

JONES HALL,
A PROFESSIONAL LAW CORPORATION

DESCRIPTION OF
FINAL SLGS REGULATIONS
(U.S. Treasury Securities -- State and Local Government Series)

November 1, 1996

JONES HALL,

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**DESCRIPTION OF
FINAL SLGS REGULATIONS**

I. INTRODUCTION

On October 21, 1996, the Bureau of the Public Debt of the United States Treasury Department issued final regulations relating to United States Treasury Securities -- State and Local Government Series ("SLGS").¹ The regulations are effective for SLGS subscriptions received by the Bureau of the Public Debt on or after October 28, 1996.²

In general, the SLGS program established by the regulations is flexible, simple and similar to investment in open market federal securities without the fair market value requirement but with an interest cost of five basis points above the Treasury borrowing rate.

II. DESCRIPTION OF SLGS PROGRAM

A. General Information

1. Types of SLGS. SLGS are issued as time deposit certificates of indebtedness, notes and bonds, and as demand deposit certificates.³

2. Eligible Purchasers. SLGS are offered to government bodies that are issuers of tax-exempt bonds⁴ (but note below the permitted application of certain penalty provisions upon conduit borrowers⁵).

3. Source of Investment. SLGS may be purchased with gross proceeds of tax-exempt bonds or any other amounts which assist an issuer in complying with requirements for tax-exemption.⁶ (Investment, therefore, is not limited to gross proceeds or other amounts subject to yield restrictions or to the rebate requirement.)

4. Form. SLGS are issued in book-entry form on the books of the Department of the Treasury, Bureau of the Public Debt, Parkersburg, West Virginia.⁷

5. Transfer. Transfer of SLGS is not permitted--whether by sale, exchange, assignment, pledge or otherwise.⁸ Moreover, time deposit SLGS may not be transferred for other time deposit SLGS or for demand deposit SLGS, and demand deposit SLGS may not be transferred for other demand deposit SLGS or for time deposit SLGS.⁹

6. Suspension of Program. The Department of the Treasury may suspend or change the terms of the SLGS regulations at any time the Secretary determines that issuance of US Treasury obligations cannot be made without exceeding the statutory debt limit.¹⁰

B. Subscriptions In General

1. In General. Time deposit SLGS are purchased through a subscription process consisting of an initial subscription and a final subscription¹¹ (except that an initial subscription is not required and only a final subscription need be submitted if the final

subscription is submitted at the time required for submission of an initial subscription¹²). Demand deposit SLGS require only a single subscription.¹³

2. Timing. Subscription for time deposit and demand deposit SLGS must be received by the Bureau of the Public Debt

- for subscriptions of \$10 million or less, at least 5 calendar days before the issue date of the SLGS (e.g., by March 11 if the SLGS issue date is March 16), and
- for subscriptions of over \$10 million, at least 7 calendar days before the issue date of the SLGS (e.g., March 9 if the SLGS issue date is March 16), and
- in no event before 60 days prior to the issue date.¹⁴

3. Authority of Subscriber; Evidence. Subscriptions may be submitted directly by a government body or through an agent.¹⁵ If the subscriber is a commercial bank, it must certify that it is acting under the specific authorization of the purchasing government body, but usually evidence of that authorization will not be required.¹⁶

If, however, the subscription is submitted by an agent other than a commercial bank, the subscription must be accompanied by evidence of that agent's authority to subscribe and will not be accepted if that evidence is not provided.¹⁷ The evidence must relate to the investment being made and must describe (i) the nature and scope of the agent's authorization, and (ii) the legal authority under which the agent was designated.¹⁸

4. Address. Subscriptions for both time deposit SLGS and demand deposit SLGS may be submitted

- by fax to the Division of Special Investments, Bureau of the Public Debt at (304) 480-6818¹⁹ (but in that event, for time deposit SLGS, the original document must be received by Public Debt no later than the issue date of the SLGS²⁰, and for demand deposit SLGS, the original document must be received by Public Debt no later than 3:00 p.m., Eastern time, on the issue date of the SLG²¹),
- by certified or registered mail to the Division of Special Investments, Bureau of the Public Debt at P.O. Box 396, Parkersburg, WV 26102-0396, or
- by other carrier to the Division of Special Investments, Bureau of the Public Debt at P.O. Box 396, Parkersburg, WV 26102-0396.²²

5. Payment for SLGS. Full payment for subscribed SLGS must be submitted by the Fedwire funds transfer system with credit directed to the Treasury's General Account, by 3:00 p.m., Eastern Time, on the issue date.²³

6. Rejection, Refusal and Revocation. The Secretary of the Treasury may (i) reject any application for purchase, (ii) refuse to issue SLGS in any case, or classes of cases, or (iii) if the Secretary deems such action to be in the public interest, and if the SLGS were issued on the basis of an improper certification or other misrepresentation by the subscriber (excluding inadvertent error), revoke SLGS once issued and declare the subscriber ineligible thereafter to

subscribe.²⁴ The Secretary may also waive provisions of the regulations under general authority of the Secretary to waive regulatory provisions.²⁵

7. Penalty for Noncompliance; Waiver. If a government body submits a subscription and does not settle or cancel on a timely basis, then the government body is ineligible to subscribe for SLGS for a period of six months, beginning on the date the subscription is withdrawn or the proposed issue date of the SLGS, whichever occurs first.²⁶ This six-month penalty, however, may be imposed on a conduit borrower that is the actual party failing to settle if the Tax Identification Number of the conduit borrower is provided.²⁷

The six-month penalty may be waived by the Division of Special Investments of the Bureau of the Public Debt under general waiver authority²⁸ and if such waiver occurs and settlement of the subscription later occurs after the originally proposed SLGS issue date, the government body is subject to a late payment assessment equal to the amount of interest that accrued on the SLGS from the proposed issue date to the actual settlement date, plus an administrative fee of \$100 per subscription (which amounts are due on demand).²⁹

C. Time Deposit SLGS.

1. Denominations. Time deposit SLGS are issued in a minimum amount of \$1,000 or any larger amount in increments of not less than \$1.00.³⁰

2. Maturities. Time deposit SLGS are issued, with maturities fixed by the government body,³¹ as

- certificates of indebtedness with maturities from 30 days (15 days in the case of certificates that bear no interest) to one year or less;³²
- notes with maturities from more than one year to 10 years or less; or³³
- bonds with maturities from more than 10 years to 40 years (except that for bonds exceeding 30 years, the maximum available interest rate is the rate on a 30-year bond).³⁴

3. Interest Rates. Interest rates on time deposit SLGS are fixed by the government body, except that they may not exceed the maximum permitted interest rates.³⁵ The maximum interest rates are five basis points below the then current estimated Treasury borrowing rate for a Treasury security of comparable maturity and are provided daily in a SLGS securities rate table released by the Department of the Treasury to the public by 10:00 a.m., Eastern time, each business day (and if not so released, the rates for the prior business day apply).³⁶

The rate table can be obtained:

- in the Commerce Department's Economic Bulletin Board;
- by contacting the Division of Special Investment's automated fax at (304) 480-7548;
- by calling the Division of Special Investments at (314) 480-7752; or
- on the Internet at <ftp://ftp.publicdebt.treas.gov/secrate/txt>.³⁷

The SLGS interest rate that applies to the subscription is the rate that is in effect on the date the subscription is faxed or postmarked if the subscription is received on or before the five/seven day notice period.³⁸ "It is the responsibility of the sender of a faxed subscription to confirm its receipt."³⁹

4. Interest Computation and Payment Dates. For time deposit certificates of indebtedness, interest is computed on an annual basis and paid at maturity, with principal⁴⁰ and interest for other than a full semiannual period computed on the basis of a 365-day year or, in the case of leap years, a 366-day year.⁴¹

For time deposit notes and bonds, interest is paid semiannually, commencing with the first interest payment date specified by the government body, which date must be between 30 days and one year of the date of issue, with the final interest payment date to coincide with the maturity date of the note,⁴² and interest for other than a full semiannual interest period is computed on the basis of the exact number of days in the half-year.⁴³

5. Issue Date. The issue date for time deposit SLGS is fixed by the subscriber in the initial subscription and must be a business day not more than 60 days after the date the initial subscription is received by the Bureau of the Public Debt.⁴⁴

6. Subscriptions for Time Deposit SLGS

a. Initial subscriptions.

Form. An initial subscription may be submitted on a designated Treasury form⁴⁵ (forms available prior to the final regulations should continue to be used with obsolete parts lined out until new forms are available⁴⁶) or in letter form reading substantially as set forth in Exhibit A attached to this Description.⁴⁷

Amendment. An initial subscription may be amended no later than 3:00 p.m., Eastern time, on the SLGS issue date by faxing a notice of amendment to the Bureau of the Public Debt at (304) 480-6818 if the amendment is immediately followed by the submission, by mail or other carrier, of written notification.⁴⁸ The Division of Special Investments may waive the time for submission of an amendment and, in such case, the amended information is used as the basis for issuing the SLGS and an administrative fee of \$100 per subscription will be assessed and is due on demand.⁴⁹ The following limitations are placed upon amendments:

- The SLGS issue date cannot be changed to require issuance earlier than originally specified, but can be changed to request issuance up to 7 days after the original issue date (in which event, notice of amendment should be provided to the Bureau of the Public Debt no later than 3:00 p.m., Eastern time, at least one business day before the originally specified date).⁵⁰
- The aggregate amount cannot be changed by more than the greater of \$10 million or ten percent above or below the aggregate principal amount specified in the initial subscription.⁵¹
- An interest rate cannot be changed to a rate in excess of the maximum interest rate in the table in effect for SLGS of comparable maturity on the date the initial subscription was submitted.⁵²

Cancellation. An initial subscription may be canceled without penalty

- for subscriptions of \$10 million or less, prior to the fifth calendar day before the issue date of the SLGS (but if that fifth date is a non-business day, then the cancellation must occur on the preceding business day), and
- for subscriptions of over \$10 million, prior to the seventh calendar day before the issue date of the SLGS.⁵³

b. Final subscriptions

Timing. A final subscription must be received by the Bureau of the Public Debt no later than 3:00 p.m., Eastern time, on the issue date and may be faxed to the Bureau at (304) 480-6818 if the fax is identified as a final subscription and immediately followed by submission of the original subscription form by mail or other carrier.⁵⁴

Amount. The final subscription must be for a principal amount no more than the greater of either \$10 million or ten percent above or below the principal amount specified in the initial subscription.⁵⁵

Form. The final subscription must

- (i) be dated and signed by an authorized official,
- (ii) set forth the Taxpayer Identification Number of the government body,
- (iii) be accompanied by a copy of the initial subscription (unless no initial subscription was filed, as referenced above),
- (iv) specify the maturities, interest rates, interest payment dates (for notes and bonds only) separately for certificates of indebtedness, bonds and notes,
- (v) set forth the titles of the designated officials authorized to request early redemption, and
- (vi) contain a statement that none of the proceeds submitted in payment is derived (directly or indirectly) from the redemption before maturity of other SLGS subscribed for on or before December 27, 1976.⁵⁶

7. Payment for Subscription. Payment by the Treasury Department to the subscriber of principal and interest on SLGS is made by the "Automated Clearing House method" (through selected federal reserve banks and branches⁵⁷) for the owner's account at a financial institution designated by the owner, except that the Department of the Treasury may use another method in any case or class of cases "where operational considerations necessitate such action."⁵⁸

8. Redemption Prior to Maturity

a. Timing. SLGS may not be redeemed by the Treasury Department in advance of maturity,⁵⁹ but may be redeemed in advance of maturity by the government body that is the owner of the SLGS,

- in the case of certificates of indebtedness having a maturity of 30 or more days after the issue date, no earlier than 25 days after the issue date,
- in the case of zero interest rate certificates of indebtedness having a maturity of 15 to 29 days after the issue date, no earlier than 15 days after the issue date, and
- in the case of notes and bonds, no earlier than 30 days after the issue date.⁶⁰

b. Amount. SLGS may be redeemed in whole or in part in any amount except that an account balance of less than \$1,000 must be redeemed in whole.⁶¹

c. Notice. Notice of redemption must be received by the Bureau of the Public Debt not less than 10, nor more than 60, days before the requested redemption date.⁶² The notice must be submitted by the official indicated on the final subscription form as authorized to redeem SLGS and show the account number, the maturities of the SLGS to be redeemed and the Tax Identification Number of the government body.⁶³ Notice of redemption must be submitted (on a Treasury form or by letter) to the Division of Special Investments, Bureau of the Public Debt, 200 Third Street, P.O. Box 396, Parkersburg, WV 26102-0396.⁶⁴

A notice of redemption may not be canceled.⁶⁵

d. Redemption proceeds. The amount of redemption proceeds is dependent upon whether the initial subscription was made (i) on or after October 28, 1996 ("Post-1996 SLGS"),⁶⁶ (ii) from September 1, 1989 through October 27, 1996 ("1989/96 SLGS"),⁶⁷ (iii) from December 28, 1976, through August 31, 1989 ("1976/89 SLGS"),⁶⁸ or (iv) on or before December 27, 1976 ("1976 SLGS").⁶⁹

Post-1996 SLGS. Redemption proceeds equal interest to the redemption date plus an amount equal to remaining principal and interest to maturity discounted by the current Treasury borrowing rate for the remaining term to maturity (*i.e.*, the interest rate for the SLGS maturing on the redemption date plus five basis points).⁷⁰ Thus a premium or discount may result from redemption.⁷¹

1989/96 SLGS. Redemption proceeds equal interest to the redemption date plus the principal of the redeemed SLGS less a market charge equal to the present value (using the current Treasury borrowing rate as the discount factor) of the excess (if any) of the annual current Treasury borrowing rate (*i.e.*, interest rate for SLGS for the redemption date plus five basis points) for each interest period, over the interest rate on the security being redeemed.⁷² A discount may result from this redemption formula, but a premium will not.⁷³

1976/89 SLGS. Redemption proceeds equal principal less the market charge referenced above for 1989/96 SLGS less an amount equal to overpaid interest (*i.e.*, the difference between the interest actually paid on the security and the amount that would have been paid had the security borne interest at the rate of the shorter maturity to redemption, plus interest on the overpaid interest at .125% above the interest rate for the shorter term).⁷⁴ Interest to the redemption date will not be paid.⁷⁵

1976 SLGS. Redemption proceeds equal principal less overpaid interest as referenced above for 1976/89 SLGS less a penalty equal to the lesser of .125% times the

number of months from the issue date to the original maturity divided by the number of months from the issue date to the redemption date or .25%.⁷⁶

e. Payment on redemption. Payment by the federal government for redemption of SLGS prior to maturity is made by Fedwire.⁷⁷

D. Demand Deposit SLGS.

1. Description. Demand deposit SLGS are one-day certificates of indebtedness, and are automatically rolled over each day unless redemption is requested (see below).⁷⁸ Interest is accrued, added to the daily balance⁷⁹ and thus reinvested daily until redemption.⁸⁰

2. Issue Date. The issue date is fixed by the subscriber but, in the case of subscriptions of \$10 million or less, must be at least five calendar days after receipt of the subscription by the Division and, in the case of subscriptions of more than \$10 million, must be at least seven calendar days after receipt of the subscription by the Division.⁸¹

3. Denominations. The minimum amount permitted to be subscribed for is \$1,000.⁸² For demand deposit securities, any increment above \$1,000 is permitted (*i.e.*, without regard to whether it is divisible by \$1.00).⁸³

4. Interest Rate. Demand deposit SLGS bear interest at a variable rate based upon an adjustment of the average yield for 3-month Treasury bills at the most recent auction,⁸⁴ as set forth in the SLGS rate table (see above regarding availability of SLGS rate tables for time deposit securities).⁸⁵ The formula for computing the annualized effective demand deposit rate in decimals is specified in the regulations.⁸⁶

5. Subscription

a. Form. Only a single subscription filing is required for demand deposit SLGS. The subscription must be submitted on a designated Treasury form signed by an official authorized to make the purchase and must state (i) the principal amount to be invested and (ii) the issue date of the SLGS.⁸⁷

b. Amendment. The principal amount of the subscription may be changed no later than 1:00 p.m., Eastern time, on the SLGS issue date if the request is identified as an amendment and immediately followed by the mail or other carrier submission of written notification. The Division of Special Investments may waive the notice period (subject to an administrative fee of \$100 per subscription payable on demand).⁸⁸

6. Redemption (Payment)

a. Timing. A subscriber may redeem a demand deposit SLGS in whole or in part, in any amount (except that an account balance of less than \$1,000 must be redeemed in whole) by filing a notice of redemption that is received by the Division of Special Investments at least 1:00 p.m., Eastern time, one business day before the requested redemption date for redemptions of \$10 million or less and three business days before redemption for redemptions of more than \$10 million.⁸⁹

b. Authorized official. The redemption notice must be submitted by the official indicated on the subscription form as authorized to redeem SLGS and show the account number and the Tax Identification Number of the government body.⁹⁰

c. Notice address. Notice of redemption must be submitted (on a Treasury form or by letter) to the Division of Special Investments, Bureau of the Public Debt, 200 Third Street, P.O. Box 396, Parkersburg, WV 26102-0396 and may be submitted by fax at (304) 480-6818, by mail or by other carrier.⁹¹

d. Payment. Payment by the Treasury to the subscriber is made on the redemption date by Fedwire.⁹²

7. Adjustment of Demand Deposit Form upon Closing of the SLGS Window. At any time the Secretary determines that issuance of US Treasury obligations cannot be made without exceeding the statutory debt limit, the Department of the Treasury may invest amounts held as representing demand deposit securities in special ninety-day certificates of indebtedness that, at the option of the owner, are payable at maturity (but redeemable before maturity if funds are available) or reinvested in demand deposit securities when Treasury borrowing operations resume.⁹³

Funds invested in the special certificates earn simple interest equal to the daily factor in effect when the demand deposit security issuance was suspended, multiplied by the number of days outstanding.⁹⁴

E. Special Zero Interest SLGS.

The special zero interest SLGS program (as distinguished from time deposit SLGS that bear interest at 0%) is terminated.⁹⁵ The final regulations, however, describe redemption procedures for any special zero interest SLGS that remain outstanding.⁹⁶

III. CHANGES FROM PROPOSED REGULATIONS

The final regulations differ (except for grammatical references) from the proposed regulations in the following eight respects:

(1) Conditions of Revocation. The provisions of the original regulations regarding revocation have been restored from the more onerous revocation provisions of the proposed regulations. Thus, as noted above, revocation of SLGS once received is permitted if a security is issued on the basis of an improper certification or other misrepresentation by the subscriber (excluding inadvertent errors) but only if the Secretary of the Treasury deems such action to be in the public interest.

(2) Permitted Funds. The provisions relating to permitted funds for investments have been clarified. As noted above, under the final regulations SLGS may be purchased with the gross proceeds of tax-exempt bonds or with "any other amounts which assist an issuer of tax-exempt bonds in complying with applicable provisions of the Internal Revenue Code relating to such tax exemption."

(3) Penalty Permitted to be Imposed on Conduit Borrower. Under existing regulations, if a government body fails to make settlement on, or to cancel, a subscription once submitted, then the government body is ineligible to subscribe for SLGS for a period of six months. As referenced above, the final regulations permit the government body to shift this penalty to a conduit borrower that is the actual party failing to make settlement.

(4) Maximum Maturity. The final regulations permit a maximum maturity of 40 (rather than 30) years, and, in that case, the maximum available rate for the 40 year SLGS is the 30-year rate.

(5) SLGS Interest Rate Locations. The final regulations provide that interest rates are available on the Internet (as well as existing locations).

(6) "Locking In" of SLGS Rates. In response to concerns that interest rate unpredictability arises from the "receipt date" rule (under which the subscription is effective on receipt by the Bureau, rather than on the postmark date where a subscription is mailed), the final regulations provide that SLGS rate may be locked in on the date of the postmark if the subscription is actually received on or before the five/seven day notice period specified in the regulations.

(7) Modification of Initial Subscription. The final regulations permit the aggregate amount of a SLGS initial subscription to be changed in the final subscription by no more than the greater of either \$10 million or ten percent above or below the principal amount specified in the initial subscription. (The \$10 million reference was not included in the proposed regulations.)

(8) Redemption Value Formula. For SLGS subscribed for on or after October 28, 1996, the redemption value formula is modified (as referenced above) so as to permit either premium or discount to be paid to the issuer in the case of early redemption.

November 1, 1996

All § references are to sections of 31 CFR Part 344. The term "Preamble" refers to the preamble to the final regulations released October 21, 1996.

¹ Department of Treasury Circular, Public Debt Series No. 3-72, providing for amendments to 31 CFR Part 344.

² Preamble "Effective Date."

³ §344.0(a).

⁴ *Id.*

⁵ See B7 ("Penalty for Noncompliance") below.

⁶ §344.0(a).

⁷ §344.1(b).

⁸ §344.1(c).

⁹ *Id.* Presumably this means that if transfer is desired, it must be accomplished through redemption and purchase.

¹⁰ §344.1(g).

¹¹ §344.3(a).

¹² §344.3(b)(4).

¹³ §344.7(a).

¹⁴ §§344.1(j), 344.3(b)(1) and 344.7(a).

¹⁵ §344.1(e).

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ §§344.3(a) and 344.7(a).

20 §344.3(b)(1). (Note, however, that representatives of the Bureau of the Public Debt have indicated orally that a written follow-up of a faxed initial subscription is not required, though presumably that conclusion results from the fact that only final subscriptions for time deposit SLGS need actually be filed, as referenced in B1. Essentially, the faxing of an initial subscription for time deposit SLGS is solely for the purpose of preserving interest rates on a date certain, as referenced in C3, third paragraph.)

21 §344.7(a).

22 §§344.3(a) and 344.7(a).

23 §344.4(a) and 344.8(a). Note that the first cited section (relating to time deposit SLGS) states that full payment should be "submitted" by 3:00 p.m. to ensure settlement on the issue date, while the second cited section (relating to demand deposit SLGS) states that full payment should be "received" by 3:00 p.m. to ensure settlement on the issuer date.

24 §344.1(f)(1) - (3).

25 §344.1(f). Waiver provisions are set forth in 31 CFR 306.126. This section reads as follows:

306.126 *Waiver of regulations.* The Secretary of the Treasury reserves the right, in his discretion, to waive or modify any provision or provisions of these regulations in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and he is satisfied that such action would not subject the United States to any substantial expense or liability.

26 §344.1(h).

27 *Id.*

28 See footnote 25.

29 *Id.*

30 §344.0(c).

31 §344.2(a).

32 §344.2(a)(1).

33 §344.2(a)(2).

34 §344.2(a)(3).

35 §344.2(b).

36 *Id.*

37 *Id.*

38 §344.3(b)(1).

39 *Id.*

40 §344.2(c)(1).

41 *Id.*

42 *Id.*

43 *Id.*

44 §344.4(a).

45 §344.3(b)(1).

46 Preamble "Effective Date."

47 §344.3(b)(1).

48 §344.3(b)(3).

49 §344.3(b)(3)(iv). The general waiver rules apply. See footnote 25 above.

50 §344.3(b)(3)(i).

51 §344.3(b)(3)(ii).

52 §344.3(b)(3)(iii).

53 §344.3(b)(1).

54 §344.3(c).

55 *Id.*

56 *Id.*

57 §344.1(d).

58 §344.2(c)(2).
59 §344.1(i).
60 §344.5(a)(1).
61 *Id.*
62 §344.5(a)(2).
63 *Id.*
64 *Id.*
65 *Id.*
66 §344.5(a)(3).
67 §344.5(a)(4).
68 §344.5(a)(5).
69 §344.5(a)(6).
70 §344.5(a)(3). Formulas and examples are set forth in Appendix B to the regulations.
71 *Id.*
72 §344.5(a)(4). Formulas and examples are set forth in Appendix A to the regulations.
73 *Id.*
74 §344.5(a)(5).
75 *Id.*
76 §344.5(a)(6).
77 §344.2(c)(2).
78 §344.6(a).
79 §344.6(b)(1).
80 §344.6(c).
81 §344.8.
82 §344.0(c).
83 *Id.*
84 §344.6(b)(1).
85 *Id.* See C3 above.
86 §344.6(b)(2).
87 §344.7(a).
88 §344.7(b).
89 §344.9(a) and (b).
90 §344.9(b).
91 *Id.*
92 §344.9(a).
93 §344.6(c).
94 *Id.*
95 §344.10.
96 §344.11.

EXHIBIT A

**LETTER FORM OF INITIAL SUBSCRIPTION FOR
TIME DEPOSIT SLGS**

To: Bureau of the Public Debt

Pursuant to the provisions of Department of the Treasury Circular, Public Debt Series No. 3-72, current revision, the undersigned hereby subscribes for United States Treasury Time Deposit Securities -- State and Local Government Series, issued as entries on the books of the Bureau of the Public Debt, Department of the Treasury, in the total amount and with the issue date shown below, which date is at least five/seven days after the date of this subscription:

Principal Amount: \$ _____

Issue Date: _____

The undersigned agrees the final subscription and payment will be submitted on or before the issue date.

(Set forth Tax Identification Number of state or local government body eligible to purchase State and Local Government Series securities)

(Set forth Name of state or local government body eligible to purchase State and Local Government Series securities)

(Date)

by _____
(Signature and Title)