

transfer were required to sign the acknowledgment of risk section on Form TSP-30 each time the form was submitted, unless the request was for investment of 100% of the account balance in the Government Securities Investment Fund (G Fund). The final rule is premised on a determination that each participant should only be required to acknowledge investment risk once. To date, participants who have invested any portion of their accounts in the C Fund or the F Fund at any time must have already signed an acknowledgment of risk, either on Form TSP-1 or on Form TSP-30, since those are the only two methods by which money could have been invested in the C Fund or F Fund. Accordingly, all participants whose account records indicate that they have invested in the C Fund or F Fund (regardless of whether they currently have money in those funds) are deemed to have satisfied the requirements of 5 U.S.C. 8439(d), and are permitted to use the ThriftLine to request interfund transfers without further acknowledgment of investment risk. Participants who have never invested in the C Fund or F Fund, and therefore have never been required to sign an acknowledgment of risk, will not be permitted to make interfund transfers on the ThriftLine until the TSP recordkeeper receives a signed acknowledgment of risk form from them. An Acknowledgment of Risk For ThriftLine Interfund Transfers (Form TSP-32) has been created for this purpose. The final rule treats participants who may continue to make their interfund transfer requests on paper, using Form TSP-30, consistently with those who use the ThriftLine. Since it is only necessary to acknowledge investment risk once, participants who use Form TSP-30 and fail to sign the acknowledgment of risk section will no longer have their forms rejected if they have previously invested any portion of their TSP account in the C Fund or F Fund, or if the TSP recordkeeper has received a properly completed Form TSP-32. Form TSP-30 has been amended to delete the statement that all forms requesting investment in the C Fund or F Fund will be rejected if the acknowledgment of risk section of the form is not signed. The final rule retains the requirement that the form itself (as opposed to the acknowledgment of risk section) must be signed and dated in all cases.

It is anticipated that some participants may continue to sign the acknowledgment of risk section even though they have already invested in the C Fund and/or F Fund and therefore

do not need to sign again. This is not an area of concern to the Board, however, because the superfluous signature does not impose significant burden on participants. Any participant who submits Form TSP-30 requesting investment in the C Fund or F Fund and is uncertain as to whether he or she has ever invested in those funds should sign the acknowledgment or risk section of the form to eliminate the possibility that the form will be rejected for lack of an acknowledgment of risk. For purposes of determining whether participants' interfund transfer requests should be processed, the TSP recordkeeping system will identify whether a participant has ever invested in the C Fund or F Fund, even if the participant subsequently transferred his or her entire account to the G Fund.

Section 1601.5(e) of the final rule, which addresses only use of Form TSP-30, remains virtually unchanged in substance from the interim rule, except that paragraph (2) has been amended to reflect the rules set forth in § 1601.5(d). The other change to this section are designed to consolidate the language for ease of reading rather than to make substantive changes to the procedures for processing interfund transfer requests. In particular, the language "or otherwise is not properly completed in accordance with the instructions on the form" in § 1601.5(e)(1) is a substitute for several of the specific bases for rejection of forms that were included in the interim rule. Since the instructions on Form TSP-30 include requirements that had been reflected in separate paragraphs of the previous rule, those paragraphs have been eliminated to avoid redundancy.

Section 1601.5(f) has not been changed in substance.

Section 1601.6 of the final rule governs the timing and effective dates of interfund transfers. The final rule sets forth the order of precedence with respect to multiple transfer requests and cancellations using the ThriftLine and/or Form TSP-30. Although the final rule permits interaction between entry of transactions on the ThriftLine and on paper (i.e., by Form TSP-30 or written cancellations), the Board notes that the rules governing the interaction are, in some cases, complex; therefore, participants are encouraged to avoid, if possible, mixing the two methods. The ThriftLine provides the most expeditious and certain method of entering all transactions, because it eliminates any delays caused by mail delivery and processing of documents.

Section 1601.6(a) of the final rule allows participants to make up to twelve interfund transfers per calendar year

rather than the four interfund transfers per calendar year that were previously allowed. Thus, under the final rule, participants may make one interfund transfer per month.

Section 1601.6(b) contains the general rule governing the date on which an interfund transfer will be made effective, based on the date of receipt of the interfund transfer request. In the case of a request made on the ThriftLine, the date of receipt is the date the transaction is entered on the ThriftLine. In the case of a request made by Form TSP-30, the date of receipt is the date the form is delivered to the TSP recordkeeper. Apart from the fact that interfund transfer requests may now be received by two methods, the general rule adopted by this rule is identical to the interim rule: Requests received on or before the 15th of a month (or next business day if the 15th is not a business day) are effective as of the end of the month of receipt; requests received after the 15th of a month are effective as of the end of the month following receipt.

Section 1601.6(c) sets forth the rules governing receipt of more than one interfund transfer request during the same one-month period after the 15th of one month (or next business day) and on or before the 15th of the next month. The basic rule, set forth in § 1601.6(c)(1), is that the request with the latest date of signature (if Form TSP-30 is used) or entry (if the ThriftLine is used) controls. Thus, if a properly completed Form TSP-30 was dated June 17 and received by NFC on June 25, and another interfund transfer request was entered on the ThriftLine on June 23, the ThriftLine transaction would supersede the request on Form TSP-30, because the June 23 ThriftLine transaction was later than the June 17 signature on the Form TSP-30.

The rules are based on the presumption that, when a participant enters a new transfer on the ThriftLine, he or she intends to supersede a form that was mailed on an earlier date. The rules also presume that a participant intends a later ThriftLine entry to supersede an earlier one. Similarly, where a Form TSP-30 is dated one day and another Form TSP-30 is dated on a subsequent day, it is presumed that the participant intends to override the earlier dated form, regardless of the order in which the forms may be received by the TSP recordkeeper, because that order can be affected by the uncertainties of mail delivery.

Therefore, under the final rule, the date of receipt of Form TSP-30 determines only the effective date for the interfund transfer that is requested.