

REPORT TO THE SECRETARY OF THE TREASURY  
FROM THE  
TREASURY ADVISORY COMMITTEE  
OF THE  
BOND MARKET ASSOCIATION

July 31, 2001

Dear Mr. Secretary:

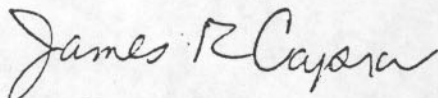
Since the Committee's last meeting in May, ...

Recently, the Treasury released for comment in the *Federal Register* an Advanced Notice of Proposed Rulemaking (ANPR) regarding the so-called 35 percent rule and net long reporting requirements. In the notice, the Treasury identified a set of five alternatives to the current procedure. (The current procedure states that the sum of a bidder's net long position (NLP) in a security and its auction award must not exceed 35 percent of the total being auctioned. For a reopening, the NLP calculation includes when-issued holdings of the reopened security plus all holdings of the outstanding security.) At the Treasury's request, the Committee reconsidered its prior recommendations on this matter.

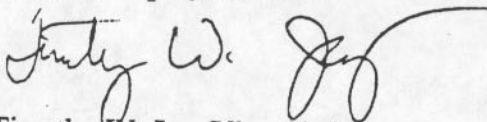
The Committee continues to believe that the preferred alternative is that the 35 percent rule be altered so that the NLP refer only to the bidder's position in the when-issued security. Also, members suggest an explicit statement that the rule apply to positions at the time of auction (usually 1:00 p.m. EST) even if reports are filed prior to the auction.

The Committee continues to believe...

Respectfully submitted,



James R. Capra, Chairman



Timothy W. Jay, Vice Chairman