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

November 2, 1999

Dear Mr. Secretary:

The Committee's overriding view is that within the context of sound debt management practices, savings to the Treasury from debt buy backs would best be served by a framework that gives the Treasury maximum flexibility. It is in the Treasury's interest to give global investors the opportunity to assess their potential participation in the purchase program, but the Committee expressed a preference for a relatively short lead time between the announcement and the submission of offerings, not unlike the process for a Federal Reserve coupon pass. The buy back operation would optimally be conducted in New York morning hours, in order to enhance the participation rate of overseas holders of Treasury securities. We believe that investor participation would additionally be enhanced by extending settlement to T + 3, the corporate settlement standard. The Committee believes that the Treasury should request offerings in specific maturity ranges, but not for specific securities or CUSIPs. The Treasury could then purchase securities that best satisfied its debt management and savings objectives at that time. The Committee also felt that there was no reason to state a limit on the specific amount of any given security that the Treasury can purchase. The Committee believes that while it is important to clearly state the rules for the program at the earliest possible date, the rules should give the Treasury maximum flexibility in its execution of the program.

Respectfully submitted,

K de Regt

Kenneth M. deRegt