

FEDERAL RESERVE BANK
OF NEW YORK
Fiscal Agent of the United States

At-lin. no. 10161 @

April 3, 1987

TREASURY CUBES PROGRAM
Modification to Permit On-Line Trading by Participating Institutions

*To All Depository Institutions
in the Second Federal Reserve District:*

As announced last September, the Department of the Treasury began a program on January 5, 1987, to allow depository institutions to convert stripped physical Treasury interest coupons to book-entry form. In connection with that program, "Coupon Under Book-Entry Safekeeping (CUBES)," the Treasury has now announced plans to modify the CUBES program to permit **on-line** transfers against payment.

In that regard, the following statement was issued by the Treasury Department:

The Department of the Treasury plans to modify its CUBES program by permitting on-line transfers against payment. This capability is projected for the fourth calendar quarter of 1987. The planned modification will provide a more efficient method for handling nationwide trading activity between depository institutions. Each institution will be able to maintain a CUBES account at its local Federal Reserve Bank or Branch. Currently, CUBES accounts are maintained off-line at the Federal Reserve Bank of New York (FRBNY). FRBNY will provide the actual implementation date for on-line transfers and instructions to all depository institutions as that date approaches.

The CUBES program provides a one-time conversion period from January 5, 1987, to April 30, 1987. During the conversion period, participating depository institutions may present to FRBNY Treasury interest coupons stripped before January 5, 1987, and with payment dates on or after January 15, 1988 (except for those with payment dates during a callable period), for conversion to book entry.

Depository institutions holding eligible Treasury coupons who wish to participate and have not contacted FRBNY should do so as soon as possible to schedule presentation of coupons before the April 30, 1987, deadline.

The deadline for conversion of your physical coupons to book-entry form is April 30, 1987. Accordingly, depository institutions in this District that wish to participate in the CUBES program should contact this Bank as soon as possible to present their stripped coupon holdings.

If you wish to participate, or if you have any questions regarding this matter, please call Donna Cook of our Fiscal Services Function (Tel. No. 212-720-8557).

WHITNEY R. IRWIN,
Vice President.