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VIA FEDERAL EXPRESS

December 30, 1997

Mr. William W. Wiles  
Secretary  
Board of Governors of the Federal Reserve System  
20th and C Streets, N.W.  
Washington, DC 20551

**RE: Proposed Agency Information Collection for Government Securities Dealers Reports, OMB Control Number 7100-0003**

Dear Mr. Wiles:

The Bond Market Association ("The Association")<sup>1</sup> is pleased to submit its comments in response to the above-referenced proposed revisions to the Government Securities Dealer Reports ("FR 2004 Reports") by the Board of Governors of the Federal Reserve System ("FRB").

The collection and dissemination of timely, accurate, and useful data are important components of the efficient functioning of the U.S. government and federal agency securities markets. As the collective voice of the primary dealers in U.S. government securities and dealers in federal agency securities (the "dealers"), The Association has consistently provided input on, and continues to take an active interest in making, improvements to the FRB's data collection and dissemination with respect to such securities. Accordingly, The Association strongly supports the proposed revisions to the FR 2004 A and B Reports, particularly with respect to federal agency securities, and is grateful for the opportunity to comment on these proposals.

**I. Federal Agency Securities Data**

As previously communicated to the Federal Reserve Bank of New York, Markets Division ("FRBNY") in March 1997, the results of a survey conducted by The Association of the primary dealers showed there was a strong consensus among dealers for the FR 2004 Reports to contain several maturity categories for federal agency securities rather than a single category as currently presented. Specifically, The Association requested on behalf of the dealers that federal agency securities be broken down on the FR 2004 A and B Reports as (i) discount notes; (ii) coupons up to one year; (iii) coupons of more than one year and up to five years; and (iv) coupons of more than five years. The Association is particularly pleased the FRB responded favorably to The Association's request by proposing that the FR 2004 Reports be revised exactly in the manner desired by the dealer community.

The Association believes that the FRB's proposals are timely and of mutual benefit to the FRBNY and the dealer community. The proposals are timely because, as the FRB is aware, the market activity for federal agency securities has expanded greatly (particularly in the last year) since the FR 2004 Reports were last revised in July 1994. As a result, market share data for different maturity categories has become essential. The Association also believes that including the additional data is of mutual benefit to the FRBNY and the dealer community because such data will assist the FRBNY in its oversight role of the market and will provide dealers with much more useful information for analyzing transaction flows within various maturity sectors. Dealers strongly believe that categorization by maturity sectors also enables them to evaluate their performance within those sectors and set internal performance goals.

The dealers recognize that in order to receive more detailed market share information from the FRBNY, it will be necessary for them to regularly provide more detailed information on their FR 2004 Reports. Accordingly, dealers have consistently indicated to The Association and the FRBNY that any additional effort required to report transaction and position information for several maturities of federal agency securities would be far outweighed by the benefits of receiving more detailed market share data. The Association would like to reiterate to the FRB that the dealer community is willing and able to provide this additional data on federal agency securities at the end of January 1998, as desired by the FRB.

## **II. Treasury Inflation-Indexed Securities Data**

The Association believes that the proposal for separately reporting Treasury Inflation-Indexed Securities ("TIIS") positions and transaction volumes will be very useful for both dealers and the FRBNY in assessing the trends and market activities of this new security. Because the market for TIIS may develop trading and distribution dynamics that differ from those of other Treasury coupon securities, The Association concurs with the FRB that monitoring the development of this market is essential, given the Treasury's commitment to issue these securities and their potential future market growth.

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Again, The Bond Market Association appreciates the opportunity to comment on the proposals. Should you have any questions or desire clarification regarding any of the foregoing, please contact of the undersigned at 212.440.9431 or Eileen McCarthy Neiman, Senior Regulatory Policy Analyst, at 212.440.9458.

Sincerely,

Paula H. Simpkins  
Vice President and  
Assistant General Counsel

cc: Alexander T. Hunt, Office of Information and Regulatory Affairs, *Office of Management and Budget*

Deborah A. Perelmuter, *Federal Reserve Bank of New York*

Members of the Primary Dealers Executive Committee

Members of the Primary Dealers Committee

Members of the Federal Agency Committee

Legal and Regulatory Staff of *The Bond Market Association*

1 The Bond Market Association (formerly PSA The Bond Market Trade Association or "PSA") represents securities firms and banks that underwrite, distribute and trade a wide range of debt securities, both domestically and internationally. Additional information about The Association is available from our Internet website at [www.bondmarkets.com](http://www.bondmarkets.com).