

**DEPARTMENT OF THE TREASURY**  
***OPERATING CIRCULAR***

**RESPONSIBILITIES RELATING TO  
GOVERNMENT INVESTMENT ACCOUNTS  
AND  
INVESTMENT IN GOVERNMENT ACCOUNT  
SERIES (GAS)  
TREASURY SECURITIES**

**Effective Date: May 31, 2016**

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ACCOUNTS AND  
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(GAS) TREASURY SECURITIES**

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**Chapter 1000  
General information**

**Section 1010 Purpose**

The purpose of this Operating Circular is to communicate the policies and procedures of the Department of the Treasury (Treasury) regarding those particular government accounts on the books of the Treasury that the Secretary of the Treasury (Secretary) has been authorized or directed by law to invest. These accounts are referred to in this Operating Circular as “Government Investment Accounts.” This Operating Circular also describes the responsibilities of Treasury and other federal agencies that have programmatic uses for the amounts in the Government Investment Accounts. The federal agencies that have programmatic responsibility for the Government Investment Accounts are referred to in this Operating Circular as “Program Agencies.”

**Section 1015 Authorities**

Many federal statutes and some treaties have established special accounts on the books of the Treasury, generally to serve as accounting devices for tracking the receipts and disbursements of the particular federal programs authorized. These statutes and treaties generally require the Secretary to transfer specifically identified monies into (i.e., to “fund”) these specially established government accounts.

Certain of these statutes and treaties authorize, and some others require, the Secretary to invest all or portions of the monies in the accounts. Many of the statutes authorizing or requiring investment also expressly authorize the Secretary to issue obligations of the United States (i.e., Treasury securities) directly to these Government Investment Accounts as investments. Chapter 31 of Title 31 of the United States Code generally authorizes the Secretary to issue obligations of the United States to Government Investment Accounts for which statutes expressly authorize investment without specific authorization for the Secretary to issue obligations to the account. Section 3121 of Title 31 of the United States Code also authorizes the Secretary to determine the terms and conditions of the offers and the obligations.

Under these statutes, the Secretary issues obligations of the United States (i.e., Treasury securities) to the Government Investment Accounts as investments.

Section 3513 of Title 31 of the United States Code authorizes the Secretary to develop a coordinated system of accounting and financial reporting and directs each federal agency to give the Secretary of the Treasury such financial reports and information as the Secretary requires in

preparing the required financial reports. Several statutes require the Secretary to prepare reports on the financial operations of the United States Government and of particular Government Investment Accounts.

### **Section 1020 Applicability**

Except as described below in this Section, the provisions of this Operating Circular govern:

- a) the establishment of Government Investment Accounts (see Chapter 2000);
- b) the funding of Government Investment Accounts (see Chapter 3000);
- c) the investment of monies in Government Investment Accounts (see Chapter 4000);
- d) the redemption of investments held in Government Investment Accounts (see Chapter 5000);
- e) the disbursement of monies from Government Investment Accounts (see Chapter 6000);
- f) accounting responsibilities relating to Government Investment Accounts (see Chapter 7000); and
- g) reporting responsibilities relating to Government Investment Accounts (see Chapter 8000).

Specifically, the provisions of this Operating Circular governing the establishment of Government Investment Accounts apply to each new Government Investment Account established after the effective date of this Operating Circular. The provisions of this Operating Circular governing funding, investment, redemption, disbursement, accounting, and reporting activities relating to Government Investment Accounts apply to all such activities occurring after the effective date of this Operating Circular. When a Program Agency submits to Treasury, after the effective date of this Operating Circular, an instruction that Treasury invest any monies in, or redeem any investments held by, a Government Investment Account, that Program Agency is deemed to agree to all of the provisions of this Operating Circular.

This Operating Circular does not apply to “Treasury-Managed Government Investment Accounts.” Generally, a Treasury-Managed Government Investment Account is a government account that has the following three attributes:

- a) the monies deposited into the government account are equal to amounts derived, in whole or in part, from federal payroll or excise taxes imposed under the Internal Revenue Code;
- b) the statute governing the government account provides that the monies that are to be deposited into the account are to be transferred from the Treasury general fund based on estimates made by the Secretary respecting certain federal taxes received in the Treasury; and
- c) the statute governing the government account provides that it shall be the duty of the Secretary to invest the amount of monies in the fund that are not required to meet current withdrawals.

Treasury will develop a separate Memorandum of Understanding with the Program Agency for each Treasury-Managed Government Investment Account to communicate the policies and procedures of Treasury regarding the account and describe the respective responsibilities of Treasury and the Program Agency relating to the account.

All Government Investment Accounts other than Treasury-Managed Government Investment Accounts are referred to as “Agency-Managed Government Investment Accounts.” The provisions of this Operating Circular apply to all Agency-Managed Government Investment Accounts, except to the extent that Treasury and the Program Agency for an Agency-Managed Government Investment Account may have agreed in a Memorandum of Understanding to supplement or supersede the provisions of this Operating Circular for the account.

This Operating Circular also applies to some “Deposit Accounts.” A Deposit Account is a non-budgetary account that records monies owned by persons or entities other than the United States Government. The Secretary holds the monies in a Deposit Account as a banker, fiscal agent, custodian, or trustee for the owner of the monies, or holds them temporarily until ownership is determined. Some Deposit Accounts are established by federal statutes that also authorize or require the Secretary to invest all or portions of the monies in the accounts. This Operating Circular applies to these accounts.

Some Deposit Accounts are established at the request of a Program Agency when that agency receives monies owned by persons or entities other than the United States Government. For those monies, Treasury will develop a separate agreement with the Program Agency for the monies memorializing the agreement of Treasury to establish a Deposit Account on the books of the Treasury to hold the monies, and a separate Memorandum of Understanding between Treasury and the Program Agency to communicate the policies and procedures of Treasury regarding the Deposit Account and describe the respective responsibilities of Treasury and the Program Agency relating to the account.

This Operating Circular does not apply to securities issued by the Federal Financing Bank.

## **Section 1025 Definitions**

In this Operating Circular, unless the context indicates otherwise:

Agency Location Code (ALC) means the four-, or eight-digit symbol assigned by Treasury that uniquely identifies each agency that reports receipts and disbursements to Treasury. It is similar to a bank account number, and is used by Treasury to ensure correct financial reporting. One ALC may be used to report information for multiple government accounts.

Business Day means any day on which Treasury and/or the Federal Reserve Bank of New York are open for business.

Central Accounting Reporting System (CARS) means Fiscal Service's central accounting and financial reporting system which captures and records Treasury Account Symbol information for payments, deposits, and intra-governmental transactions and provides federal agencies with an account statement of their fund

balance with Treasury. Non-Expenditure Transfers will be submitted by Program Agencies through the Agency Transaction Module of CARS.

Discount means the difference between Par and the Price (expressed as Price per hundred) of the Treasury Security, when the Price is less than Par.

FedInvest means the web-based application designed to provide Program Agencies the ability to input investment activity and manage portfolios of Government Investment Accounts.

Fiscal Service means the United States Department of the Treasury's Bureau of the Fiscal Service.

Government Investment Account means a government account on the books of the Treasury in which the Secretary is authorized or required by law to invest.

Inflation-Adjusted Principal means, for an inflation-protected Treasury Security, the value of the security derived by multiplying the Par Amount by the applicable index ratio, as described in Title 31 of the Code of Federal Regulations, Part 356, Appendix B, Section I, Paragraph B.

Interest Rate means the annual percentage rate of interest paid on the Par Amount or the Inflation-Adjusted Principal of a specific issue of notes or bonds.

Issue Date means the date on which a Treasury Security is issued as an obligation of the United States, and from which interest normally begins to accrue.

Marketable Treasury Security means a Treasury Security that is negotiable and transferable, i.e., may be bought and sold in the secondary market.

Maturity Date means the date on which a Treasury Security becomes due and payable, and ceases to earn interest.

Non-Expenditure Transfer (NET) means a movement of monies that does not involve an Outlay, but serves only to adjust amounts available in government accounts. NETs do not appear in Treasury reports or in the budget documents as receipts or expenditures.

Office of Management and Budget (OMB) means the Office of Management and Budget in the Executive Office of the President.

Operating Circular means this Operating Circular dated as of May 31, 2016.

Outlay means a payment to liquidate an obligation (other than the repayment of principal).

Outstanding, when used with respect to Treasury securities, means, as of the date of determination, all Treasury securities theretofore issued that have not matured, have not been redeemed, repurchased, or delivered to the Secretary for cancellation, or that are not held by the Secretary.

Par means a Price of 100.

Par Amount means the nominal or face value of a Treasury Security.

Premium means the difference between Par and the Price of a Treasury Security, when the Price is greater than Par.

Price means the Price of a Treasury Security as calculated using the formulas in Appendix A to this Operating Circular.

Program Agency means, for a Government Investment Account, the federal agency that has programmatic responsibility for the use of monies in the account.

Reference Index means, for an inflation-protected security, the index number which is used as the basis for making adjustments to principal amounts that is applicable to a given date.

Secretary means the Secretary of the Treasury.

Spread means the fixed amount that is added to the index rate in order to determine the interest rate of a floating rate note over its life. The spread is determined at the auction where the floating rate note is first offered and is the highest accepted discount margin in that auction.

STRIPS (Separate Trading of Registered Interest and Principal of Securities) means Treasury's program under which eligible securities are authorized to be separated into principal and interest components, and transferred separately. These components are maintained in book-entry accounts.

Trading Partner means any agency that Fiscal Service does business with regarding investment activity.

Treasury means the United States Department of the Treasury.

Treasury Account Symbol (TAS) means the receipt, expenditure, appropriation, and other fund account symbols and titles as assigned by Treasury.

Treasury Financial Manual (TFM) means the Department of the Treasury's official publication of policies, procedures, and instructions concerning financial management in the federal government.

Treasury Security means a Treasury bill, note, bond, or certificate of indebtedness, each as described in this Operating Circular, and any other obligation issued by the Secretary that is made subject to this Operating Circular. Treasury Security includes an interest or principal component under the STRIPS program.

Treasury Special means a Treasury Security that is issued directly by the Secretary to a Government Investment Account and that is non-negotiable and non-transferable, i.e., may not be sold in the secondary market, but rather may only be sold back to the Secretary or his designee. Treasury Specials are also sometimes referred to as Government Account Series

(GAS) Treasury securities.

Warrant means the document that records, on the books of Treasury and of the federal agency to which an appropriation is made, the authority of the federal agency to use the amount of funds as specified in an appropriation act by Congress.

## **Chapter 2000**

### **Responsibilities relating to establishment of Government Investment Accounts**

#### **Section 2010 Investment authority**

The Secretary requires legal authority, generally from statute or treaty, to invest government monies held in a government account. Fiscal Service, as well as other involved Treasury offices, will review the statute or treaty authorizing or requiring the Secretary to invest monies in a government account to ensure that sufficient legal authority is provided for the Secretary, acting through Fiscal Service, to make the investments, as well as to determine the permitted investments for the account and any unusual restrictions or requirements that apply to the investments. This review may take place either before or at the time that the Program Agency requests Fiscal Service to establish an account within Fiscal Service's investment accounting system, as described in Section 2025 of this Operating Circular.

A specific statute directing the Secretary to invest monies in a deposit account is not required. Deposit accounts hold monies owned by persons or entities other than the United States Government. The Secretary is authorized under Title 31, Chapter 31 of the United States Code to borrow from the public and to pay interest on the amounts invested in Treasury securities. The Secretary is authorized under the same general borrowing statutes to borrow the monies belonging to persons or entities other than the United States Government, instead of borrowing from the general public, and to pay interest on the amounts invested in Treasury securities. When a Program Agency requests Fiscal Service to invest monies not belonging to the United States Government, Treasury will develop a Memorandum of Understanding (MOU) with the Program Agency memorializing the agreement to establish a deposit account to hold the monies.

#### **Section 2015 Obtaining an account identification code from OMB for each Government Investment Account**

It is the responsibility of the Program Agency for a new Government Investment Account, upon presidential approval of congressionally enacted legislation or Senate ratification of a treaty that establishes the account, to contact the Program Agency's OMB representative to obtain an account identification code to establish the new account within OMB's budget system. Program Agencies should refer to OMB Circular A-11 ("Preparation, Submission, and Execution of the Budget")

[https://www.whitehouse.gov/sites/default/files/omb/assets/a11\\_current\\_year/s79.pdf](https://www.whitehouse.gov/sites/default/files/omb/assets/a11_current_year/s79.pdf) ("The Budget Data System"), for directions on how to obtain an OMB account identification code for the new account. The TAS assigned by Treasury, as described in Section 2020 of this Operating Circular, will be based on this identification code.

#### **Section 2020 Establishing each Government Investment Account within CARS**

It is the responsibility of the Program Agency for a new Government Investment Account to submit a letter to Fiscal Service requesting the assignment of a TAS to establish the account within CARS. This step should take place after OMB has assigned an account identification code to the new account. Program Agencies should refer to TFM Volume I, Part

2 (“Central Accounting and Reporting”), Chapter 1500 (“Description of Accounts relating to Financial Operations”), which may be found at <https://tfm.fiscal.treasury.gov/v1/p2/c150.html>, for directions on how to obtain a TAS for the new account. TFM Volume I, Part 2, Chapter 1500 also includes the contact information within Fiscal Service to which letters requesting the assignment of a new TAS are to be sent. Each TAS is published in the “Federal Account Symbol and Titles” book, which can be found at [https://www.fiscal.treasury.gov/fsreports/ref/fastBook/fastbook\\_home.htm](https://www.fiscal.treasury.gov/fsreports/ref/fastBook/fastbook_home.htm).

After a TAS has been assigned to a new account, Fiscal Service will provide the Program Agency a notice that identifies the Treasury-assigned TAS and account title, as well as the statutory authority for the account. This notice is referred to as a “Treasury Announcement.”

If the Program Agency for a government account will be requesting Treasury to invest any monies in the account, the investment transactions need to be segregated from the normal receipt and expenditure transactions of the account in CARS. It is the responsibility of the Program Agency in such circumstances to request Fiscal Service to assign a subclass code to the TAS for the account to capture the investment data beyond the fund level. Program Agencies should refer to TFM Volume I, Part 2 (“Central Accounting and Reporting”), Chapter 3300 (“Statement of Transactions (FMS 224) Reporting by Agencies for Which the Treasury Disburses”), which may be found at <https://tfm.fiscal.treasury.gov/v1/p2/c330.html>, particularly Section 3330.20 (“Classifying Transactions Reported on FMS 224s”, Section I), for directions on how to request subclass codes to report special transactions such as investments. TFM Volume I, Part 2, Chapter 3300 also includes the contact information of the branch within Fiscal Service to which requests for subclass codes for account symbols are to be sent.

After a subclass code has been assigned to a new TAS, Fiscal Service will prepare and send to the Program Agency for the account a notice communicating the subclass code for the account. This notice is referred to as a “Subclassification Authorization.”

### **Section 2025 Establishing each Government Investment Account within Fiscal Service’s investment accounting system**

After a TAS has been assigned to a new Government Investment Account, the Program Agency should request Fiscal Service to establish the new Government Investment Account within Fiscal Service’s investment accounting system. This request should be delivered via email to [FedInvestor@fiscal.treasury.gov](mailto:FedInvestor@fiscal.treasury.gov), and must include the TAS, the ALC assigned by Fiscal Service to each federal agency, the Chief Financial Officer and agency contacts with their contact information.

When Fiscal Service and the other involved Treasury offices conclude that the Secretary is authorized or required to invest monies in the account, as described in Section 2010 of this Operating Circular, Fiscal Service will establish an account within the investment accounting system for the Government Investment Account that is distinctly identified by the TAS and title for the account.

If the statute or treaty authorizing or requiring the Secretary to invest monies in a Government Investment Account also establishes special reporting or accounting requirements for the account, such that Fiscal Service’s investment accounting system has to be modified or

enhanced to accommodate the special reporting or accounting requirements, it is the responsibility of the Program Agency for the account to work with Treasury to establish mutually acceptable arrangements for the modifications or enhancements.

After the account has been established within Fiscal Service's investment accounting system, Program Agencies must identify individuals that will require access to FedInvest. See Appendix C for further information on FedInvest access procedures.

## **Chapter 3000**

### **Responsibilities relating to funding Government Investment Accounts**

#### **Section 3010 Funding Government Investment Accounts from receipts from the public**

Certain statutes authorize Program Agencies to retain user fees, royalties, fines, penalties, insurance premiums, donations, and other similar receipts to support the federal program that produced the receipts. Operationally, these receipts are frequently collected by the Program Agencies through a network of depository accounts maintained by the federal government in commercial depository institutions and Federal Reserve Banks throughout the country. Initially, these receipts are deposited into the Treasury general fund and not credited directly into the account of the Program Agencies. The commercial depository institutions and the Federal Reserve Banks report information on the collections deposited into the Treasury general fund to Fiscal Service through a deposit reporting system.

Program Agencies have access to Treasury systems and can view, on a daily basis, information on deposits made using Program Agency ALCs. It is the responsibility of the Program Agency to classify in its internal accounting system the deposits to the appropriate Government Investment Account.

When Fiscal Service and the other involved Treasury offices conclude that the Secretary is authorized or required to invest receipts from the public that have been classified into a particular government account, the Program Agency for the account may instruct Fiscal Service, via FedInvest, to invest the monies as described in Chapter 4000 of this Operating Circular, provided the Program Agency certifies to Fiscal Service that the amount is available to invest.

#### **Section 3015 Funding Government Investment Accounts from Congressional appropriations of general revenues**

Certain statutes appropriate general revenues from the Treasury general fund for deposit into special accounts established on the books of the Treasury by the statutes. These special accounts generally serve as accounting devices for tracking the receipts and disbursements of the particular federal programs authorized by the statutes. Treasury will review the annual appropriation acts and any supplemental appropriation act enacted by Congress to determine funding requirements approved by Congress. Fiscal Service will enter Warrants into CARS to transfer the appropriated monies from the Treasury general fund to the respective government accounts on the books of the Treasury and compare the appropriation amounts to available OMB information. Program Agencies may obtain copies of processed Warrants by accessing CARS at <https://www.gwa.fms.treas.gov/gwa/Home>. Procedures for obtaining CARS access can be found on the Fiscal Service website ([https://www.fiscal.treasury.gov/fsservices/gov/acctg/cars/cars\\_home.htm](https://www.fiscal.treasury.gov/fsservices/gov/acctg/cars/cars_home.htm)) by selecting “CARS Enrollment.” It is the responsibility of the Program Agency to record the information in its internal accounting system.

It is the responsibility of the Program Agency to notify Fiscal Service of any legislation

that includes an appropriation for its federal program and to submit a letter to Fiscal Service requesting an appropriation Warrant and citing the legal authority. TFM Volume I, Part 2, Chapter 2000, which may be found at <https://tfm.fiscal.treasury.gov/v1/p2/c200.html>, includes the contact information of the branch within Fiscal Service to which requests for appropriation Warrants are to be sent. When necessary, OMB and/or Fiscal Service's Office of the Chief Counsel may be contacted for help in determining the amounts and/or timing of an appropriation. Such a coordinated determination is only required in situations where there is disagreement between Fiscal Service, OMB, and the Program Agency.

At times, Congress authorizes or requires by law a movement of monies from one government account to another. Because such a transfer does not have an impact on the federal budget surplus or deficit and does not involve an Outlay of funds from the transferring account, the transfer is referred to as a NET. It is the responsibility of the Program Agency for the transferring account to use the CARS Agency Transaction Module (ATM) NET application to process NET transactions. Program Agencies should refer to TFM Volume I, Part 2 ("Central Accounting and Reporting"), Chapter 2000 ("Warrant and Nonexpenditure Transfer (NET) Transactions"), which may be found at <https://tfm.fiscal.treasury.gov/v1/p2/c200.html>, particularly Section 2030.20 ("Using the GWA System ATM NET Application"), for directions on how to complete and submit a NET.

A Program Agency submits a NET through CARS. Fiscal Service will review the transfer authorization for validity before certifying the transfer and transmitting the data to its central accounting and financial reporting system for posting to the transferee accounts. A copy of the processed NET will be transmitted back to and stored in CARS. The Program Agency will be able to print a hard copy of the processed NET for its records from CARS. It is the responsibility of the Program Agency to record the information in its internal accounting system.

It is Treasury policy that appropriated monies will not be invested unless there is a statutory requirement to do so. When Fiscal Service and other involved Treasury offices conclude that the Secretary is required by statute to invest appropriated monies deposited into a government account, the Program Agency for the account may instruct Fiscal Service to invest the monies as described in Chapter 4000 of this Operating Circular, provided the Program Agency certifies to Fiscal Service that the amount is available to be invested.

### **Section 3020 Funding Government Investment Accounts from advances**

Investments shall not be made with borrowed funds. If the Program Agency has both borrowed funds and invested funds on the same day with both maturing the following Business Day, Treasury will decrease the Interest Rate on the invested funds, to the extent that the invested funds do not exceed the amount of the borrowed funds, so that the Interest Rate on the invested funds equals the Interest Rate on the advance. If the Interest Rate on the invested funds is less than the Interest Rate on the borrowed funds, the Interest Rate on the invested funds will not increase. This will be necessary to preclude any arbitrage.

## Chapter 4000

### Responsibilities, procedures, and policies relating to investment of monies in Government Investment Accounts

#### Section 4010 Description of Treasury Specials

Treasury Specials offered to Government Investment Accounts as investments are special-issue non-Marketable Treasury Securities that are direct obligations of the United States and are offered exclusively in book-entry form. There are two categories of Treasury Specials: “Market-Based” Treasury Specials, and “Par-Value” Treasury Specials.

#### Section 4015 Description of Market-Based Treasury Specials

There are two categories of Market-Based Treasury Specials: (a) “Mirror-Image” Market-Based Treasury Specials, and (b) “Additional” Market-Based Treasury Specials.

a) Mirror-Image Market-Based Treasury Specials: A Mirror-Image Market-Based Treasury Special is a Treasury Security that is identical (except for transferability) to a particular Outstanding Marketable Treasury Security in terms of Interest Rate, interest payment dates (if any), call dates (if any), and Maturity Date. Outstanding Marketable Treasury Securities include the following types of securities:

(1) Treasury bills: Treasury bills are issued at a Discount, are redeemed at the Par Amount on the Maturity Date, and have maturities of not more than one year.

(2) Treasury notes

(A) Treasury fixed-principal notes: Treasury fixed-principal notes are issued with an Interest Rate to be applied to the Par Amount, have interest payable semi-annually, and are redeemed at the Par Amount on the Maturity Date. They have maturities of at least one year, but of not more than ten years.

(B) Treasury inflation-protected notes (TIP notes): TIP notes are issued with an Interest Rate to be applied to the Inflation-Adjusted Principal on each interest payment date, have interest payable semi-annually, and are redeemed on the Maturity Date at the Inflation-Adjusted Principal, or at the Par Amount, whichever is greater. They have maturities of at least one year, but of not more than ten years.

(C) Treasury floating rate notes: Treasury floating rate notes have a fixed principal, are issued with a stated Spread and have interest payable quarterly. Interest Rates include an index rate component which is based on the 13-week Treasury bill auctioned weekly.

They have maturities of at least one year, but of not more than ten years.

(3) Treasury bonds

(A) Treasury fixed-principal bonds: Treasury fixed-principal bonds are issued with an Interest Rate to be applied to the Par Amount, have interest payable semi-annually, and are redeemed at the Par Amount on the Maturity Date. They have maturities of more than ten years.

(B) Treasury inflation-protected bonds (TIP bonds): TIP bonds are issued with an Interest Rate to be applied to the Inflation-Adjusted Principal on each interest payment date, have interest payable semi-annually, and are redeemed on the Maturity Date at the Inflation-Adjusted Principal, or at the Par Amount, whichever is greater. They have maturities of more than ten years.

b) Additional Market-Based Treasury Specials: Additional Market-Based Treasury Specials are Treasury securities for which Interest Rates or Prices are calculated based on market yields of certain Treasury financial instruments issued and trading in the secondary market. The additional Market-Based Treasury Specials include the following types of Treasury securities:

(1) Treasury one-day certificates of indebtedness: Treasury one-day certificates of indebtedness are issued with a stated Interest Rate to be applied to the Par Amount, mature on the Business Day immediately following the Issue Date, are redeemed at the Par Amount on the Maturity Date, and have interest payable on the Maturity Date.

(2) Treasury zero-coupon bonds: Treasury zero-coupon bonds are Treasury fixed-principal bonds having maturities of at least 5 years and on dates that coincide with the Maturity Dates of a marketable STRIPS security, are issued at a Discount, and are redeemed at the Par Amount on the Maturity Date.

## **Section 4020 Description of Par-Value Treasury Specials**

A Par-Value Treasury Special is a Treasury Special issued with an Interest Rate applied to its Par Amount and is purchased at Par and redeemed at Par plus accrued interest on or before the Maturity Date. The Interest Rate on these Par-Value specials is determined by Treasury according to the particular formula specified in the statute that authorizes the issuance of such securities<sup>1</sup>. Interest on Par-Value Treasury Specials is payable on June 30, December 31, and upon redemption prior to or on the Maturity Date.

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<sup>1</sup> As described in Section 4060, it is Treasury policy that unless the statute governing the investment of monies in a Government Investment Account requires or establishes a strong presumption in favor of investment in Par-Value Treasury Specials, the monies in the account are to be invested in Market-Based Treasury Specials.

## **Section 4025 Delegation of the Secretary’s investment responsibilities to Fiscal Service**

The Secretary has delegated to Fiscal Service the Secretary’s responsibilities for investing monies in Government Investment Accounts.

## **Section 4030 Responsibilities relating to the development of an investment strategy for a Government Investment Account**

It is the responsibility of the Program Agency for a Government Investment Account to develop a strategy for investing monies in the account that are not required to meet the current needs of the federal program being financed through the account. The Program Agency for a Government Investment Account is generally in the best position to estimate the disbursement needs of the federal program being financed through the account. The Program Agency should, not less frequently than annually, estimate the timing and amounts of disbursements of the federal program over the following year, and develop a strategy for purchasing Treasury Specials in principal amounts and having Maturity Dates or interest payments that approximately coincide with those disbursement estimates (e.g., Market-Based Treasury Special bills for short-term disbursing needs; Market-Based Treasury Special notes and bonds for longer-term disbursing needs), so that the investments may be bought and held to the Maturity Dates.

## **Section 4035 Responsibilities relating to the determination of the amount in a Government Investment Account that is available to be invested, and the determination of the amount that is to be invested**

A Program Agency for a Government Investment Account may only invest monies in the account that are available to be invested. Monies are available to be invested when they have been credited to the Treasury general fund and are available for use by Treasury. Program Agencies generally may consider funds available on the day of deposit when the deposit was made by Fedwire or Automated Clearing House (ACH) through the Treasury Lockbox Network. Program Agencies should refer to TFM Volume I, Part 5, Chapter 4600 (“Treasury Lockbox Network”), which may be found at <https://tfm.fiscal.treasury.gov/v1/p5/c460.pdf>, for more information about the Treasury Lockbox Network. When the Program Agency deposits funds into a Treasury account at a commercial financial institution designated by Treasury as a depository institution or at a Federal Reserve Bank, and the Program Agency uses an SF 215, “Deposit Ticket,” funds generally are available two days after the date of deposit. Program Agencies should refer to TFM Volume I, Part 5, Chapter 6500 (“Voucher Date, Deposit Date, Funds Availability Date”), which may be found at <https://tfm.fiscal.treasury.gov/v1/p5/c650.pdf>, for more information about the availability of deposited funds.

It is the responsibility of the Program Agency for a Government Investment Account to determine the amount of money in the account that is available for investment. Only the Program Agency, not Treasury, knows precisely the day-to-day cash balance of the particular Government Investment Account.

Many statutes that establish Government Investment Accounts specify that it is the responsibility of the Program Agency for the account to determine the amount of monies in the

account that is not required to meet the current needs of the federal program being financed through the account and instruct an investment of that amount. When a statute that establishes a particular Government Investment Account does not specify who is to determine the amount that is in excess to the program's needs, it is the responsibility of the Program Agency to determine the amount and instruct an investment of that amount. Even when a statute that establishes a particular Government Investment Account provides that it is the Secretary of the Treasury who is to determine the amount that is excess to the program's needs, it will nevertheless be the responsibility of the Program Agency to determine the amount and instruct an investment of that amount. The Program Agency is in a better position than Treasury to estimate what the receipts and disbursements of the federal program are likely to be.

#### **Section 4040 Responsibilities and limitations relating to the selection of the investment securities**

It is the responsibility of the Program Agency for a Government Investment Account to select the particular Treasury Specials in which monies in the account are to be invested. Generally, the Program Agency should select Treasury Specials in principal amounts and having Maturity Dates or interest payments that are consistent with the investment strategy that the Program Agency developed for the account.

For purposes of investing in Market-Based Treasury Specials, Program Agencies may determine what Marketable Treasury Securities are Outstanding and available to be matched by Fiscal Service through the financial pages of newspapers and other financial news media, and on-line connections to investment banking firms. Agencies can obtain Prices for Market-Based Treasury Specials from Fiscal Service's websites at <https://www.treasurydirect.gov/FD/FedInvestGateway.htm> or [https://www.treasurydirect.gov/Govt/Apps/Fip/Fip\\_FedInvest.htm](https://www.treasurydirect.gov/Govt/Apps/Fip/Fip_FedInvest.htm).

Program Agencies that wish Fiscal Service to invest in a Market-Based Treasury Special bill may select any Outstanding marketable Treasury bill that has one or more weeks remaining to the Maturity Date, and Fiscal Service will issue a Treasury Special bill that is identical (except for transferability) to the selected marketable Treasury bill in terms of Discount rate and Maturity Date.

Program Agencies that wish Fiscal Service to invest in a Market-Based Treasury Special note or bond may select any Outstanding marketable Treasury note or bond (fixed principal, floating rate, or inflation-protected) that has at least one full interest payment period remaining to the Maturity Date, and Fiscal Service will issue a Treasury Special note or bond that is identical (except for transferability) to the selected marketable Treasury note or bond in terms of Interest Rate, interest payment dates, call dates (if any), and Maturity Date.

Program Agencies may select a marketable Treasury bill, note, or bond that has been auctioned by Treasury but not yet issued (i.e., a "when-issued" marketable security), and Fiscal Service will issue a Treasury Special that is identical (except for transferability) to the selected when-issued Marketable Treasury Security on the date that the selected when-issued marketable security is issued.

Program Agencies may instruct Fiscal Service to invest in Market-Based Treasury

Special one-day certificates of indebtedness at any time up until the 3:00 p.m. (Eastern Time) deadline for submitting instructions for investment in Treasury Specials described in Section 4045 of this Operating Circular.

The following rules replace individual Memorandums of Understanding that may currently exist between Treasury and the Program Agency regarding the purchase of Treasury Special zero-coupon bonds. Prior to the initial investment in a Treasury Special zero-coupon bond, a Program Agency must contact Fiscal Service to modify their security options to include Treasury Special zero-coupon bonds. Program Agencies may select any Outstanding marketable Treasury STRIPS interest or principal component that has five or more years remaining to the Maturity Date. Program Agencies may instruct Fiscal Service to invest in a Treasury Special zero-coupon bond at any time up until the 11:00 a.m. (Eastern Time) deadline for submitting instructions for investments in Treasury Special zero-coupon bonds described in Section 4045 of this Operating Circular.

Program Agencies may instruct Fiscal Service to invest in Treasury Special zero-coupon bonds. Fiscal Service will issue a Treasury Special zero-coupon bond that is identical (except for transferability) to the selected marketable Treasury STRIPS interest or principal component in terms of Maturity Date. The initial purchase of any Treasury Special zero-coupon bond must be in face amounts of at least \$50 million, or in increments of \$1 million face amount above \$50 million. Additional amounts of a Treasury Special zero-coupon bond will be offered, provided that the time remaining to the Maturity Date and minimum incremental face amount requirements are met at the time that the additional amount is to be purchased.

Program Agencies may specify either a STRIPS principal or interest component. If the Program Agency does not identify its preference, and there are both a STRIPS principal and interest component having the Maturity Date requested, then Treasury will purchase for the program account the STRIPS component having the lower yield. Treasury reserves the right to reject requests to invest in a Treasury Special zero-coupon bond if, in Treasury's opinion, there is an insufficient number of reliable market quotations for the securities being requested. Program Agencies may not instruct Fiscal Service to invest in more than five Treasury Special zero-coupon bonds on any one Business Day. Once received by Fiscal Service, an investment instruction for a Treasury Special zero-coupon bond cannot be canceled by the Program Agency.

Program Agencies may instruct Fiscal Service to invest in a Par-Value Treasury Special only when the particular statute governing the Government Investment Account requires or establishes a strong presumption in favor of investment in Par-Value Treasury Specials.

#### **Section 4045 Responsibilities and procedures relating to investment instructions**

Fiscal Service will invest monies in a Government Investment Account by issuing Treasury Specials to that account only pursuant to investment instructions received by Fiscal Service from the Program Agency for the account. The required method for Program Agencies to submit investment instructions is by using the internet-based FedInvest application. FedInvest's hours of operation are Business Days Monday through Friday 6:00 a.m. to 9:00 p.m. (Eastern Time). Program Agencies may manage federal investment account portfolios by viewing account holdings, recent account transactions, statements of account, current and historical pricing information, and a list of available securities for purchase or redemption.

It is the responsibility of the Program Agency to specify, via FedInvest, the amount of monies to be invested, the date on which the monies are to be invested, and the particular Treasury Special(s) in which the monies are to be invested. It is also the responsibility of the Program Agency to ensure that the person submitting the investment instruction is an official of the Program Agency authorized to submit investment instructions to Fiscal Service on behalf of the Program Agency and certify as to availability of monies in a Government Investment Account for investment.

Investment instructions for purchases of all Treasury Specials other than zero-coupon bonds must be submitted and received by Fiscal Service no later than 3:00 p.m. (Eastern Time) on the date of the intended investment. FedInvest also allows investment instructions for future-dated purchases of all Mirror-Image Market-Based Treasury Specials and Treasury one-day certificates of indebtedness to be input up to 10 days in advance of the effective dates for the transaction. An investment instruction for the purchase of a Treasury Special zero-coupon bond must be submitted and received by Fiscal Service before 11:00 a.m. (Eastern Time). Submission of investment instructions for the future-dated purchase of Treasury Special zero-coupon bonds and Par-Value Treasury Specials are not permitted.

When the government securities market is closed, no investments in Mirror-Image Market-Based Treasury Specials and Treasury Special zero-coupon bonds will be processed. Treasury Special one-day certificates of indebtedness purchased on the last Business Day before a day on which the government securities market is closed will mature on the first following Business Day on which the government securities market is open. If a Program Agency receives new deposits when the government securities market is closed, the Program Agency may invest the amounts in a one-day certificate of indebtedness that matures the following Business Day and accrues interest at the rate of interest in effect for the last preceding Business Day.

If the government securities market is open on a federal holiday, Fiscal Service will be open to receive investment instructions from those Program Agencies that are open and desire to invest funds. Program Agencies desiring to invest funds on such days will follow the same operating procedures and deadlines unless notified otherwise by Fiscal Service.

When part of the federal government is closed due to inclement weather or other reasons that cause a temporary business closure, Fiscal Service will generally be open to conduct business for Program Agencies. However, if Fiscal Service is unable to process a timely received instruction on a particular date due to a temporary business closure of its office, Fiscal Service will process the transaction as of the date of the closure.

Program Agencies should establish contingency procedures for conducting investment transactions with Fiscal Service in the event that Program Agency offices are temporarily closed due to local conditions. Program Agencies are strongly encouraged to share such contingency plans with Fiscal Service. In addition, Program Agencies should keep blank copies of Investment/Redemption Request paper forms on file in case of a contingency, such as the internet being unavailable. These can be found at <https://www.treasurydirect.gov/Govt/Apps/Fip/Newcust/Newcust.htm>.

## **Section 4050 Pricing investments in Treasury Specials**

On a daily basis, Treasury's Office of Debt Management (ODM) determines the purchase Prices for all Outstanding, eligible<sup>2</sup> Marketable Treasury Securities in accordance with the principles described in Appendix B, and provides an electronic file of those purchase Prices to Fiscal Service by approximately 1:00 p.m. (Eastern Time). Fiscal Service will post the current day's Prices to its website as soon as the pricing is available, generally around 1:00 p.m. (Eastern Time). Prices may be viewed at <https://www.treasurydirect.gov/FD/FedInvestGateway.htm> or [https://www.treasurydirect.gov/Govt/Apps/Fip/Fip\\_FedInvest.htm](https://www.treasurydirect.gov/Govt/Apps/Fip/Fip_FedInvest.htm). For Program Agencies that have requested to invest in Treasury Special zero-coupon bonds by 11:00 a.m. (Eastern Time), Fiscal Service will request purchase Price information for those securities from ODM. ODM will determine the purchase Prices for Treasury Special zero-coupon bonds in accordance with the principles described in Appendix B and will send the requested pricing information to Fiscal Service by approximately 1:00 p.m. (Eastern Time). In all cases, Fiscal Service will use the purchase Prices received from ODM for investment instructions received by Fiscal Service by the respective deadline times.

The purchase Price for an investment in a Par-Value Treasury Special is the face amount of the security (Par)<sup>3</sup>. If the statute that authorizes the issuance of a Par-Value Treasury Special to a particular Government Investment Account specifies that the Interest Rate that will apply to the Par-Value Treasury Special is to be determined based on the market yield on Outstanding Marketable Treasury Securities, ODM will determine the Interest Rate according to the formula prescribed in the statute. If the statute that authorizes the issuance of a Par-Value Treasury Special to a particular Government Investment Account specifies that the Interest Rate that will apply to the Par-Value Treasury Special is to be determined based on the Interest Rates borne by Outstanding Marketable Treasury Securities, Fiscal Service will determine the Interest Rate according to the formula prescribed in the statute.

## **Section 4055 Investment confirmations**

Program Agencies may obtain confirmation of completed investment transactions by logging on to FedInvest, found at <https://www.treasurydirect.gov/FD/FedInvestGateway.htm>. The confirmation will generally be posted following the availability of pricing on the day of the transaction. The confirmation of an investment in a Treasury Special will also include information on any Discount or Premium associated with the purchase Price for the security. Program Agencies that are not able to obtain confirmation via the internet may use the procedures in Appendix A.

## **Section 4060 Policies governing investment of monies in Government Investment Accounts**

When a Program Agency submits an investment instruction as provided in Section 4045

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<sup>2</sup> Eligible Marketable Treasury Securities excludes Treasury bills that have less than one week remaining to the Maturity Date, Treasury floating rate notes that have less than three months remaining to the Maturity Date, and inflation-protected and fixed-principal Treasury notes and bonds that have less than six months remaining to the Maturity Date.

<sup>3</sup> As described in Section 4060, unless the statute governing the investment of monies in a Government Investment Account requires or strongly establishes a presumption in favor of investment in Par-Value Treasury Specials, the monies in the account are to be invested in Market-Based Treasury Specials.

of this Operating Circular, the Program Agency agrees to the following policies generally applicable to all investments by Treasury of monies in Government Investment Accounts:

- a) Monies in a government account may only be invested through Fiscal Service when the statute or treaty governing the account authorizes or requires the Secretary of the Treasury to invest monies in the account.
- b) Monies in a Government Investment Account derived from the congressional appropriations process (i.e., appropriated monies) may not be invested unless the statute governing the account requires the Secretary of the Treasury to invest the appropriated monies.
- c) Only available monies may be invested. Monies are available to be invested when they have been credited to the Treasury general fund and are available to Treasury.
- d) Monies in a Government Investment Account that are to be invested through Fiscal Service may only be invested in Treasury Specials.
- e) Unless the statute governing the investment of monies in a Government Investment Account requires or establishes a strong presumption in favor of investment in Par-Value Treasury Specials, the monies in the account are to be invested in Market-Based Treasury Specials.
- f) A Program Agency for a Government Investment Account shall, to the best of its ability, develop its investment strategy so as to select investments with Maturity Dates that coincide approximately with the Program Agency's disbursement estimates, so that the investments may be bought and held to the Maturity Dates.
- g) A Program Agency for a Government Investment Account shall not engage in investment practices that result in windfall gains and losses, including but not limited to security day-trading and large restructuring of investment portfolios to take advantage of short-term Interest Rate fluctuations.
- h) If a Program Agency for a Government Investment Account has lawful authority to borrow from either Treasury or the Federal Financing Bank, generally the Program Agency will not be allowed to borrow for and hold investments in the same account.

## **Chapter 5000**

### **Responsibilities and procedures relating to redemptions of investments held in Government Investment Accounts**

#### **Section 5010 Maturity Dates of Treasury Specials**

Fiscal Service will automatically redeem a Treasury Special held in a Government Investment Account on the stated Maturity Date. If the Program Agency for the Government Investment Account wishes all or a portion of the proceeds of the maturing Treasury Special to be reinvested, it is the responsibility of the Program Agency to reinvest the proceeds by submitting investment instructions via FedInvest. If the Program Agency does not submit reinvestment instructions to Fiscal Service by the deadline for submitting investment instructions, Fiscal Service will credit to the Government Investment Account the proceeds from the maturing Treasury Special with earned interest on the Maturity Date. The proceeds from Market-Based Treasury Specials maturing on a non-Business Day will be credited to the Government Investment Account on the following Business Day. The proceeds from Par-Value Treasury Specials maturing on a non-Business Day will be credited to the investment account as of the Maturity Date.

#### **Section 5015 Responsibilities relating to the determination of the amount of investments held in a Government Investment Account that are to be redeemed before the Maturity Dates**

It is the responsibility of the Program Agency for a Government Investment Account to evaluate continuously the disbursement needs of the federal program that is being financed through the Government Investment Account. The Program Agency should practice an investment strategy so that the program's disbursement needs will be met satisfactorily through the automatic redemption of Treasury Specials on the Maturity Dates. However, if those needs are not met through the automatic redemption of Treasury Specials, the Program Agency may need to instruct Fiscal Service to redeem one or more Treasury Specials held in the Government Investment Account before the Maturity Date(s).

It is the responsibility of the Program Agency to determine the amount of Treasury Specials held in the Government Investment Account that is to be redeemed before the Maturity Dates. The Program Agency is in a better position than Treasury to estimate what the receipts and disbursements of the federal program are likely to be, and only the Program Agency, not Treasury, knows precisely the day-to-day cash balance of the particular Government Investment Account.

#### **Section 5020 Responsibilities and limitations relating to the selection of the investment securities to be redeemed before the Maturity Dates**

For Government Investment Accounts invested in Market-Based Treasury Specials, if a Program Agency concludes that one or more Treasury Specials held in its account needs to be redeemed before the Maturity Date(s) to meet the disbursement needs of the federal program, it is the responsibility of the Program Agency to select and specify to Fiscal Service

the particular Market-Based Treasury Specials to be redeemed and the dollar amount of Treasury Specials that are to be redeemed.

If the Program Agency specifies for redemption Market-Based Treasury Specials having the same Maturity Date and not all of those specials are to be redeemed, Fiscal Service will generally redeem the Market-Based Treasury Specials having the same Maturity Date in the order of Issue Dates, with the earliest Issue Date first. However, Fiscal Service will redeem other than the earliest Issue Date security if required by the investing Program Agency.

Program Agencies may not instruct Fiscal Service to redeem before the Maturity Date a Market-Based Treasury Special bill, note, or bond (including zero-coupon bond) held in a Government Investment Account before the close of the third Business Day after the day on which the Treasury Special was issued to the account as an investment.

Program Agencies may instruct Fiscal Service to redeem before the Maturity Date a portion of a Treasury Special zero-coupon bond held in the agency's Government Investment Account, but the portion must be at least \$5 million in face amount or in increments of \$1 million face amounts above \$5 million. If a redemption request would reduce the remaining face amount of the specified Treasury Special zero-coupon bond to less than \$50 million face amount, the entire zero-coupon bond will be redeemed. Requests for redemption of zero-coupon bonds must be received before 11:00 a.m. (Eastern Time). Treasury reserves the right to reject requests to redeem a Treasury Special zero-coupon bond, if, in the opinion of ODM, there is an insufficient number of reliable market quotations for the securities being requested. Program Agencies may not instruct Fiscal Service to redeem before the Maturity Date more than five Treasury Special zero-coupon bonds on any one Business Day. Once received by Fiscal Service, a redemption instruction for a Treasury Special zero-coupon bond is binding. For Government Investment Accounts invested in Par-Value Treasury Specials, if the Program Agency for the account concludes that one or more securities held in the account needs to be redeemed before its Maturity Date to meet the disbursement needs of the federal program, the Program Agency must specify, in its redemption instruction submitted to Fiscal Service, only the dollar amount that is needed.

Upon receipt of a properly completed and submitted instruction to redeem before the Maturity Date a specified dollar amount of Par-Value Treasury Specials held in a Government Investment Account, Fiscal Service will redeem Par-Value Treasury Specials up to the specified dollar amount in the following order:

Fiscal Service will redeem Par-Value Treasury Specials with the earliest Maturity Dates first;

among such securities with the same Maturity Date, Fiscal Service will redeem the Par-Value Treasury Special with the lowest Interest Rate first; and

among such securities with the same Maturity Date and Interest Rate, Fiscal Service will redeem the Par-Value Treasury Special with the earliest Issue Date first.

## **Section 5025 Responsibilities and procedures relating to redemption instructions**

Fiscal Service will redeem Treasury Specials held in a Government Investment Account, before the Maturity Dates, pursuant to redemption instructions received by Fiscal Service from the Program Agency for the account. The required method for Program Agencies to submit redemption instructions is through FedInvest.

It is the responsibility of the Program Agency to specify the particular Treasury Specials that are to be redeemed and the amount needed, or face amount of Treasury Specials that are to be redeemed and the date on which the Treasury Specials are to be redeemed. It is also the responsibility of the Program Agency to ensure that the person submitting the redemption instruction is an official of the Program Agency who is authorized to submit to Fiscal Service redemption instructions on behalf of the Program Agency.

Instruction for redemptions of Mirror-Image Market-Based Treasury Specials or one-day certificates of indebtedness must be submitted and received by Fiscal Service no later than 3:00 p.m. (Eastern Time) on the date of the intended redemption for the redemption to be made. FedInvest also allows instructions for future-dated redemptions of all Mirror-Image Market-Based Treasury Specials to be input 10 days in advance of the effective dates for the transactions. Instructions for the redemption of a Treasury Special zero-coupon bond must be submitted and received by Fiscal Service not later than 11:00 a.m. (Eastern Time). Submission of instructions for the future-dated redemption of Treasury Special zero-coupon bonds and Par-Value Treasury Specials are not permitted.

## **Section 5030 Pricing redemptions before the Maturity Dates of Treasury Specials**

On a daily basis, ODM determines the redemption Prices for all Outstanding Marketable Treasury Securities in accordance with the principles described in Appendix B, and provides an electronic file of those redemption Prices to Fiscal Service by approximately 1:00 p.m. (Eastern Time). Fiscal Service will post the current day's Prices to its website as soon as the pricing is available, generally around 1:00 p.m. (Eastern Time). Prices may be viewed at <https://www.treasurydirect.gov/FD/FedInvestGateway.htm> or [https://www.treasurydirect.gov/Govt/Apps/Fip/Fip\\_FedInvest.htm](https://www.treasurydirect.gov/Govt/Apps/Fip/Fip_FedInvest.htm).

For Program Agencies that have requested to redeem Treasury Special zero-coupon bonds by 11:00 a.m. (Eastern Time), Fiscal Service will request redemption Price information for those Treasury Specials from ODM. ODM will determine the redemption Prices for Treasury Special zero-coupon bonds in accordance with the principles described in Appendix B and will send the requested pricing information to Fiscal Service by approximately 1:00 p.m. (Eastern Time). In all cases, Fiscal Service will use the redemption Prices received from ODM for redemption instructions received by Fiscal Service by the respective deadline times.

The redemption Price for a Par-Value Treasury Special is the face amount of the security (Par).

## **Section 5035 Redemption confirmations**

Program Agencies may obtain a confirmation of completed redemption transactions by

logging on to FedInvest, found at <https://www.treasurydirect.gov/FD/FedInvestGateway.htm>. The confirmation will generally be posted following the availability of pricing on the day of the transaction. The confirmation will specify the amount of proceeds from the redemption that have been credited to the Government Investment Account, together with the amount of earned interest that has been credited to the account. The confirmation of the redemption of a Market-Based Treasury Special will also include information on any Discount or Premium associated with the redemption Price for the security.

**Chapter 6000**  
**Responsibilities relating to disbursement of monies**  
**from Government Investment Accounts**

**Section 6010 Policy governing disbursement of monies from Government Investment Accounts**

When a Program Agency plans to disburse monies from a Government Investment Account and the monies in the account are invested in Treasury Specials, the Program Agency must redeem securities in an amount sufficient to produce a cash balance in its account at least equal to the amount planned to be disbursed before making the disbursement.

**Section 6015 Guidance on disbursement requirements**

Program Agencies should refer to TFM Volume I, Part 4 (“Disbursing”), which may be found at <https://tfm.fiscal.treasury.gov/v1.html#Part 4>, for guidance on requirements that apply to making payments of money by check or electronic funds transfer from all government accounts, including Government Investment Accounts. TFM Volume I, Part 4, also includes the contact information of the branch within Fiscal Service to which questions on disbursements may be addressed.

## **Chapter 7000**

### **Accounting responsibilities relating to Government Investment Accounts**

#### **Section 7010 Accounting requirements**

Provisions of Chapter 35 of Title 31 of the United States Code require executive agencies, which include Program Agencies for Government Investment Accounts, to, among other things: establish and maintain systems of accounts and internal controls; implement and maintain financial management systems that comply substantially with applicable federal accounting standards and the United States Government Standard General Ledger at the transaction level; prepare financial statements covering all accounts and associated activities; and have the financial statements audited. If a Program Agency is a government corporation, Section 9105 of Title 31 of the United States Code requires the Program Agency to, among other things, prepare financial statements covering all accounts and associated activities and have the financial statements audited.

#### **Section 7015 Fiscal Service monthly statements of account**

Fiscal Service posts at <https://www.treasurydirect.gov/govt/reports/fip/acctstmt/acctstmt.htm> monthly statements of account for each Government Investment Account that has been invested in, has redeemed, or holds any Treasury Specials during each month. The monthly statements of account are posted on the first Business Day of each month. The monthly statements of account specify the security holdings as of the end of each month and all transaction activity during each month, including investments, redemptions, and interest credits.

It is the responsibility of the Program Agency for a Government Investment Account to use the monthly statement of account for monthly Classification Transactions and Accountability (CTA) submissions to Fiscal Service, as described in Section 7020 of this Operating Circular, and in reconciliation processes, as described in Section 7025 of this Operating Circular.

#### **Section 7020 Program Agency Classification Transactions and Accountability (CTA) submissions**

Section 3513 of Title 31 of the United States Code requires each executive agency to furnish the Secretary of the Treasury reports and information about its financial condition and operations, if requested by the Secretary. Fiscal Service requires all federal agencies (i.e., all federal executive-, legislative-, and judicial-branch agencies and all federal government corporations) to report all receipt and disbursement activity of the agency via the Classification Transactions and Accountability (CTA) component of CARS

In accordance with the Intragovernmental Business Rules, found in TFM Volume I, Part 2 (“Central Accounting and Reporting”), Chapter 4700 (“Agency Reporting Requirements for the Financial Report of the United States Government”) Appendix 10 – (Intragovernmental Business Rules), which may be found at <https://tfm.fiscal.treasury.gov/v1/p2/c470.html>, Fiscal Service will report federal investment

activity on behalf of its Trading Partners to CARS. Federal investment activity includes: investments, unrealized Discounts, redemptions and interest for all Treasury Specials. Fiscal Service's Trading Partners shall continue to report investment fund receipts and disbursements under their existing procedures and to receive the "GWA Account Statement" expenditure activity report within CARS, which reflects all investment account activity for each month including information reported by Fiscal Service.

### **Section 7025 Program Agency reconciliation responsibilities**

To ensure the integrity and accuracy of the financial reports and information obtained by Fiscal Service, Treasury requires agencies, including Program Agencies for Government Investment Accounts, to reconcile data on the fund balances they maintain in the Treasury on a regular and recurring basis.

Fiscal Service posts appropriation Warrants, NETs, and all information obtained from Program Agencies' monthly CTA submissions in CARS. Fiscal Service provides Program Agencies with updated data on a monthly basis about the fund balance the Program Agency maintains in the Treasury through the "GWA Account Statement" within CARS.

Fiscal Service will make daily transaction confirmations and monthly statements of account available to Program Agencies. Program Agencies should use the principal, Premium, Discount, inflation compensation, and interest information from these transaction confirmations and monthly statements of account in reconciling their "GWA Account Statement" within CARS. If agencies have questions regarding reconciliation of these reports, they may call (304) 480-5151 or email [FedInvestor@fiscal.treasury.gov](mailto:FedInvestor@fiscal.treasury.gov).

It is the responsibility of the Program Agency for a Government Investment Account to post all account activity transactions that are reported to Fiscal Service to a corresponding account in the agency's internal accounting system. It is also the responsibility of the Program Agency to reconcile its internal account balances with corresponding account balances in CARS.

To assist Program Agencies in their reconciliations, CARS will compare the account information that it obtains from the Program Agency's monthly CTA submissions to information reported by other entities, including Fiscal Service, Federal Reserve Banks, financial institutions that Treasury has designated as depositaries, and Treasury Regional Financial Centers. Fiscal Service will post an SF-6652, "Statement of Difference," on its GOALS II Information Access System (IAS) website for each agency every month. In the case where no differences in the information exist, Fiscal Service will post a No Activity SF-6652. Before logging into GOALS II IAS to access monthly statements, Program Agencies must obtain an identification number and password from Fiscal Service. To obtain instructions for access to the GOALS II IAS website, contact the GOALS II administrator through the following website: [https://www.fiscal.treasury.gov/fsservices/gov/acctg/goals2/goals2\\_home.htm](https://www.fiscal.treasury.gov/fsservices/gov/acctg/goals2/goals2_home.htm).

### **Section 7030 Intragovernmental eliminations**

Program Agencies should refer to TFM Volume I, Part 2 ("Central Accounting and Reporting"), Chapter 5100 ("Reconciling Fund Balance with Treasury Accounts"), which may

be found at <https://tfm.fiscal.treasury.gov/v1/p2/c510.html>, for guidance on how to reconcile their internal account balances with account balances in CARS. TFM Volume I, Part 2, Chapter 5100 also includes the contact information of the branch within Fiscal Service to which questions on account reconciliation may be addressed.

Program Agencies are also required to reconcile intra-governmental transactions. OMB and Treasury require agencies that invest through Fiscal Service to reconcile elements of their investments, including principal, original Discount and Premium, amortization of Discount and Premium, and interest revenue. Following the close of each quarter, Fiscal Service provides statements of account, accrual reports, and daily inflation reports. Fiscal Service then submits balances of Government Investment Accounts to the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS).

Quarterly, it is the responsibility of the Program Agency for a Government Investment Account to use the GTAS to reconcile and confirm account balances. If agencies have questions regarding reconciling intra-governmental transactions, they may call (304) 480-5151 or email [FedInvestor@fiscal.treasury.gov](mailto:FedInvestor@fiscal.treasury.gov).

Additional guidance on reporting and reconciliation of information on Government Investment Accounts can be found in the following publications:

OMB Bulletin A-136 (Financial Reporting Requirements), which may be found at [https://www.whitehouse.gov/omb/circulars\\_default](https://www.whitehouse.gov/omb/circulars_default);

TFM Volume I, Part 2 (“Central Accounting and Reporting”), Chapter 4700 (“Agency Reporting Requirements for the Financial Report of the United States Government”) Appendix 10 – (Intragovernmental Business Rules), which may be found at <https://tfm.fiscal.treasury.gov/v1/p2/c470.pdf>.

## **Chapter 8000**

### **Reporting responsibilities of Treasury relating to Government Investment Accounts**

#### **Section 8010 Treasury's general reports**

Section 3513 of Title 31 of the United States Code requires the Secretary of the Treasury to prepare reports that will inform the President, Congress, and the public on the financial operations of the United States Government. In fulfillment of this mandate, Fiscal Service publishes the Daily Treasury Statement, the Monthly Treasury Statement of Receipts and Outlays of the United States Government, the Combined Statement of Receipts, Outlays and Balances of the United States Government, the quarterly Treasury Bulletin, and the annual Financial Report of the United States Government. In addition, Fiscal Service publishes Daily and Monthly Statements of the Public Debt and the annual audited Schedules of Federal Debt.

#### **Section 8015 Responsibilities relating to specific reporting requirements**

Treasury prepares and distributes a number of reports and statements, on the financial management and operations of the United States Government. To support this effort, Program Agencies are required to submit the financial information through the following systems to Fiscal Service:

- Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS); and the Governmentwide Financial Report System (GFRS).

Reporting requirements and instructions for these systems are found in TFM Volume I, Part 2, Chapter 4700 (“Agency Reporting Requirements for the *Financial Report of the United States Government*”), which may be found at <https://tfm.fiscal.treasury.gov/v1/p2/c470.html>.

In addition, various statutes require the Secretary of the Treasury to report annually to Congress on the financial condition and operations during the preceding fiscal year of particular Government Investment Accounts and on the expected conditions and operations of these accounts during a specified number of years in the future. In fulfillment of the mandate for publishing information on the financial condition and operations of the particular Government Investment Accounts during preceding fiscal year, Fiscal Service will compile the information from its central accounting and financial reporting system, the Program Agency, and Fiscal Service, and publish the information annually in one of the issues of the quarterly Treasury Bulletin. The Treasury Bulletin may be found at [https://www.fiscal.treasury.gov/fsreports/rpt/treasBulletin/treasBulletin\\_home.htm](https://www.fiscal.treasury.gov/fsreports/rpt/treasBulletin/treasBulletin_home.htm).

It is the responsibility of the Program Agency for the particular Government Investment Accounts to produce and submit to Fiscal Service when requested, for inclusion in the annual reports published in the Treasury Bulletin, information on the expected conditions and operations of these accounts during the specified number of years in the future. The Program Agency is in a better position than Treasury to estimate what the receipts and disbursements of the federal program are likely to be.

## **Chapter 9000**

### **Miscellaneous provisions**

#### **Section 9010 Revisions to this Operating Circular**

This Operating Circular may be revised from time to time by Treasury. The text of this Operating Circular found at [https://www.treasurydirect.gov/Govt/Apps/Fip/Library/Library\\_Opcirc.pdf](https://www.treasurydirect.gov/Govt/Apps/Fip/Library/Library_Opcirc.pdf) will be updated to reflect any revision to the Operating Circular on the effective date of that revision. When a Program Agency submits to Fiscal Service, after the effective date of a revision to this Operating Circular, an instruction that Fiscal Service invest any monies in, or redeem any investments held by, a Government Investment Account, that Program Agency is deemed to agree to all of the provisions of that revision to this Operating Circular.

#### **Section 9015 Contacts**

General inquiries about this Operating Circular should be addressed to:

Office of the Fiscal Assistant Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, NW Washington, DC 20220  
Telephone: (202) 622-0570

Inquiries and requests for guidance concerning the establishment of Government Investment Accounts and accounting responsibilities should be directed to:

Bureau of the Fiscal Service  
Budget Reports Division  
[budget.reports@fiscal.treasury.gov](mailto:budget.reports@fiscal.treasury.gov)

Inquiries concerning the procedures for investment and redemption of Treasury Specials, also known as Government Account Series (GAS) securities should be directed to:

Bureau of the Fiscal Service  
Special Assets and Liabilities Division  
[FedInvestor@fiscal.treasury.gov](mailto:FedInvestor@fiscal.treasury.gov)  
Telephone: (304) 480-5151

## **APPENDIX A**

### **MANUAL INVESTMENT/REDEMPTION PROCEDURES**

Program Agencies not able to use the internet may complete and submit the manual “Investment/Redemption Instruction” form located at [https://www.treasurydirect.gov/govt/apps/fip/newcust/newcust\\_invred.pdf](https://www.treasurydirect.gov/govt/apps/fip/newcust/newcust_invred.pdf). It is the responsibility of the Program Agency to complete the “Investment/Redemption Instruction” form by specifying the amount of monies to be invested/redeemed, the date on which the monies are to be invested/redeemed, and the particular Treasury Special(s) in which the monies are to be invested or redeemed. It is also the responsibility of the Program Agency to verify the availability of monies in their Government Investment Account and ensure that an authorized official is signing the “Investment/Redemption Instruction” form.

The “Investment/Redemption Instruction” form includes the contact information of the branch within Fiscal Service to which the forms are to be sent. Program Agencies may adapt the standard “Investment/Redemption Instruction” form to meet individual agency needs, subject to Fiscal Service’s prior approval.

It is the responsibility of the Program Agency to submit each “Investment/Redemption Instruction” form to Fiscal Service and it is the responsibility of the Program Agency to ensure that each “Investment/Redemption Instruction” form submitted to Fiscal Service has been received by Fiscal Service.

If a Program Agency attempts to submit an “Investment/Redemption Instruction” form to Fiscal Service and Fiscal Service fails to receive it for any reason by the daily deadline for receipt of investment or redemption instructions, the transaction will not be made.

Generally, the “Investment/Redemption Instruction” form specifying an investment in a Market-Based Treasury Special or a Par-Value Treasury Special must be received by Fiscal Service no later than 3:00 p.m. (Eastern Time) on the date the intended transaction is to be made. Instructions to invest or redeem in Treasury Special zero-coupon bonds must be received by 11:00 a.m. (Eastern Time). Instructions received after these deadlines will be processed the following Business Day, with that following Business Day’s effective date. Transactions will not be backdated.

Program Agencies that are not able to obtain confirmation via FedInvest may request an email confirmation of investment by calling Fiscal Service’s Federal Investments and Borrowings Branch at (304) 480-5151.

**APPENDIX B**  
**PURCHASE PRICES AND YIELDS ON INVESTMENTS AND**  
**SALES PRICES ON REDEMPTIONS**

**Market-Based Treasury Special bills:**

Purchase Price: The Discount rate used to calculate the purchase Price for a Market-Based Treasury Special bill mirroring the particular marketable Treasury bill specified by the Program Agency in an investment instruction will be the average of the prevailing bid and offered bank Discount rates on the specified marketable Treasury bill on the day the investment instruction is received by Fiscal Service, as reported to Treasury by the Federal Reserve Bank of New York. The prevailing bid and offered bank Discount rates will be based on a survey of Treasury securities dealers taken by the Federal Reserve Bank of New York between approximately 11:15 and 11:45 a.m. (Eastern Time) each Business Day.

Sales Price for redemption before the Maturity Date: The Discount rate used to calculate the redemption Price for the particular Market-Based Treasury Special bill specified by the Program Agency in a redemption instruction will be the prevailing bank Discount bid rate on the marketable Treasury bill corresponding to the Treasury Special bill on the day the redemption instruction is received by Fiscal Service, as reported to Treasury by the Federal Reserve Bank of New York.

Pricing floor for Market-Based Treasury Special bills: Treasury's Office of Debt Management has established a floor of zero percent for Market-Based Treasury Special bills. These securities will not be transacted at negative yields.

**Market-Based Treasury Special fixed-principal notes and bonds:**

**Purchase Price:** The purchase Price for a Market-Based Treasury Special fixed-principal note or bond mirroring the particular marketable Treasury fixed-principal note or bond specified by the Program Agency in an investment instruction will be the average of the prevailing bid and offered Prices for the specified marketable Treasury fixed-principal note or bond on the day the investment instruction is received by Fiscal Service, as reported to Treasury by the Federal Reserve Bank of New York. The prevailing bid and offered Prices will be based on a survey of Treasury securities dealers taken by the Federal Reserve Bank of New York between approximately 11:15 and 11:45 a.m. (Eastern Time) each Business Day.

**Sales Price for redemption before the Maturity Date:** The redemption Price for the particular Market-Based Treasury Special fixed-principal note or bond specified by the Program Agency in a redemption instruction will be the prevailing bid Price for the marketable Treasury fixed-principal note or bond corresponding to the specified Treasury Special note or bond on the day the redemption instruction is received by Fiscal Service, as reported to Treasury by the Federal Reserve Bank of New York.

**Pricing floor for Market-Based Treasury Special fixed-principal notes and bonds:** Treasury's Office of Debt Management has established a floor of zero percent for Market-Based Treasury Special fixed-principal, fixed-rate notes and bonds. These securities will not be transacted at negative yields.

## **Market-Based Treasury Special floating rate notes:**

Purchase Price:	The purchase Price for a Market-Based Treasury Special floating rate note mirroring the particular marketable Treasury floating rate note specified by the Program Agency in an investment instruction will be the average of the prevailing bid and offered Prices for the specified marketable Treasury floating rate note on the day the investment instruction is received by Fiscal Service, as reported to Treasury by the Federal Reserve Bank of New York. The prevailing bid and offered Prices will be based on a survey of Treasury securities dealers taken by the Federal Reserve Bank of New York between approximately 11:15 and 11:45 a.m. (Eastern Time) each Business Day.
Sales Price for redemption before the Maturity Date:	The redemption Price for the particular Market-Based Treasury Special floating rate note specified by the Program Agency in a redemption instruction will be the prevailing bid Price for the marketable Treasury floating rate note corresponding to the specified Treasury Special floating rate note on the day the redemption instruction is received by Fiscal Service, as reported to Treasury by the Federal Reserve Bank of New York.
Pricing for Market-Based Treasury Special floating rate notes:	Treasury's Office of Debt Management has established a floor of zero percent for all nominal securities. However, this policy does not apply to Market-Based Treasury floating rate note securities because they may recover due to future rate changes.

### **Market-Based Treasury Special inflation-protected note or bond securities (TIPS):**

Purchase Price:	The purchase Price for TIPS mirroring particular marketable TIPS specified by the Program Agency in an investment instruction will be the average of prevailing bid and offered Prices for the specified marketable TIPS on the day the investment instruction is received by Fiscal Service, as reported to Treasury by the Federal Reserve Bank of New York. The prevailing bid and offered Prices will be based on a survey of Treasury securities dealers taken by the Federal Reserve Bank of New York between approximately 11:15 and 11:45 a.m. (Eastern Time) each Business Day. TIPS shall have principal adjusted by daily Reference Index numbers, as published by Fiscal Service.
Sales Price for redemption before the Maturity Date:	The redemption Price for the particular TIPS specified by the Program Agency in a redemption instruction will be the prevailing bid Price for the marketable TIPS corresponding to the specified TIPS on the day the redemption instruction is received by Fiscal Service, as reported to Treasury by the Federal Reserve Bank of New York. TIPS shall have principal adjusted by daily Reference Index numbers, as published by Fiscal Service.
Pricing for Market-Based Treasury Special Inflation-protected note or bond securities (TIPS):	Treasury's Office of Debt Management has established a floor of zero percent for all nominal securities. However, this policy does not apply to TIPS because they may recover due to inflation. Real yields on TIPS can and do trade at negative rates. This is a function of investor's views on inflation and the potential arbitrage between TIPS securities and nominal securities of comparable tenors.

### **Market-Based Treasury Special one-day certificates of indebtedness:**

Interest Rate:	The Interest Rate on a Market-Based Treasury Special one-day certificate of indebtedness will be determined by the Secretary of the Treasury, taking into consideration the current market-bid coupon-equivalent yield to the Maturity Date of the most recently auctioned United States Treasury bill of the shortest maturity United States Treasury bills then being regularly auctioned.
Pricing floor for Market-Based Treasury Special one-day certificates of indebtedness:	Treasury's Office of Debt Management has established a floor of zero percent for Market-Based Treasury Special one-day certificates of indebtedness. These securities will not be transacted at negative yields.

## Market-Based Treasury Special zero-coupon bonds:

Purchase Price and sales Price for redemption before the Maturity Date:

The purchase Price or redemption Price for a Market-Based Treasury Special zero-coupon bond (or permitted portion thereof) will be calculated by Treasury using the following formula:

$$P = \frac{F}{\left(1 + \frac{r i}{2 s}\right) \left(1 + \frac{i}{2}\right)^n}$$

where:

P = Price

F = Face value of the amount being purchased or Discount rate redeemed

i = Discount rate as determined below

n = Number of full semi-annual periods from the purchase date or redemption date (as the case may be) to the Maturity Date

r = Number of days from the purchase date or redemption date (as the case may be) to the next semi-annual date, or zero if the purchase date or redemption date is on a semi-annual date

s = Number of days in the semi-annual period that ends on the semi-annual date following the purchase date or redemption date (as the case may be).

Discount rate for purchases:

The Discount rate used to calculate the purchase Price for a Market-Based Treasury Special zero-coupon bond mirroring the particular marketable Treasury STRIPS principal or interest component of a marketable Treasury bond specified by the Program Agency in an investment instruction shall be determined by Treasury based on the mean of the prevailing market bid and ask yields on the specified marketable Treasury STRIPS principal or interest component as of 12:00 p.m. (Eastern Time), or as soon as possible thereafter, on the purchase date of the non-marketable Treasury zero-coupon bond. In determining the prevailing market yields, Treasury will survey available quotations on the available marketable Treasury STRIPS components from market sources, including financial information services and primary dealers active in the Treasury STRIPS market.

Discount rate for redemptions before the Maturity Date:

The Discount rate used to calculate the redemption Price for the particular special-issue non-marketable Treasury zero-coupon bond specified by the Program Agency in a redemption instruction shall be determined by Treasury based on the prevailing market bid yield on the same marketable Treasury STRIPS principal or interest component as was used to determine the original purchase Price, as of 12:00 p.m. (Eastern Time), or as soon as possible thereafter, on the date of

redemption of the non-marketable Treasury zero-coupon bond. In determining the prevailing market bid yields, Treasury will survey available quotations on the appropriate marketable Treasury STRIPS components from market sources, including financial information services and primary dealers active in the Treasury STRIPS market.

Pricing floor  
for Market-  
Based  
Treasury  
Special zero  
coupon bonds:

Treasury's Office of Debt Management has established a floor of zero percent for Market-Based Treasury Special zero coupon bonds. These securities will not be transacted at negative yields.

## **APPENDIX C**

### **FEDINVEST ACCESS PROCEDURES**

Once a Government Investment Account has been established within Fiscal Service's investment accounting system, Program Agencies must identify individuals that need access to FedInvest. New users must fill out the FedInvest Log-on ID Request General Information Form, which can be found at <https://www.treasurydirect.gov/govt/apps/fip/newcust/newcust.htm>. The user and supervisor are required to sign the form. The form can be emailed to [FedInvestor@fiscal.treasury.gov](mailto:FedInvestor@fiscal.treasury.gov).

Once access has been granted, Fiscal Service's Federal Investments and Borrowings Branch (FIBB) will train individuals to use FedInvest. Online help can also be found within FedInvest.

If individuals have problems or questions with FedInvest, they may call FIBB at (304) 480-5151 or email [FedInvestor@fiscal.treasury.gov](mailto:FedInvestor@fiscal.treasury.gov).