained by this Bank.

*Receipt and delivery of securities*⁵

10. (a) Upon receipt of appropriate instructions, this Bank will arrange to receive or deliver definitive securities at our window for deposit in or withdrawal from a book-entry account of a member bank under this circular either against receipt or against payment. However, such securities will be received and delivered at our window for the account of depositors other than member banks only against receipt.

(b) Upon receipt of appropriate instructions, securities withdrawn under paragraph 8 hereof will also be shipped, in accordance with paragraph 16 hereof, at the expense of this Bank's depositor either (1) to it or (2) on its order to a designated transferee. All such shipments will be made against receipt only.

(c) Instructions to receive securities against payment for account of a member bank should specify the amount to be paid and will constitute our authority to charge the reserve account of the member bank for such amount on the day the securities are received by us. Instructions to deliver securities at our window against payment should specify the amount to be received, and unless other instructions are received, such payment will be accepted in the form of a check drawn on a commercial bank and payable to the order of the Federal Reserve Bank of New York. The amount of such payment will be credited to the Reserve account of the member bank for whose account the securities are delivered, subject to receipt of payment in actually and finally collected funds, at the close of business on the next business day following the day on which the securities are delivered. However, if payment for the securities is made in "Federal funds," the proceeds thereof will be credited to the reserve account of the member bank on the day the securities are delivered.

Advices of deposit and withdrawal

11. Securities deposited with this Bank in a book-entry account referred to in paragraphs 3 and 4 hereof or transferred to such an account, will be described in an advice which this Bank will send to the depositor of such securities. These advices are neither transferable nor negotiable and their return will not be required when securities are withdrawn from maintenance as book-entry securities in a book-entry account hereunder or transferred from one book-entry account to another such account. The designation "BE" on such advices indicates that those securities which

⁵ The procedures respecting definitive securities prescribed in this paragraph generally do not apply to securities available only in book-entry form.

are eligible to be so held have been deposited with this Bank, and are being maintained by this Bank, as book-entry securities in accordance with the book-entry regulations and this circular. Advices will also be sent when securities are withdrawn from a book-entry account. Advices of deposit and withdrawal should be retained by depositors for Federal income tax purposes, as more fully explained in the Attachment to Subpart O in Appendix A to this circular.

Redemption of book-entry securities; interest

12. All maturing book-entry securities will be redeemed by this Bank at maturity or call; provided however, that the book-entry securities maintained for a collateral pledge purpose specified in subparagraphs 4(a) and 4(b) hereof may be held by this Bank beyond the maturity or call. Interest on all book-entry securities will be paid by this Bank on the date on which such interest becomes due and payable. The amount of such maturing securities or such interest will be credited, under advice, to the reserve account of the member bank depositor in whose name this Bank maintains such book-entry securities. Payment or credit for the amount of maturing book-entry securities, or interest on book-entry securities, due to a depositor other than a member bank will be made in accordance with the instructions of such depositor.

Representation as to securities tendered for deposit

13. Any party tendering securities to this Bank for deposit in book-entry form, or transferring securities to or from a book-entry account referred to in paragraphs 3 and 4 hereof, and any party for which this Bank maintains such securities, is deemed to represent that it has the unqualified right to deposit or transfer such securities for the purpose for which they are being maintained by this Bank. Any depositor for which this Bank maintains book-entry securities under this circular will be deemed to warrant that such securities are and will be free and clear of any interest, as security or otherwise, inconsistent with the purpose for which they are maintained and dealt with by this Bank, pursuant to the instructions of the depositor of this Bank or transferor to this Bank. Each request by the depositor for the deposit, withdrawal, or other action with respect to book-entry securities deposited under this circular will be deemed to be a representation by such depositor that it has full power and authority to give such instruction, request, or authorization and to deal with the securities in the manner contemplated.

Depositors instructions

14. (a) Unless separate arrangements exist between this Bank and its member bank depositor, all instructions with reference to book-entry securities should be in writing over authorized signature(s) on behalf of the depositor for whose account such securities are handled by this Bank. In exceptional circumstances or emergencies this Bank, in its discretion, may accept and act upon instructions from member banks transmitted by telegraph or telephone (at the expense of this Bank) and, except as provided below with respect to telephone instructions to the Head Office, such instructions must be confirmed in writing over authorized signature(s). Telegram and telephone instructions should be duly tested by the appropriate word taken from the list of special test words supplied by us. All telephone calls transmitting instructions to the Head Office will automatically be

recorded on magnetic tape devices and will not normally require letters of confirmation. However, this Bank reserves the right to require the requesting bank to confirm such telephone instructions by letters of confirmation over authorized signature(s).

(b) In some cases it will be desirable, for Federal income tax purposes, for a depositor to include in its instruction concerning the withdrawal or transfer of its book-entry securities, the lot numbers of the securities withdrawn or transferred. In determining whether to include such information, depositors should refer to the Attachment to Subpart O in Appendix A to this circular. Inclusion by a depositor in its instructions of information as to the lot numbers of such securities is for Federal tax purposes only, and this Bank will not attempt to verify the accuracy of such information.

Risk of loss

General

15. Any bank or person for whose account book-entry securities are maintained by this Bank, either directly or through others, shall be deemed to have agreed that we (a) will be responsible only for the exercise of the same diligence with which we care for our own property, and (b) will not be liable for any loss of such securities when a loss is due to any cause other than lack of such diligence.

Shipment of Securities

16. All shipments of definitive securities upon conversion from book-entry form shall be at the risk and expense of the depositor effecting the withdrawal. The provisions of our current Operating Circular No. 14 regarding the shipments of securities to or from this Bank, and insurance of such shipments, apply to shipments of definitive securities for conversion to or from book-entry securities.

Revision of this circular

17. The right is reserved to withdraw, add to, or amend at any time any of the provisions of this circular.

Effect of this circular on previous circular

18. This circular supersedes our Operating Circular No. 21, Revised effective March 30, 1973, and the First Supplement thereto, effective August 2, 1976.

PAUL A. VOLCKER,
President.

FEDERAL RESERVE BANK
OF NEW YORK

Appendix C to
Operating Circular No. 21
Revised December 12, 1977

CORRELATION TABLE
OF TREASURY AND AGENCY BOOK-ENTRY REGULATIONS

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

The table on the reverse side correlates the section headings of Subpart O to the corresponding section number references (1) in the Treasury's mandatory book-entry regulations governing certain Treasury securities maintained at the Reserve Banks (Subpart B), and (2) in the book-entry regulations of various Federal Agencies.

This Appendix supersedes Appendix C, Revised July 1, 1976, to Operating Circular No. 21.

PAUL A. VOLCKER,
President.

(OVER)

CORRELATION TABLE

<i>Subpart 0</i>									
<i>Section Name</i>	<i>Section Number</i>	<i>Subpart B (31 CFR 350)</i>	<i>U.S. Postal Service (39 CFR 761)</i>	<i>Farm Credit Administration (12 CFR 615)</i>	<i>Federal Home Loan Bank Board (12 CFR 506a)</i>	<i>Farmers Home Administration (7 CFR 1873.11)</i>	<i>Federal National Mortgage Association (24 CFR 81.6)</i>	<i>Federal Financing Bank (12 CFR 811.0)</i>	<i>Export- Import Bank (12 CFR 406)</i>
Definitions of terms	§ 306.115	§ 350.1	§ 761.1	§ 615.5460	§ 506a.1	§ 1873.11	§ 81.6	§ 811.0	§ 406.1
Authority of Reserve Banks	§ 306.116	§ 350.2	§ 761.2	§ 615.5465	§ 506a.2	§ 1873.12	§ 81.7	§ 811.1	§ 406.2
Scope and effect of book-entry procedure	§ 306.117	§ 350.3	§ 761.3	§ 615.5470	§ 506a.3	§ 1873.13	§ 81.8	§ 811.2	§ 406.3
Transfer or pledge	§ 306.118	§ 350.4	§ 761.4	§ 615.5475	§ 506a.4	§ 1873.14	§ 81.9	§ 811.3	§ 406.4
Withdrawal of Treasury securities	§ 306.119	§ 350.17*	§ 761.5	§ 615.5480	§ 506a.5	§ 1873.15	§ 81.10	§ 811.4	§ 406.5
Delivery of Treasury securities	§ 306.120	§ 350.5	§ 761.6	§ 615.5485	§ 506a.6	§ 1873.16	§ 81.11	§ 811.5	§ 406.6
Registered bonds and notes	§ 306.121	—	§ 761.7	—	§ 506a.7	§ 1873.17	§ 81.12	§ 811.6	§ 406.7
Servicing book-entry Treasury se- curities; payment of interest, payment at maturity or upon call	§ 306.122	§ 350.6	§ 761.8	§ 615.5494	§ 506a.8	§ 1873.18	§ 81.13	§ 811.7	§ 406.8

* This section is not technically included in Subpart B, but certain of its provisions are relevant to that Subpart.

FEDERAL RESERVE BANK OF NEW YORK

Appendix D to Operating Circular No. 21

December 12, 1977

BOOK-ENTRY TREASURY BILLS

To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:

Pursuant to Section 350.0 of 31 C.F.R. Part 350, the following Treasury bills will be available in book-entry form only, except as provided in Sections 350.17 and 350.18:

- (1) 52-week Treasury bills issued after December 1, 1976;
- (2) 26-week Treasury bills issued after June 1, 1977;
- (3) 13-week Treasury bills issued on or after September 1, 1977; and
- (4) Any other Treasury bills issued after September 1, 1977, including, but not limited to, tax anticipation Treasury bills.

There follows the text of Treasury Circular, Public Debt Series No. 26-76 (31 C.F.R. 350), reprinted from the issues of the *Federal Register* dated December 6 and 27, 1976.

PAUL A. VOLCKER,
President.

Subpart A—Applicability and Effect— Definitions

- Sec.
350.0 Applicability and effect.
350.1 Definition of terms in this part.

Subpart B—Book-Entry Treasury Bills—Federal Reserve Banks

- 350.2 Authority of Reserve Banks.
350.3 Scope and effect of book-entry Treasury bill accounts maintained by Reserve Bank under this subpart.
350.4 Transfer of pledge.
350.5 Reserve Bank discharged by acting on instructions—delivery of Treasury securities.
350.6 Book-entry Treasury bill accounts.

Subpart C—Book-Entry Treasury Bills— Department of the Treasury

- 350.7 Establishing a book-entry Treasury bill account.
350.8 Confirmation of transaction.
350.9 Transfer.
350.10 Attorney-in-fact.
350.11 Succeeding fiduciaries, partners, officers—succeeding corporations, unincorporated association, partnerships.
350.12 Termination of trust, guardianship estate, life tenancy—dissolution of corporation, partnership, unincorporated association.
350.13 Death of individual (natural person in own right).
350.14 Reinvestment or payment at maturity.
350.15 Conclusive presumptions.
350.16 Transactions in regular course—notice not effective—unacceptable notices.

Subpart D—Definitive Treasury Bills

- 350.17 Definitive Treasury bills—available where holding of definitive securities required by law—termination date December 31, 1978.
350.18 Sanctions for abuse of definitive Treasury bill privilege.

AUTHORITY: R.S. 3706; 40 Stat. 288, 502, 844, 1309; 42 Stat. 321; 46 Stat. 20; 48 Stat. 343; 49 Stat. 20; 50 Stat. 481; 52 Stat. 447; 53 Stat. 1359; 56 Stat. 189; 73 Stat. 622; and 85 Stat. 5, 74 (31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a, and 754b); 5 U.S.C. 301.

Subpart A—Applicability and Effect— Definitions

§ 350.0 Applicability and effect.

(a) *Applicability.* The regulations in this part govern the issuance of, and transactions in, the following Treasury bills:

- (1) 52-week Treasury bills issued after December 1, 1976;
- (2) 26-week Treasury bills issued after June 1, 1977;
- (3) 13-week Treasury bills issued on or after September 1, 1977; and
- (4) Any other Treasury bills issued after September 1, 1977, including, but not limited to, tax anticipation Treasury bills.

(b) *Effect.* The Treasury bills described in paragraph (a) shall, after the date specified therefor, be issued only in book-entry form, except as provided in Subpart D.

FEDERAL REGISTER, VOL. 41, NO. 235—MONDAY, DECEMBER 6, 1976

and

FEDERAL REGISTER, VOL. 41, NO. 249—MONDAY, DECEMBER 27, 1976

§ 350.1 Definition of terms in this part.

In this part, unless the context otherwise requires or indicates:

(a) "Treasury bill" means an obligation of the United States issued under Section 5 of the Second Liberty Bond Act, as amended (31 U.S.C. 754).

(b) "Book-entry Treasury bill" means any Treasury bill issued on or after the dates specified in § 350.0(a) in the form of an entry on the records of a Reserve Bank or the records of the Department of the Treasury. (See Department of the Treasury Circular, Public Debt Series No. 27-76, descriptive of the issue and sale of book-entry Treasury bills.) (31 CFR, Part 349)

(c) "Definitive Treasury bill", as used in Subpart D, means a Treasury bill of the \$100,000 denomination issued in the form of an engraved certificate.

(d) "Certified request" or "certified statement", as used in Subpart C, means a request or statement signed by or on behalf of a depositor and certified by an officer authorized to certify assignments of Treasury securities under Department of the Treasury Circular No. 300, current revision, the general regulations governing U.S. securities (31 CFR, Part 306).

(e) "Bureau" means Bureau of the Public Debt, Washington, D.C. 20226.

(f) "Depositor", as used in Subpart C, means the individual, fiduciary or other entity in whose name (including, where appropriate, the title of an officer) an account is established and maintained on the books of the Treasury.

(g) "Fiduciary", as used in Subpart C, means an executor, administrator, trustee; a legal guardian, committee, conservator or similar representative appointed by a court for the estate of a minor or incompetent; a custodian under a statute authorizing gifts to minors; a natural guardian of a minor; a voluntary guardian; or a life tenant under a will.

(h) "Member bank" means any national bank, or State bank or other bank or trust company, which is a member of a Reserve Bank.

(i) "Natural guardian", as used in Subpart C, means either parent of a minor or other person acting on the minor's behalf.

(j) "Pledge" includes a pledge of, or any other security interest in, book-entry Treasury bills as collateral for loans or advances, or to secure deposits of public moneys or the performance of an obligation.

(k) "Reserve Bank" means a Federal Reserve Bank and its branches, acting as Fiscal Agent of the United States and, where indicated, acting in its individual capacity.

(l) "Taxpayer identifying number" means the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service, i.e., an individual's

social security number or an employer identification number. A social security account number is composed of nine digits separated by two hyphens, for example, 123-45-6789; an employer identification number is composed of nine digits separated by one hyphen, for example, 12-3456789. The hyphens are an essential part of the numbers and must be included.

(m) "Treasury" means Department of the Treasury.

(n) "Voluntary guardian", as used in Subpart C, means the person who is acting for an individual who is incapacitated by reason of age, infirmity, or mental disability.

Subpart B—Book-Entry Treasury Bills—Federal Reserve Banks

§ 350.2 Authority of Reserve Banks.

Each Reserve Bank is hereby authorized, in accordance with this subpart, to (a) issue book-entry Treasury bills by means of entries on its records, which shall include the name of the Bank's depositor, the latter's employer identification number, where appropriate, and the amount and maturity date of the bills, including the CUSIP number of each loan; (b) issue a confirmation of transaction in the form of an advice (serially numbered or otherwise), which specifies the amount, maturity date and CUSIP number of the bills, as well as the date of the transaction; and (c) otherwise service and maintain book-entry Treasury bills.

§ 350.3 Scope and effect of book-entry Treasury bill accounts maintained by Reserve Bank under this subpart.

(a) *Scope and effect of accounts maintained by Reserve Bank.* Except as provided in Subpart D, each Reserve Bank, as Fiscal Agent of the United States, is authorized to maintain book-entry Treasury bills in accounts held in its individual capacity, under terms and conditions which indicate that the Reserve Bank will continue to maintain such deposit accounts in its individual capacity, notwithstanding application of the book-entry procedure to such bills. This paragraph is applicable, but not limited to, book-entry Treasury bills maintained:

(1) As collateral pledged to a Reserve Bank (in its individual capacity) for advances by it;

(2) For a member bank for its sole account;

(3) For a member bank held for the account of its customers (see § 350.6 of this subpart);

(4) In connection with deposits in a member bank of funds of States, municipalities, or other political subdivisions;

(5) In connection with the performance of an obligation or duty under Federal, State, municipal, or local law, or judgments or decrees of courts; or

(6) The maintenance by a Reserve Bank of book-entry Treasury bills under this paragraph shall not derogate from or adversely affect the relationships that would otherwise exist between a Reserve Bank in its individual capacity and the entities for which accounts are maintained. The Reserve Bank is authorized to take all action necessary in respect of book-entry Treasury bills to enable such Reserve Bank in its individual capacity to perform its obligations as depository with respect to such bills.

(b) *Use as collateral under Treasury circulars.* Each Reserve Bank, as Fiscal Agent of the United States, shall hold in book-entry form Treasury bills pledged as collateral to the United States under current revisions of Department of the Treasury Circulars No. 92 and No. 176 (31 CFR, Parts 203 and 202).

§ 350.4 Transfer or pledge.

(a) *Reserve Bank records.* A transfer or a pledge of book-entry Treasury bills to a Reserve Bank (in its individual capacity or as Fiscal Agent of the United States), or to the United States, or to any transferee or pledgee eligible to maintain an appropriate book-entry account in its name with a Reserve Bank under this subpart, is effected and perfected, notwithstanding any provision of law to the contrary, by a Reserve Bank making an appropriate entry in its records of the Treasury bills transferred or pledged. The making of such an entry in the records of a Reserve Bank shall (1) have the same effect as the delivery of Treasury bills in bearer definitive form; (2) have the effect of a taking of delivery by the transferee or pledgee; (3) constitute the transferee or pledgee a holder; and (4) if a pledge, effect a perfected security interest therein in favor of the pledgee. A transfer or pledge of Treasury bills effected under this paragraph shall have priority over any transfer, pledge, or other interest, therefore or thereafter effected or perfected under paragraph (b) of this section or in any other manner.

(b) *Member banks and others.* A transfer, or a pledge of book-entry Treasury bills, or any interest therein, maintained by a Reserve Bank (in its individual capacity or as Fiscal Agent of the United States) in a book-entry account under this subpart, including book-entry Treasury bills in accounts at the Reserve Bank maintained under Sec. 350.3(a)(3) of this subpart by member banks for the account of their customers, is effected, and a pledge is perfected, by any means that would be effective under applicable law to effect a transfer or to effect and perfect a pledge of the Treasury bills, or any interest therein, if the Treasury bills were maintained by the Reserve Bank in bearer definitive form. For purposes of transfer or pledge hereunder, book-entry Treasury bills main-

tained by a Reserve Bank shall, notwithstanding any provision of law to the contrary, be deemed to be maintained in bearer definitive form. A Reserve Bank maintaining book-entry Treasury bills either in its individual capacity or as Fiscal Agent of the United States is not a bailee for purposes of notification of pledges of those bills under this paragraph or a third person in possession for purposes of acknowledgment of transfers thereof under this paragraph. A Reserve Bank will not accept notice or advice of a transfer or pledge effected or perfected under this paragraph, and any such notice or advice shall have no effect. A Reserve Bank may continue to deal with its depositor in accordance with the provisions of this subpart, notwithstanding any transfer or pledge effected or perfected under this paragraph.

(c) *Filing and recording unnecessary.* No filing or recording with a public recording office or officer shall be necessary or effective with respect to any transfer or pledge of book-entry Treasury bills or any interest therein.

(d) *Transfer by Reserve Banks.* A transfer of book-entry Treasury bills within a Reserve Bank shall be made in accordance with procedures established by the Reserve Bank not inconsistent with this subpart. The transfer of book-entry Treasury bills by a Reserve Bank may be made through a telegraphic transfer procedure.

(e) *Timeliness of requests.* All requests for transfer or any authorized transaction must be received prior to the maturity of the bills.

§ 350.5 Reserve Bank discharged by action on instructions—delivery of Treasury securities.

A Reserve Bank which has received book-entry Treasury bills and effected pledges, made entries regarding them, or transferred or delivered them according to the instructions of its depositor is not liable for conversion or for participation in breach of fiduciary duty even though the depositor had no right to dispose of or take other action in respect of the securities. A Reserve Bank shall be fully discharged of its obligations under this subpart by the transfer or delivery of book-entry Treasury bills upon the order of its depositor.

§ 350.6 Book-entry Treasury bill accounts.

(a) *Scope and effect of book-entry Treasury bill accounts.*—(1) *Classes of accounts.* Reserve Banks are authorized to maintain book-entry Treasury bills for member banks for bills the member banks hold for their own account, or hold for the account of their customers, and as otherwise specified in § 350.3. Purchasers of book-entry Treasury bills, on original issue or otherwise, may have such bills maintained at member banks, or in accounts maintained at entities

providing securities safekeeping services for customers (e.g., nonmember banks or thrift institutions, or securities dealers) which have related accounts at member banks.

(2) *Identification of accounts.* Book-entry accounts may be established in such form or forms as customarily permitted by the entity (e.g., member bank, or other banking or thrift institution, or a securities dealer) maintaining them. The recommended identification for each such account would include data to permit both customer identification by name, address and taxpayer identifying number, as well as a determination of the Treasury bills being held in such account by amount, maturity date and CUSIP number, and of transactions relating thereto.

(3) *Pledges and transfers.* Where book-entry Treasury bills are maintained on the books of an entity for account of the pledgor or transferor thereof, such entity shall, for purposes of perfecting a pledge of such Treasury bills or effecting their delivery to a purchaser under applicable provisions of law, be the bailee to which notification of the pledge of the bills may be given or the third person in possession from which acknowledgment of the holding of the bills for the purchaser may be obtained.

(b) *Servicing book-entry Treasury bills—payment of book-entry Treasury bills at maturity.* Book-entry Treasury bills governed by this part may be transferred between accounts prior to maturity through a wire transfer arrangement maintained by Reserve Banks. At maturity, the bills shall be redeemed and charged by a Reserve Bank in the account of the United States Treasury as of the date of maturity, and the redemption proceeds shall be disposed of in accordance with the instructions from the member bank or other Reserve Bank depositor for whose account the Treasury bills shall have been maintained.

Subpart C—Book-Entry Treasury Bills— Department of the Treasury

§ 350.7 Establishing a book-entry Treasury bill account.

(a) *General.* Treasury bills may be held as book-entries in accounts maintained by the Treasury. Such accounts may be established, either upon the original issue of book-entry Treasury bills or upon the subsequent transfer of such bills to the Treasury, but no later than one month prior to their maturity date. Each account shall consist of an entry showing the amount, maturity date and CUSIP number of the bills, the name of the individual, fiduciary or other entity (including, where appropriate, the title of an officer) for whom the account is held, the address, and the taxpayer identifying

number. The records shall also include appropriate transaction data.

(b) *Recordation.*—(1) *Individuals.* Accounts for book-entry Treasury bills may be held in the names of individuals in one of two forms: single name, i.e., "John A. Doe (123-45-6789) (address)"; or two names, i.e., "John A. Doe (123-45-6789) (address) or (Mrs.) Mary B. Doe (987-65-4321)". No other form of recordation in two names, whether individuals or others, will be permitted, except in the case of co-fiduciaries.

(2) *Others.* Accounts for book-entry Treasury bills may be held in the names of fiduciaries and other entities in the forms indicated by the following examples:

John A. Smith and First National Bank, executors of the will of James B. Smith, deceased (12-3456789) (address).

May A. Queen, trustee under agreement with Thomas J. King, dated June 1, 1971 (12-3456789) (address).

Smith Manufacturing Company, Inc., James C. Brown, Treasurer (12-3456789) (address).

Grey and White (12-3456789), John D. Grey, General Partner (address).

J. Francis Doe, Secretary-Treasurer of Local 100, Brotherhood of Locomotive Engineers, an unincorporated association (12-3456789) (address).

John R. Greene, as natural guardian of Maxine S. Greene (123-45-6789) (address).

John A. Jones, as voluntary guardian of Henry M. Jones (123-45-6789) (address).

§ 350.8 Transfer.

Book-entry Treasury bills maintained under this subpart may not be transferred from one account maintained by the Treasury to another such account, except in cases of lawful succession, as provided in this subpart. They may be withdrawn from an account maintained by the Treasury hereunder and transferred through the Federal Reserve Bank communication system to an account maintained by or through a member bank under Subpart B, which transfer shall be made in the name or names appearing in the account recorded on the books of the Treasury. Such withdrawal may be effected by a certified request therefor by, or on behalf of, the depositor, provided the request therefor is received no earlier than ten business days after the issue date or the date the securities are transferred to the Treasury, whichever is later. The request must: (a) identify the book-entry account by the name of the depositor and title, if any, the address, and the taxpayer identifying number; (b) specify by amount, maturity date and CUSIP number the book-entry Treasury bills to be withdrawn and transferred; and (c) specify the name of the member bank to or through which the transfer is to be effected and, where appropriate, the name of the institution or entity which is to maintain the book-entry account.

In the case of book-entry Treasury bills held in the names of two individuals, a certified request by either will be accepted, but the transfer shall be made in the names of both. A transfer after original issue of book-entry Treasury bills from an account maintained by or through a member bank to one maintained by the Treasury may be made through the Federal Reserve Bank communication system, provided the account is to be held in a form authorized by this subpart, and provided the transfer is made no later than one month prior to the maturity date of the bills.

§ 350.9 Confirmation of transaction.

The Treasury will issue to each depositor following any transaction affecting book-entry Treasury bills maintained for such depositor under this subpart a confirmation thereof in the form of an advice (serially numbered or otherwise) which shall describe the amount, maturity date and CUSIP number of the bills, and include pertinent transaction data.

§ 350.10 Attorney-in-fact.

A request by an attorney-in-fact for any transaction in book-entry Treasury bills after their original issue will be recognized in accordance with this subpart if supported by an adequate power of attorney. The original power or a photocopy showing the grantor's autograph signature, properly certified, must be submitted to the Bureau. A request for transfer for the apparent benefit of the attorney-in-fact will not be recognized unless expressly authorized.

§ 350.11 Succeeding fiduciaries, partners, officers—succeeding corporations, unincorporated associations, partnerships.

(a) *Death of fiduciary, partner or officer.* In case of the death, removal or disqualification of a fiduciary, partner or officer of an organization in whose name book-entry Treasury bills have been recorded, the successor or other authorized person will be recognized as the depositor under this subpart. Proof of death, resignation, removal or disqualification, as the case may be, and evidence that the successor or such other person is fully authorized to act must be submitted to the Bureau. Proof of death shall be in the form of a death certificate or photocopy thereof showing the official seal. Evidence of authority should be in the form of a certified statement by: (1) the surviving fiduciary or fiduciaries, if any, stating that application for the appointment of a successor has not been made, is not contemplated and is not necessary under the terms of the trust instrument or otherwise, (2) a surviving partner or partners that the partnership is being continued in the same, or another name, which must be identified, or (3) the secretary or other authorized officer of the

corporation or unincorporated association as to the name and title of the successor officer. If there is more than one surviving fiduciary, a request for transfer of the bills must be signed by all, unless evidence is submitted to the Bureau that one is authorized to act for the other or others. If there is more than one surviving partner, evidence should be submitted to the Bureau as to which survivor is authorized to act in behalf of the partnership; otherwise, the signatures of all surviving partners will be required for transfer of the bills.

(b) *Succeeding corporations, unincorporated associations or partnerships.* If a corporation has been succeeded by another corporation, or if an unincorporated association or partnership has been succeeded by a corporation, and such succession is by operation of law or otherwise, as the result of merger, consolidation, reincorporation, conversion or reorganization, or if a lawful succession has occurred in any manner whereby the business or activities of the original organization are continued without substantial change, an authorized officer or partner, as the case may be, of the successor organization will be recognized as the depositor under this subpart upon submission to the Bureau of satisfactory evidence of such succession.

§ 350.12 Termination of trust, guardianship estate, life tenancy—dissolution of corporation, partnership, unincorporated association.

(a) *Termination of trust, life tenancy or guardianship estate.*—(1) *Trust or life estate.* Upon the termination of a trust or life estate, the beneficiary or remainderman will be recognized as the depositor under this subpart. The trustee will be required to submit to the Bureau a certified statement concerning the termination of the trust and the respective shares, if there is more than one beneficiary. In the case of a life estate, proof of death in the form of a death certificate or photocopy thereof showing the official seal will be required, together with a certified statement identifying the remainderman, and, if there is more than one, specifying the respective shares.

(2) *Guardianship.* A former minor or incompetent will be recognized as the depositor under this subpart upon submission to the Bureau of a certified statement, or other evidence showing, in the case of a minor, attainment of majority or other removal of the legal disability, and, in the case of an incompetent, his restoration to competency.

(b) *Dissolution of corporations, unincorporated associations and partnerships.* The person or persons (other than creditors) entitled to the assets upon dissolution of a corporation, unincorporated association or partnership will be recognized under this subpart upon proof of dissolution. If there is more than one

person entitled and the book-entry Treasury bills have not matured, no change in the book-entry account will be made pending transfer or redemption at maturity.

§ 350.13 Death of individual (natural person in own right).

Upon the death of an individual in whose name an account is held and who was not acting as a fiduciary or in any other representative capacity, the following person(s), in the order shown below, will be recognized under this subpart as entitled to the book-entry Treasury bills:

(a) The surviving joint designee of an account in the names of two individuals, if any;

(b) Executor or administrator;

(c) Widow or widower;

(d) Child or children of the decedent and descendants of deceased children by representation;

(e) Parents of the decedent or the survivor of them;

(f) Surviving brothers or sisters;

(g) Descendants of deceased brothers or sisters;

(h) Other next-of-kin as determined by the laws of the domicile at the time of death.

(i) Any person or persons entitled in the above order of preference may request payment or other disposition to any person or persons related to the decedent by blood or marriage, but no payment will be made prior to maturity of the bills. The provisions of this section are for the convenience of the Treasury and do not purport to determine ownership of the bills or of their redemption proceeds.

§ 350.14 Reinvestment or payment at maturity.

(a) *Request for reinvestment.* Upon the request of the depositor in whose name the account is maintained, book-entry Treasury bills held therein will be reinvested at maturity, i.e., their proceeds at maturity will be applied to the purchase of new Treasury bills at the average price (in three decimals) of accepted competitive bids for such Treasury bills then being offered. The request for a reinvestment may be made on the tender form at the time of purchase; subsequent requests for reinvestment will be accepted if received by the Bureau no later than ten business days prior to the maturity of the bills. The difference between the par value of the maturing bills and the issue price of the new bills will be remitted to the subscriber in the form of a Treasury check. Requests for the revocation of the reinvestment of bills will also be accepted if received no later than ten business days prior to the maturity date.

(b) *Reinvestment in cases of delay.* Where a delay occurs in the submission or receipt of evidence to support a re-

quest for transfer, payment or other authorized transaction of book-entry Treasury bills, and such delay is likely to extend beyond the maturity dates of the bills, upon request or prior notice, the bills will be redeemed, at maturity or thereafter, and their proceeds reinvested in new book-entry Treasury bills. The bills purchased upon such reinvestment shall be those having the shortest term to maturity then being offered, and will be issued at the average price (in three decimals) of the accepted competitive bids therefor. The discount representing the difference between the par value of the maturing or matured bills and the issue price of the new bills will be remitted in the form of a Treasury check.

(c) *Payment.* If reinvestment is not effected pursuant to this section, book-entry Treasury bills will be paid as of maturity in regular course.

§ 350.15 Conclusive presumptions.

For the purposes of this subpart and notwithstanding any State law or any regulation or any notice to the contrary, it shall be conclusively presumed (a) that any depositor in whose name, or name and title, book-entry Treasury bills are recorded, is a competent adult, (b) that recordation in two names, as prescribed in Sec. 350.7(b)(1) of this subpart, is intended, if there is an attempt to create some other form of recordation in two names, (c) that recordation in the names of the first two is intended, if there is an attempt to name more than two individuals, and (d) that the first name is the depositor in any case (not authorized and not otherwise provided for in this subpart) wherein an attempt is made to have book-entry Treasury bills recorded in two or more names, e.g., two officers of an organization or two partners.

§ 350.16 Transactions in regular course—*notices not effective—unacceptable notices.*

(a) *Transactions in regular course—*notices not effective.** Transfers of book-entry Treasury bills, payment thereof or reinvestment at maturity or any other transaction therein will be conducted in the regular course of business in accordance with this subpart, notwithstanding notice of the appointment of an attorney-in-fact, or a legal guardian or similar representative, or notice of successorship, the termination of an estate, the dissolution of an entity, or the death of an individual, unless the requisite request, proof, and the evidence necessary to establish entitlement under this subpart is received by the Bureau no later than ten business days prior to the maturity date of the bills.

(b) *Unacceptable notices.* The Treasury will not under any conditions accept notices of pending judicial proceedings, or of judgments in favor of creditors or others, or of any claims whatsoever, for the purpose of suspending or modifying

any book-entry account or any transaction in book-entry Treasury bills.

Subpart D—Definitive Treasury Bills

§ 350.17 **Definitive Treasury bills**—available where holding of definitive securities required by law—termination date December 31, 1978.

(a) *General.* Each Reserve Bank is authorized to issue definitive Treasury bills, in the \$100,000 denomination only, upon original issue or otherwise (1) to any entity described in paragraph (b), and (2) for the account of any such entity described in paragraph (b), to a securities dealer or broker or any financial institution which in the regular course of its business purchases securities thereof.

(b) *Eligible entities.* Entities eligible to have definitive Treasury bills are those required by or pursuant to Federal, State, municipal or local law to hold or to pledge securities in definitive form, which may include, but are not limited to: a State, municipality, city, township, county or any other political subdivision, public corporation or other public body, an insurance company, and a fiduciary so required to hold securities in definitive form.

(c) *Conversion of book-entry Treasury bills.* Each Reserve Bank is hereby authorized to effect, upon the order of its depositor, conversions from and to book-entry Treasury bills of definitive bills issued pursuant to this subpart.

(d) *Evidence of eligibility.* In order to obtain a definitive Treasury bill on original issue or thereafter (1) an authorized officer on behalf of the entity must furnish to the Reserve Bank a statement that it is required by, or pursuant to, law to hold or pledge securities in definitive form; or (2) a financial institution,

dealer, or broker purchasing definitive Treasury bills hereunder for the account of any such entity must submit to the Reserve Bank a statement that the entity has declared that it is required by or pursuant to law to hold or pledge securities in definitive form.

(e) *Redemption requirements.* Where a definitive Treasury bill issued pursuant to this subpart is presented for payment at or after maturity, it must be accompanied by a statement (1) by an authorized officer of the entity making the presentation that such entity is eligible under this subpart to hold definitive securities, or (2) by the institution making the presentation identifying the entity to whose account the redemption proceeds of the bill have been, or are to be credited, and affirming that such entity had declared that it is eligible under this subpart to hold definitive securities.

(f) *Termination date.* The provisions of this subpart will apply only to definitive Treasury bills whose issuance in such form was authorized prior to December 31, 1978, and whose availability will be co-extensive with their maturity dates.

§ 350.18 **Sanctions for abuse of definitive Treasury bill privilege.**

The Secretary of the Treasury reserves the right to disqualify any eligible entity described in paragraph (b) of Sec. 350.17 from purchasing or holding definitive Treasury bills if he determines that such entity has disposed of such definitive Treasury bills solely for the purpose of accommodating another party, including a bank, broker, dealer, or other financial institution, or a customer of such institution.

[FR Doc.76-35799 Filed 12-3-76;10:23 am]

FEDERAL RESERVE BANK
OF NEW YORK

Appendix E to
Operating Circular No. 21

Effective December 12, 1977

AGENCY SECURITIES AVAILABLE
IN BOOK-ENTRY FORM ONLY

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

This appendix lists the Federal agencies that have issued regulations providing for the issuance of certain securities in book-entry form only. To date, only the Farm Credit Administration has issued such a regulation. The following paragraph provides a citation of that agency's book-entry regulation and indicates the securities that are available only in book-entry form and the effective date of the provisions regarding such availability.

Farm Credit Administration (12 CFR 615)—effective September 30, 1977.
Consolidated systemwide bonds.

PAUL A. VOLCKER,
President.

[Enc. Cir. No. 8234]