

MEMO# 6650

February 13, 1995

TREASURY DEPARTMENT CONSIDERS REQUIREMENTS FOR HOLDERS OF LARGE POSITIONS OF TREASURY SECURITIES

February 13, 1995 TO: INVESTMENT ADVISERS COMMITTEE No. 12-95 INVESTMENT ISSUES COMMITTEE No. 1-95 MONEY MARKET FUNDS AD HOC COMMITTEE No. 1-95 SEC RULES COMMITTEE No. 21-95 RE: TREASURY DEPARTMENT CONSIDERS REQUIREMENTS FOR HOLDERS OF LARGE POSITIONS OF TREASURY SECURITIES

The Department of the Treasury has issued an advance notice of proposed rulemaking (ANPR) announcing its intention to issue rules to require persons holding, maintaining or controlling large positions in to-be-issued or recently issued Treasury securities to keep records and file reports of such large positions. Attached is a copy of the ANPR. The ANPR does not include a specific proposal. Instead, Treasury requests input on the following general issues: (1) which persons should be covered by the rules; (2) the size and types of positions that should be reported; and (3) the form, manner and timing of reporting. In addition, Treasury solicits input on certain specific issues that would impact investment companies and investment advisers. These issues include (1) whether there should be aggregation rules for affiliated entities, and, if so, whether there should be an exception for affiliates that cannot or do not share information (in this regard, the ANPR specifically asks how different funds within a mutual fund family should be treated), and (2) how "control" should be defined for these purposes (e.g., is control evidenced by beneficial ownership, investment discretion, custody or any combination of the three?). Comments on the issues raised in the ANPR are due to Treasury by April 24, 1995. Please provide me with your comments on those issues by March 10, 1995. My direct number is 202/326-5824 and the fax number is 202/326-5827. Amy B.R. Lancellotta Associate Counsel Attachment