

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 10159]
March 6, 1987]

MARKETABLE U.S. TREASURY AND AGENCY SECURITIES

Revision of Operating Circular No. 17, Revised March 6, 1987

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

Enclosed is a copy of this Bank's Operating Circular No. 17, revised March 6, 1987, which provides the general requirements followed by this Bank regarding the issue, transfer, and redemption of all marketable Treasury and Agency securities. The circular also contains procedures to be followed concerning lost, stolen, destroyed, mutilated, or defaced definitive Treasury and Agency securities.

Among the major changes reflected in this edition of the operating circular:

- (a) Information on shipments of definitive U.S. Treasury and Federal Agency securities to and by this Bank, and insurance for such shipments, formerly contained in the March 20, 1973 edition of this Bank's Operating Circular No. 14, is now included in this edition of Operating Circular No. 17.
- (b) Information regarding the wire transfer of Treasury and Agency securities, through the Federal Reserve Communications System ("Fedwire"), has been deleted from this operating circular. Operating Circular No. 21A should be consulted for this information.

If you have any questions concerning the provisions of the revised operating circular, please contact one of the following individuals:

Head Office

Pauline E. Chen, Manager, Government Bond Department (Tel. No. 212-720-5514)

George Inserra, Chief, Government Bond Division (Tel. No. 212-720-8183)

Buffalo Branch

Gary S. Weintraub, Cashier (Tel. No. 716-849-5020)

Edwin E. Milliron, Chief, Credit, Discount and Fiscal Agency
Division (Tel. No. 716-849-5043)

E. GERALD CORRIGAN,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

[Operating Circular No. 17
Revised March 6, 1987]

**TRANSACTIONS IN MARKETABLE
U.S. TREASURY AND AGENCY SECURITIES**

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

GENERAL OVERVIEW

1. This circular contains information and instructions concerning original issue, servicing, and redemption transactions relating to marketable securities that the Federal Reserve Bank of New York ("Bank") processes as fiscal agent of: the United States; agencies, instrumentalities, and establishments of the United States; and international organizations. In addition to this circular, other information relating to the various securities transactions processed by this Bank as fiscal agent for these principals is contained in this Bank's Operating Circulars Nos. 6, 14, 21, and 21A and in Treasury Department Circular No. 300.

Marketable securities covered by this circular

2. The transactions described in this circular relate to the following types of securities:

- (a) Treasury securities.
- (b) Agency securities, including securities of:
 - (i) *Government-sponsored enterprises*
 - Farm Credit System
 - Banks for Cooperatives
 - Farm Credit Administration
 - Federal Intermediate Credit Banks
 - Federal Land Banks
 - Federal Home Loan Banks
 - Federal Home Loan Mortgage Corporation
 - Federal National Mortgage Association
 - Student Loan Marketing Association
 - United States Postal Service

(ii) *Federal agencies*

Department of Housing and Urban Development
Farmers Home Administration
Government National Mortgage Association
Washington Metropolitan Area Transit Authority

(iii) *International organizations*

African Development Bank
Asian Development Bank
Inter-American Development Bank
International Bank for Reconstruction and Development
(World Bank)

Treasury and Agency provisions

3. The specific terms and conditions relating to an issue of Treasury or Agency securities are contained in the offering materials released by the Treasury or the issuing Agency prior to the original issue date of the particular security issue. The general requirements followed by this Bank regarding the issuance, transfer, and redemption of all marketable Treasury securities and, for the most part, marketable Agency securities are contained in Treasury Department Circular No. 300, a copy of which will be furnished by this Bank upon request directed to the Government Bond Division at the Head Office, or the Credit, Discount and Fiscal Agency Division at our Buffalo Branch. The requirements governing Agency securities transactions not covered by Circular No. 300 are contained in the Agency agreements with this Bank; information regarding the details of such agreements may be obtained by communicating with the Government Bond Division at the Head Office of this Bank.

Documentation for certain transactions

4. Federal and State tax laws require that all investors or, in the case of a deceased investor, the estate representative, provide information or documentation in connection with certain transactions in marketable Treasury and Agency securities. The information or documentation that must be provided and the circumstances under which it is required are contained in Appendix A to this circular.

**ORIGINAL ISSUE, SERVICING,
AND REDEMPTION TRANSACTIONS**

5. The Bank processes original issue, servicing and redemption transactions with respect to securities issued by its principals. The transactions involve both definitive (bearer and registered) and book-entry Treasury and Agency securities.

Original issue transactions

6. Treasury securities when offered for sale on original issue by the Treasury Department may be purchased directly through the Bank. Information regarding the procedures for subscribing for original issue Treasury securities, including appropriate forms, acceptable means of payment, and book-entry delivery of the securities, may be obtained by communicating with the Issues Division at the Head Office of this Bank. Original issue Agency securities are not available for purchase directly from this Bank unless the issuing Agency authorizes this Bank to perform this service. Such authorization will be set forth in the original issue offering materials published by the Agency relative to the specific Agency issue concerned. Generally, issues of new Agency securities are sold through authorized securities dealers. Information concerning the issuance of both Treasury and Agency securities in book-entry form may be found in this Bank's Operating Circular No. 21.

Servicing transactions

7. This Bank is authorized to process various servicing transactions involving definitive and book-entry Treasury and Agency securities. Servicing transactions include transfers, exchanges, and conversions from or to book-entry form. If definitive securities are being presented to this Bank for an authorized servicing transaction, a Federal Reserve Bank application form must be completed and submitted with the securities. A listing of the application forms for servicing securities transactions may be found in Appendix B of this circular. Information and instructions relating to the issuance, transfer and maintenance by this Bank of Treasury and Agency securities held or owned by depository institutions in book-entry form, and the conversion of definitive securities from or to book-entry are contained in this Bank's Operating Circulars Nos. 21 and 21A.

Redemption transactions

8. This Bank will make payment of matured or "called" Treasury and Agency definitive securities, and matured coupons, presented to this Bank, and book-entry securities held at this Bank for a depository institution. Definitive registered or bearer securities, and coupons, submitted for redemption must be accompanied by the appropriate Bank application form (listed in Appendix B to this circular). Eligible issues of U.S. Treasury bonds that may be used for payment of Federal estate taxes, and the procedures for redeeming these bonds at this Bank are set forth in Appendix C to this circular. The regulations relating to matured Treasury and Agency coupon redemptions may be found in Appendix B to this Bank's Operating Circular No. 6, Revised November 13, 1980. Information regarding payment of matured securities held at this Bank in book-entry form may be obtained from this Bank's Operating Circular No. 21.

SHIPMENTS OF DEFINITIVE SECURITIES

Shipments to this Bank

9. Shipments to this Bank of securities of an obligor for which this Bank acts as fiscal agent for exchange, transfer, redemption or other authorized transactions, are made at the risk and expense of the sender. Persons shipping registered securities assigned in blank, or assigned in exchange for bearer securities without restriction on the delivery of such bearer securities, should recognize that such securities are in effect payable to bearer and should be treated accordingly. Treasury Department Circular No. 853, "Regulations Governing Restrictive Endorsements of United States Bearer Securities," contains provisions that may be used to effect some savings by depository institutions in insurance costs and to reduce the risk of loss when shipping bearer Treasury and certain Federal Agency securities to a Federal Reserve Bank Office. Depository institutions shipping such securities to us for any of the purposes specified in Circular No. 853 should restrictively endorse such securities in the manner prescribed in the circular. Copies of the circular and appropriate forms and instructions on the procedures to be followed in submitting restrictively endorsed securities are available on request directed to the Government Bond Division at the Head Office of this Bank.

Shipments by this Bank

10. *Treasury and certain Agency securities.* Shipments of certain original issue Agency securities made by this Bank, as fiscal agent of the United States, will be made by registered mail, or by other means, at the expense and risk of the United States pursuant to the provisions of the Government Losses in Shipment Act. However, the interest and responsibility of the United States in such shipments ceases upon delivery by the Postal Service. An addressee accepting delivery at an office of the Postal Service, by agent or otherwise, must, therefore, transport such shipments at its own risk from such office to the office of the addressee. As noted in paragraph 12 of this circular, this Bank will, if so advised, arrange for insurance coverage for such risk. Shipments by this Bank of registered Treasury or Agency securities other than on original issue will be made without expense to, but at the risk of, the depository institution or other person ordering the shipment. These shipments will not be insured unless we receive written instructions to arrange for insurance. Shipments of bearer securities after original issue will be delivered by registered mail, covered by insurance, at the owner's risk and expense.

11. *Securities of Agencies not wholly owned by the U.S. Government.* Shipments of these securities by this Bank will be in the same manner as Treasury and certain Agency securities except that the shipments of the securities are not covered by the Government Losses in Shipment Act. Such shipments shall be

made subject to agreements between this Bank and the respective Agencies regarding insurance coverage and shipping expenses.

INSURANCE OF SHIPMENTS MADE BY THIS BANK AS FISCAL AGENT OF THE UNITED STATES

12. As indicated in paragraphs 10 and 11 of this circular, the interest and responsibility of the United States in shipments of securities made by this Bank as fiscal agent of the United States ceases upon delivery of such shipments by the Postal Service. Any subsequent transport of such shipments by the agent of the addressee or otherwise is at the risk of the addressee. If the addressee depository institution does not carry insurance covering this risk, we can arrange coverage for its benefit from the time the securities are receipted for by its agent, subject to all the conditions of our registered mail insurance policies. As noted in paragraph 20 of Operating Circular No. 14, Revised effective June 27, 1985, such policies do not cover war or related risks or loss by theft by employees of the addressee. In addition, such special insurance does not cover any claim for shortage or mysterious disappearance unless due to a known casualty in transit between the office of the Postal Service and the office of the addressee.

LOST, STOLEN, OR MUTILATED DEFINITIVE SECURITIES

Treasury Securities

13. All reports of lost, stolen, destroyed, mutilated or defaced registered Treasury securities should be made to the Treasury Department, Bureau of Public Debt, Claims and Correspondence Unit, Washington, D.C. 20226. Individuals and non-financial owners of lost or stolen bearer Treasury securities should also communicate directly with the Treasury Department. If, however, bearer Treasury securities were held by, owned by, or in the possession of a financial institution within the Second Federal Reserve District, the Government Bond Division at the Head Office of the Bank should be notified promptly regarding the missing or mutilated securities. The procedures for obtaining relief for such Treasury securities, and the provisions under which it is available, are outlined in Treasury Department Circular 300.

Agency securities

14. If Agency bearer or registered securities have been lost, stolen, destroyed, mutilated or defaced, the Government Bond Division at the Head Office of the Bank should be notified immediately and directly concerning such items. The procedures for obtaining relief with respect to these securities will be provided to the claimant by either the Treasury Department or appropriate Agency involved after notification of the lost or mutilated securities has been received by this Bank.

REVISION OF THIS CIRCULAR

15. The right is reserved to withdraw, add to, or amend at any time the provisions of this circular. This Bank will endeavor, however, to give at least 30 calendar days' notice of any revision.

Effect of this circular on previous circular

16. This circular supersedes our Operating Circular No. 17, Revised effective March 30, 1973.

E. GERALD CORRIGAN,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

[**Appendix A to
Operating Circular No. 17
March 6, 1987**]

**FEDERAL AND STATE TAX LAW REQUIREMENTS
REGARDING MARKETABLE
SECURITIES TRANSACTIONS**

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

This Appendix sets forth the Federal and New York State tax law requirements regarding certain transactions in marketable Treasury and Agency securities.

Tax Identification Number (Certification) on Marketable Securities Transactions

1. The Interest and Dividend Tax Compliance Act of 1983 requires investors in marketable securities to provide a certified taxpayer identification number under the following circumstances:

- a. when purchasing *original issue* marketable securities (in registered, bearer, or book-entry form);
- b. when requesting registration of *outstanding* marketable securities (in registered, bearer, or book-entry form); and
- c. when redeeming marketable bearer securities or registered securities made payable to other than the registered owner(s).

The certification requirements may be accomplished by completing IRS Form W-9, which may be obtained from any local office of the Internal Revenue Service. The properly completed Form W-9 is to be presented to, and maintained by, the broker or financial institution perfecting any of the above-mentioned securities transactions. The certification requirements apply to all Treasury and Agency securities for which the Bank acts as fiscal agent. A Form W-9 is not required when redeeming registered securities if payment is to be made to the registered owner. However, the social security number of the regis-

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tered owner must be provided in order to avoid withholding of Federal income taxes on the interest portion of the payment at the flat 20 percent Federal withholding rate.

Authorized Securities Transactions Involving a Deceased Resident of New York State

2. Treasury and Agency definitive securities owned individually by a deceased resident of the State of New York, or owned jointly by a deceased resident and other person(s), that are submitted to this Bank on any authorized transaction must be accompanied by a Waiver Notice from the State of New York — Department of Taxation and Finance — if the face amount of the securities submitted, plus accrued interest, exceeds \$30,000. The Waiver Notice need not be obtained if the securities are held jointly with a surviving spouse, regardless of the value of the securities, but only if the decedent and the decedent's spouse are the only joint tenants.

E. GERALD CORRIGAN,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

[**Appendix B to
Operating Circular No. 17
March 6, 1987**]

**FEDERAL RESERVE BANK OF NEW YORK
SERVICING AND REDEMPTION APPLICATIONS**

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

This appendix lists various types of servicing and redemption transactions of definitive securities that are performed by the Federal Reserve Bank of New York and the application forms required to effect the transactions. The application forms are available upon request directed to the Government Bond Division of the Head Office of this Bank.

<i>Transaction</i>	<i>Form</i>
Transfer of Registered Securities for Registered Securities	GB232
Exchange of Registered Securities for Bearer Securities	GB232
Conversion of Registered Securities for Book-Entry Securities	GB232
Exchange of Bearer Securities for Registered Securities	GB232
Conversion of Bearer Securities for Book-Entry Securities	GB161
Denominational Exchange of Bearer Securities	SAF201
Redemption of Registered or Bearer Securities — Financial Institutions	GB228
Redemption of U.S. Treasury Bonds for Federal Estate Taxes	GB232
Redemption of Registered or Bearer Securities (or Coupons) — Individuals	GB239
Redemption of Coupons — Financial Institutions	GB589

E. GERALD CORRIGAN,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

**Appendix C to
Operating Circular No. 17
Revised March 6, 1987**

**REDEMPTION OF TREASURY BONDS TO PAY
FEDERAL ESTATE TAXES**

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

1. The list below sets forth the series of Treasury bonds, whether in registered, coupon, or book-entry form, that may be redeemed at par plus accrued interest for the purpose of applying the proceeds to the payment of Federal estate taxes. All of the series of bonds listed are redeemable for this purpose by the terms of their issue.

TREASURY BONDS

	<i>Series</i>	<i>Dated</i>	<i>Due</i>
3%	1995	Feb. 15, 1955	Feb. 15, 1995
3½%	1990	Feb. 14, 1958	Feb. 15, 1990
3½%	1998	Oct. 3, 1960	Nov. 15, 1998
4¼%	1987-92	Aug. 15, 1962	Aug. 15, 1987-92
4%	1988-93	Jan. 17, 1963	Feb. 15, 1988-93
4⅛%	1989-94	Apr. 18, 1963	May 15, 1989-94

Conditions and restriction

2. The conditions prerequisite to the redemption of Treasury bonds to pay Federal estate taxes, and the restriction on the amount of bonds redeemable for that purpose, are set forth in Treasury Department Circular No. 300 (4th Revision, March 9, 1973), copies of which will be furnished upon request. The conditions, generally, are that the bonds must have been owned by the decedent at the time of his death and thereupon constitute a part of his estate. The restriction, generally, is that the amount of bonds redeemable, plus any accrued interest due, may not exceed the amount of tax due.

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Forms

3. Bonds submitted for redemption and the application of their proceeds to the payment of Federal estate taxes must be accompanied by Form PD 1782 ("Application for Redemption of U.S. Treasury Bonds for Federal Estate Taxes"), fully completed and duly executed by the executor or administrator of, or persons entitled to, the estate. A certified copy of a death certificate for the decedent and properly completed GB 232 by the submitting agent must accompany the PD 1782 and securities. Form PD 1782 contains a form of assignment of the bonds submitted, and accordingly the assignment forms on any registered bonds submitted need not be executed. The Forms PD 1782 and GB 232 (and procedures for applying Treasury bonds in book-entry form for the payment of Federal estate taxes) may be obtained from the Head Office of the Federal Reserve Bank of New York, Government Bond Division, Registration Section.

Effect of this Appendix on previous Appendix

4. This Appendix supersedes the Appendix, Revised March 30, 1973, to Operating Circular No. 17.

E. GERALD CORRIGAN,
President.