
PUBLIC DEBT NEWS

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CONTACT: Office of Financing
(202) 691-3550

NET LONG POSITION REPORTING RULE CHANGE

Beginning with the 13-week and 26-week bill auctions being held today, a bidder must report its net long position (NLP) if, in the security being auctioned, the bidder's net long position plus its bids in the auction meet or exceed a specific dollar-amount threshold. Previously, the NLP reporting thresholds were \$1 billion dollars for bill auctions and \$2 billion for note and bond auctions. The new threshold for each auction will be 35% of the offering amount.

For example, the reporting threshold for an offering of \$20 billion will be \$7 billion ($\$20,000,000,000 \times .35$). The NLP reporting thresholds for today's auctions are \$4,900 million for the 13-week auction and \$5,600 million for the 26-week auction respectively. The threshold amount for each auction, which will be called the "NLP Reporting Threshold," will be shown in the highlights of the auction announcement. If the sum of a bidder's bids meets or exceeds the NLP reporting threshold, but the bidder has no position or a short position, the bidder must report an NLP of zero (0). On November 12, 2002, an amendment to Section 356.13(a) of the Uniform Offering Circular was published to reflect this change in the Treasury's auction rules, effective December 12, 2002.

In November 2001, Treasury's auction rules were amended to allow bidders to take an optional exclusion from the amount of their holdings of an outstanding security when calculating their NLP. This NLP exclusion rule applies to all auctions of reopened securities, but not to auctions of original issue securities. When it applies, the NLP exclusion amount is shown in the highlights of the auction announcement. The NLP exclusion rule, to be found in Section 356.13(b) of the Uniform Offering Circular, is not affected by the rule change regarding the NLP reporting threshold.

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