

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. **10154**
February 20, 1987]

STRIPS Eligibility For Treasury Tax And Loan Collateral

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

The following statement was issued by the Treasury Department:

On January 15, 1985, the Treasury announced the STRIPS (Separate Trading of Registered Interest and Principal of Securities) program. The announcement also indicated that at a future date the components of strippable Treasury securities would be eligible as collateral for Treasury Tax and Loan Accounts and other public funds.

Beginning Monday, March 2, 1987, the separate interest and principal components of Treasury STRIPS will be eligible as collateral for Treasury Tax and Loan Accounts. STRIPS components with less than a year to maturity will be accepted at their maturity value. STRIPS components with more than one year to maturity will be accepted on the basis of valuation rates calculated by Treasury every three months (or more frequently, if needed). Treasury will distribute these rates to the Federal Reserve Banks for use in revaluing the STRIPS components held for collateral. Upon revaluation the Federal Reserve Banks will notify affected financial institutions as to the amount of over- or under-collateralization.

For each outstanding maturity date of a STRIPS component, Treasury will assign a valuation which will be expressed as a percentage of the maturity value of the component. The method for determining component values will be Treasury's "lost bond program," which is used to find the present value of a zero-coupon instrument that is consistent with a given par value yield curve. This is the same method used for valuing STRIPS components for broker reporting purposes in Internal Revenue Service Publication 1212.

Questions concerning the use of STRIPS components as collateral for Treasury Tax and Loan Accounts should be referred to a Federal Reserve Bank or to the Financial Management Service's Funds Flow Division in Washington, D.C. (202) 634-5506.

Printed on the reverse side is a listing issued by the Treasury Department of Collateral Security Valuation Rates for STRIPS Components for use from March 1, 1987 to May 31, 1987. Questions regarding this matter may be directed to James P. Wallace, Chief, Accounting Operations Division of this Bank (Tel. No. 212-720-6569).

E. GERALD CORRIGAN,
President.

(OVER)



DEPARTMENT OF THE TREASURY

FISCAL SERVICE

BUREAU OF THE PUBLIC DEBT

WASHINGTON, D.C. 20239-0001

Collateral Security Valuation Rates for STRIPS Components (for use from 3-01-1987 to 5-31-1987)

STRIPS Component Payable -----	Percent -----	STRIPS Component Payable -----	Percent -----	STRIPS Component Payable -----	Percent -----
5-15-1987	100	5-15-1997	47	5-15-2007	22
8-15-1987	100	8-15-1997	46	8-15-2007	21
11-15-1987	100	11-15-1997	45	11-15-2007	21
2-15-1988	100	2-15-1998	45	2-15-2008	20
5-15-1988	93	5-15-1998	44	5-15-2008	20
8-15-1988	91	8-15-1998	43	8-15-2008	19
11-15-1988	89	11-15-1998	42	11-15-2008	19
2-15-1989	88	2-15-1999	41	2-15-2009	19
5-15-1989	86	5-15-1999	41	5-15-2009	18
8-15-1989	85	8-15-1999	40	8-15-2009	18
11-15-1989	83	11-15-1999	39	11-15-2009	18
2-15-1990	82	2-15-2000	38	2-15-2010	17
5-15-1990	81	5-15-2000	38	5-15-2010	17
8-15-1990	79	8-15-2000	37	8-15-2010	17
11-15-1990	78	11-15-2000	36	11-15-2010	16
2-15-1991	76	2-15-2001	36	2-15-2011	16
5-15-1991	75	5-15-2001	35	5-15-2011	15
8-15-1991	74	8-15-2001	34	8-15-2011	15
11-15-1991	72	11-15-2001	33	11-15-2011	15
2-15-1992	71	2-15-2002	33	2-15-2012	15
5-15-1992	70	5-15-2002	32	5-15-2012	14
8-15-1992	69	8-15-2002	32	8-15-2012	14
11-15-1992	67	11-15-2002	31	11-15-2012	14
2-15-1993	66	2-15-2003	30	2-15-2013	13
5-15-1993	65	5-15-2003	30	5-15-2013	13
8-15-1993	63	8-15-2003	29	8-15-2013	13
11-15-1993	62	11-15-2003	29	11-15-2013	13
2-15-1994	61	2-15-2004	28	2-15-2014	12
5-15-1994	60	5-15-2004	27	5-15-2014	12
8-15-1994	59	8-15-2004	27	8-15-2014	12
11-15-1994	57	11-15-2004	26	11-15-2014	12
2-15-1995	56	2-15-2005	26	2-15-2015	11
5-15-1995	55	5-15-2005	25	5-15-2015	11
8-15-1995	54	8-15-2005	25	8-15-2015	11
11-15-1995	53	11-15-2005	24	11-15-2015	11
2-15-1996	52	2-15-2006	24	2-15-2016	10
5-15-1996	51	5-15-2006	23	5-15-2016	10
8-15-1996	50	8-15-2006	23	11-15-2016	10
11-15-1996	49	11-15-2006	22		
2-15-1997	48	2-15-2007	22		