

be required to submit the one-time letter.

For aggregating entities currently subject to, and in compliance with, recordkeeping rules of federal securities or federal bank regulators, and subject to the large position recordkeeping rules, there are no additional recordkeeping requirements, with one exception. If the aggregating entity is the designated filing entity for its reporting entity, then it is required to make and maintain copies of any large position reports filed; supporting documents or schedules used to compute data for such large position reports, including any information received from aggregating entities within the reporting entity; and an organizational chart showing the entities that are aggregated in developing a reportable position.

Those aggregating entities that must comply with the proposed rules but are not subject to paragraph 420.4(b) must make and preserve journals, blotters or other records of original entry containing an itemized record of all transactions that fall within the definition of a reportable position. This provision accounts for the greatest percentage of estimated recordkeeping burden hours. However, this requirement is significantly less than the full range of books and records requirements currently applicable to entities subject to federal securities-related recordkeeping requirements. If the aggregating entity is also a designated filing entity, the requirements for a designated filing entity are also applicable.

The collection of information is intended to enable the Treasury and other regulators to understand better the possible reasons for any apparent significant price distortions and the possible causes of market shortages in certain Treasury securities. The collection of information will help ensure that the Treasury securities market remains liquid and efficient, and is not viewed as subject to manipulation. The proposed rules apply to all market participants controlling large positions, as defined in the rules. Per paragraph 420.3(c), it is a mandatory requirement that reporting entities with reportable positions that equal or exceed the specified threshold in a Treasury notice respond through their designated filing entities by filing a report in the required format and within the specified reporting time frame.

In developing the proposed rules, we have consulted with affected entities and regulatory agencies, and expect that this process will continue through the development of a final rule. As previously mentioned, Treasury

published an ANPR³⁵ which requested comments on a number of specific issues, including the approach and structure for a large position recordkeeping and reporting system. The estimated reporting and recordkeeping burden hours are based on a review of tenders submitted in Treasury auctions, position reports that primary dealers already complete and voluntarily submit to FRBNY, recordkeeping requirements that are already in place for federally-regulated participants in the government securities market and discussions with the industry and other regulators.

Treasury invites further comments on: (1) Whether the proposed collection of information is necessary for the proper performance of functions of the Treasury, including the practical utility of the information; (2) the accuracy of the Treasury's estimate of the burden; (3) enhancement of the quality, utility, and clarity of information to be collected; and (4) minimizing the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Estimated total annual reporting and recordkeeping burden: 4,940 hours.

Estimated annual number of recordkeepers: 100.

Estimated annual number of respondents: 10.

Estimated annual frequency of response: On occasion.

List of Subjects

17 CFR Part 400

Administrative practice and procedure, Banks, banking, Brokers, Government securities, Reporting and recordkeeping requirements.

17 CFR Part 420

Foreign investments in U.S., Government securities, Investments, Reporting and recordkeeping requirements.

For the reasons set out in the preamble, 17 CFR Chapter IV, subchapter A is proposed to be amended as follows:

PART 400—RULES OF GENERAL APPLICATION

1. The authority citation for part 400 is revised to read as follows:

Authority: 15 U.S.C. 78o–5.

2. In § 400.1, paragraph (e) is added as follows:

§ 400.1 Scope of regulations.

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(e) Section 104 of the Government Securities Act Amendments of 1993 (Pub. L. 103–202, 107 Stat. 2344) amended Section 15C of the Act (15 U.S.C. 78o–5) by adding a new subsection (f), authorizing the Secretary of the Treasury to adopt rules to require specified persons holding, maintaining or controlling a large position in to-be-issued or recently-issued Treasury securities to report such a position and make and keep records related to such a position. Part 420 of this subchapter contains the rules governing large position reporting.

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3. Part 420 is added to read as follows:

PART 420—LARGE POSITION REPORTING

Sec.

420.1 Applicability.

420.2 Definitions.

420.3 Reporting.

420.4 Recordkeeping.

420.5 Effective Date.

Appendix A to Part 420—Separate Reporting Entity

Appendix B to Part 420—Sample Large Position Report

Authority: 15 U.S.C. 78o–5(f).

§ 420.1 Applicability.

(a) This part, including the Appendices, is applicable to all persons that participate in the government securities market, including, but not limited to, government securities brokers and dealers, depository institutions, registered investment companies, registered investment advisers, pension funds, hedge funds and insurance companies, that may control a reportable position in a recently-issued Treasury bill, note or bond as those terms are defined in § 420.2.

(b) Notwithstanding paragraph (a) of this section, foreign central banks, foreign governments and international monetary authorities are exempt from this part for the portion of any reportable position they control that is held at the Federal Reserve Bank of New York.

(c) Notwithstanding paragraph (a) of this section, Federal Reserve Banks are exempt from this part for the portion of any reportable position they control for their own account.

(d) Notwithstanding the definition of recently-issued, the Department reserves the right to collect large position information on Treasury security issues that are older than those specified, provided that such action is consistent

³⁵ See *supra* note 5.