



Guidelines for Handling Information Related to Treasury Securities Auctions

Treasury's Uniform Offering Circular sets out various terms and conditions for the sale and issuance of marketable Treasury securities in an auction to the public, including the terms and conditions for a participant's submission of bids for its own account(s), for customer accounts, or both. The offering circular itself does not provide general direction regarding the manner in which information relating to Treasury auctions should be handled. Treasury auctions involve a wide variety of participants and, therefore, different practices for handling auction-related information exist.

In addition to its prior guidance, Treasury is providing participants in competitive auctions with these guidelines to encourage the establishment of clear information-handling policies, disclosure practices, and internal control programs. While not prescribing a particular approach for handling auction-related information, Treasury believes that these guidelines will increase transparency about how information is handled and support the fairness and integrity of the Treasury auction process for the benefit of all participants and the U.S. taxpayer. The integrity of Treasury's auction process is critical to financing the U.S. government and maintaining confidence in global financial markets. Treasury expects auction participants to maintain the highest standards in their market practices and to comply with all relevant laws and regulations, including Treasury's auction rules.

INFORMATION HANDLING POLICIES

Participants in competitive auctions should adopt written policies that address the handling of information related to participation in Treasury auctions or investment strategies regarding Treasury securities to be auctioned. These policies should address:

- a. What constitutes Treasury auction-related information. Such information may encompass proprietary or confidential information, including information that is aggregated or anonymized. For example:
 - Competitive bid yields, prices, discount rates, discount margins, and bid amounts;
 - Existing positions, including the net long position, or positions inferred from secondary market transactions; and
 - Bids and offers in when-issued trading or other Treasury and related instruments, such as Treasury futures and other Treasury derivatives.
- b. If, how, and in what form, such information is aggregated or anonymized;
- c. Whether such information may be shared internally or externally, and if so, with whom, when, and in what form and method it is shared;
- d. How, and to what extent, such information may be used when participating in Treasury auctions. For example, policies should address whether such information can be used in auction bid formation strategies, auction operations (including clearing and settlement information), and/or investment or trading strategies.

DISCLOSURE

A participant's policies for the handling of Treasury auction-related information, including any changes to those policies, should be disclosed in writing to customers on behalf of whom an auction bid (or bids) is submitted.

INTERNAL CONTROL PROGRAM

Participants in competitive auctions should establish a system of internal controls that is designed to ensure Treasury auction-related information is handled in a manner that complies with the established policies. At a minimum, the program should provide a means for reasonably:

- a. Identifying and verifying Treasury auction-related information;
- b. Confirming that appropriate procedures have been used when aggregating or anonymizing Treasury auction-related information;
- c. Ensuring that any internal or external communication of Treasury auction-related information meets the requirements of the established policy;
- d. Ensuring that auction information is used in a manner consistent with the established policy when participating in Treasury auctions;
- e. Ensuring that policies regarding the handling of Treasury auction-related information are disclosed in writing to customers, should auction bids be submitted on behalf of those customers;
- f. Defining actions to be taken in case of disclosure that is inconsistent with the established policy, including a process for notifying affected parties on a timely basis; and
- g. Ensuring that information handling policies, including those regarding the sharing of information, are adequate to comply with all relevant laws and regulations.

REVIEW AND TRAINING

Participants in competitive Treasury auctions should no less than annually:

- a. Review policies for the handling of Treasury auction-related information;
- b. Review or audit internal controls; and
- c. Provide training to those individuals subject to the firm's information handling policies.

Frequently Asked Questions

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Q: Why is Treasury issuing these guidelines for handling information related to Treasury securities auctions?

A: These guidelines reflect Treasury's belief that participants in competitive auctions should adopt clear policies, disclosure practices, and an internal control program for the handling of auction-related information. Treasury's Uniform Offering Circular itself does not provide general direction regarding the manner in which information relating to the Treasury auctions should be handled. Treasury auctions also involve a wide variety of participants and, therefore, different practices for handling auction-related information exist. In addition to its prior guidance, Treasury believes that these guidelines will increase transparency about how information is handled and support the fairness and integrity of the Treasury auction process for the benefit of all participants and the U.S. taxpayer.

Q: Why is Treasury issuing these guidelines for handling information related to Treasury securities auction?

A: Treasury continually strives to enhance the resilience, efficiency, and integrity of the Treasury auction process. These guidelines are a continuation of those efforts.

Q: Why is Treasury providing these guidelines rather than issuing regulations?

A: Treasury auction participants are a diverse group of institutions and individuals (public, private, foreign, and official) and, therefore, different policies across participants for handling auction-related information are appropriate. These guidelines offer auction participants flexibility in establishing appropriate information-handling policies, disclosure practices, and internal control programs.

Q: Are Treasury auction participants required to follow these guidelines?

A: Treasury is not requiring that auction participants adopt these guidelines. However, Treasury encourages participants in competitive auctions to do so.

Q: Who do these guidelines apply to?

A: Treasury encourages all participants in competitive auctions to adopt these guidelines in order to increase transparency and support the fairness and integrity of the Treasury auction process for the benefit of all participants and the U.S. taxpayer.

Q: Does Treasury have specific views about an auction participant sharing its customers' auction-related information or the manner in which such information is used?

A: These guidelines do not offer a particular approach to auction information-handling. However, in addition to its prior guidance, Treasury encourages auction participants that submit a bid (or bids) on behalf of customers, to have disclosed in writing its Treasury auction information handling policies in advance to those customers. Treasury expects auction participants to maintain the highest standards in their market practices and to comply with all relevant laws and regulations.