



Government Securities

FIL-46-96
July 10, 1996

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Interpretation of Recordkeeping Rules on "Forward Repurchase Agreement Transactions" Conducted by Financial Institutions as Government Securities Brokers or Dealers*

The Commissioner of the Department of the Treasury's Bureau of the Public Debt issued the attached interpretative letter on April 19, 1996, to clarify the recordkeeping requirements of the Government Securities Act of 1986 (GSA) and to promote consistent application of recordkeeping rules on "forward repurchase agreement transactions" (forward repos). Forward repos are repurchase and reverse repurchase agreements that settle in the future.

The recordkeeping rules apply to financial institutions that have filed, or are required to file, notice as government securities brokers or dealers.

The Treasury Department views the timely recording of all government securities transactions, including the recording of any unsettled future transactions, such as forward repos, as important in meeting the purposes of the GSA and as an appropriate and prudent business practice. The timely issuance of confirmations is also a fundamental tool for strengthening customer protection and a prudent business practice in any type of government securities transaction.

The Treasury Department's interpretation will be included in the FDIC's loose-leaf service. For further information, please contact the Government Securities Regulations staff of the Bureau of the Public Debt at (202) 219-3632.

Nicholas J. Ketcha Jr.
Director

Attachment:

The attachment to this Financial Institution Letter is not currently available in electronic format. Until it is in a form that will allow us to post it to the internet, you may obtain hard copy or fax from:

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