

MEMO# 25061

April 4, 2011

Treasury Large Position Reporting Rules; Complimentary Workshop on May 13

[25061]

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TO: ACCOUNTING/TREASURERS COMMITTEE No. 4-11
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 18-11
SEC RULES COMMITTEE No. 26-11 RE: TREASURY LARGE POSITION REPORTING RULES;
COMPLIMENTARY WORKSHOP ON MAY 13

From time to time, the U.S. Department of the Treasury calls for reports from institutional investors pursuant to its large position reporting (LPR) rules (17 CFR Part 420). These rules establish recordkeeping and reporting requirements for entities that control large positions in certain Treasury securities. The rules put in place an on-demand reporting system that, in response to a notice by Treasury requesting large position information, requires large position reports to be filed by entities that control a position in a particular Treasury security or securities equaling or exceeding a specified large position threshold.

Treasury Workshop on May 13

ICI members have been invited to a free workshop on Friday, May 13, 2011 at the Federal Reserve Bank of New York, 33 Maiden Lane, 10th Floor Classroom B, New York, NY 10045. The workshop will provide a brief overview of the LPR rules and examples of how certain transactions are treated in the LPR calculation. Information about the workshop, including a registration form, is available at http://www.treasurydirect.gov/instit/statreg/gsareg/gsareg_lprworkshopinfo.htm. To attend, you must register by the close of business on Thursday, May 5.

LPR Process; ICI Involvement

When Treasury decides to call for a large position report, it provides notice by issuing a press release, publishing a notice in the Federal Register, and notifying ICI, The Bond Market Association, and the British Bankers' Association. We have agreed to distribute that

announcement to ICI members by sending an email to members of ICI's SEC Rules Committee, Accounting/Treasurers Committee, and Money Market Funds Advisory Committee.

Thresholds for reportable positions are set by Treasury on a case-by-case basis at \$2 billion or more. There are specific provisions in the LPR rules for determining whether an entity has a reportable position, including provisions on affiliations and aggregation. In general, advisers are required to aggregate positions over which they have control (defined in the rule as "the authority to exercise investment discretion over the purchase, sale, retention or financing of the Treasury securities").

Entities with reportable positions are given little time to make the reports. Large position reports must be received by the Federal Reserve Bank of New York before noon Eastern time on the fourth business day after the issuance of the Treasury press release calling for large position information. The actual date on which reports are due will be provided in the press release.

For a set of frequently asked questions about the reporting requirement, see http://www.treasurydirect.gov/instit/statreg/gsareg/gsareg_gsrlprfq.htm.

ICI Members Encouraged to Sign Up on the LPR Distribution List

An electronic mailing list for notifications of calls for large position reports is available at <http://www.treasurydirect.gov/maillist/maillist.htm>. Anyone signing up on this list will receive e-mail notifications of Treasury calls for large position reports.

Although we will endeavor to send an email to the Committees as soon as possible after receiving an LPR notice from Treasury, we encourage any ICI member that is likely to have reportable positions in Treasury securities to sign up on this list and receive LPR notices directly from Treasury.

Robert C. Grohowski
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Securities Regulation - Investment Companies

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