

U.S. DEPARTMENT OF THE TREASURY

Press Center



Quarterly Refunding Statement of Deputy Assistant Secretary for Federal Finance James G. Clark

11/5/2014

WASHINGTON – The U.S. Department of the Treasury is offering \$66 billion of Treasury securities to refund approximately \$59.8 billion of Treasury notes maturing on November 15, 2014. This will raise approximately \$6.2 billion of new cash. The securities are:

- A 3-year note in the amount of \$26 billion, maturing November 15, 2017;
- A 10-year note in the amount of \$24 billion, maturing November 15, 2024; and
- A 30-year bond in the amount of \$16 billion, maturing November 15, 2044.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. ET on Monday, November 10, 2014. The 10-year note will be auctioned on a yield basis at 1:00 p.m. ET on Wednesday, November 12, 2014, and the 30-year bond will be auctioned on a yield basis at 1:00 p.m. ET on Thursday, November 13, 2014. All of these auctions will settle on Monday, November 17, 2014.

The balance of Treasury financing requirements will be met with the weekly bill auctions, cash management bills, the monthly note and bond auctions, the November 10-year Treasury Inflation Protected Security (TIPS) reopening auction, the December 5-year TIPS reopening auction, the January 10-year TIPS auction, and the regular monthly 2-year Floating Rate Note (FRN) auctions.

Projected Financing Needs

Treasury expects to gradually decrease coupon auction sizes over the next quarter. These decreases in auction sizes reflect modest improvements in the fiscal forecast for FY2015. The reductions in auction sizes will occur in shorter-dated coupons, specifically in 2- and 3-year securities. These reductions will begin with the November 3-year nominal note auction scheduled to be announced on November 5, 2014.

The magnitude and duration of offering-size reductions will depend on the pace and extent of the fiscal improvement. Treasury will continue to monitor projected financing needs and will make adjustments as necessary. Auction sizes for Treasury Inflation Protected Securities (TIPS) and Floating Rate Notes (FRNs) will remain unchanged.

Treasury plans to address changes in any seasonal borrowing needs over the next quarter through changes in regular bill auction sizes and/or cash management bills.

Test Buyback Operation

Treasury successfully conducted a test buyback operation on October 9, 2014. Treasury believes that it is prudent to periodically test the existing IT infrastructure to ensure that the buyback functionality remains operational. Within the next six months, Treasury will conduct another small-value buyback operation to continue testing the buyback infrastructure. Details of such an operation will be announced at a later date.

These small-scale buyback operations should not be viewed by market participants as a precursor or signal of any pending policy changes regarding Treasury's use of buybacks.

Large Position Reporting (LPR) Update

On June 10, 2014, Treasury issued a Notice of Proposed Rule Making (NPR) to solicit public comments on proposed amendments to the reporting requirement pertaining to very large positions in certain Treasury securities. The Large Position Reporting (LPR) regulations, issued under the Government Securities Act, are designed to provide Treasury with information to better understand supply and demand dynamics in the Treasury market. The proposed amendments should improve the information available to Treasury and simplify the reporting process for many entities that are subject to the large position reporting rules. The comment period for the NPR closed on August 9, 2014.

Treasury anticipates that the final rule will be published in the next quarter. Treasury will provide a 90-day delayed effective date from the date of publication in the *Federal Register* to allow reporting entities sufficient time to make necessary preparations for compliance.

Please send comments and suggestions on these subjects or others related to debt management to debt.management@treasury.gov. The next quarterly refunding announcement will take place on Wednesday, February 4, 2015.

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