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(2) Refer to Transport Canada AD CF-2021-24, dated July 21, 2021, for more information. You may view the Transport Canada AD at <https://www.regulations.gov> in Docket No. FAA-2022-0450.

#### (I) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) of the service information listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this service information as applicable to do the actions required by this AD, unless the AD specifies otherwise.

(i) Diamond Aircraft Industries Mandatory Service Bulletin No. MSB 40-093, Rev. 0, dated July 6, 2021.

(ii) Diamond Aircraft Industries Mandatory Service Bulletin No. MSB 40NG-065, Rev. 1, dated July 6, 2021.

(iii) Diamond Aircraft Industries Mandatory Service Bulletin No. MSB F4-039, Rev. 0, dated July 6, 2021.

(3) For service information identified in this AD, contact Diamond Aircraft Industries Inc., At: Thit Tun, 1560 Crumlin Road, London, N5V 1S2, Canada; phone: (519) 457-4000; email: [T.Tun@diamondaircraft.com](mailto:T.Tun@diamondaircraft.com).

(4) You may view this service information at the FAA, Airworthiness Products Section, Operational Safety Branch, 901 Locust, Kansas City, MO 64106. For information on the availability of this material at the FAA, call (817) 222-5110.

(5) You may view this service information that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, email: [fr.inspection@nara.gov](mailto:fr.inspection@nara.gov), or go to: <https://www.archives.gov/federal-register/cfr/ibr-locations.html>.

Issued on June 13, 2022.

**Christina Underwood,**

*Acting Director, Compliance & Airworthiness Division, Aircraft Certification Service.*

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## DEPARTMENT OF THE TREASURY

### Fiscal Service

#### 31 CFR Part 356

#### Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds

**AGENCY:** Department of the Treasury.

**ACTION:** Final rule.

**SUMMARY:** The Department of the Treasury (Treasury) is issuing in final form several technical amendments to the terms and conditions for the sale and issuance to the public of marketable Treasury securities. These amendments are designed to modernize the regulations, enhance clarity, and

improve consistency in the use of terminology.

**DATES:** Effective August 8, 2022.

**ADDRESSES:** This final rule is available at <http://www.treasurydirect.gov>.

**FOR FURTHER INFORMATION CONTACT:** Lori Santamarena (Executive Director), Kurt Eidemiller (Associate Director), Kevin Hawkins (Associate Director) or John Garrison (Associate Director), Government Securities Regulations Staff, Bureau of the Fiscal Service, Department of the Treasury, (202) 504-3632 or email us at [govsecreg@fiscal.treasury.gov](mailto:govsecreg@fiscal.treasury.gov).

**SUPPLEMENTARY INFORMATION:** Chapter 31 of Title 31 of the United States Code authorizes the Secretary of the Treasury to issue United States obligations, and to offer them for sale under such terms and conditions as the Secretary may prescribe. Title 31 CFR part 356, also referred to as the Uniform Offering Circular (UOC), sets out the terms and conditions for the sale and issuance by Treasury to the public of marketable, book-entry Treasury bills, notes, and bonds.<sup>1</sup> The UOC, together with the auction announcement for each Treasury security auction, represents a comprehensive statement of those terms and conditions. Following a review of the UOC, Treasury is issuing in final form eight technical amendments.

The first change removes specific references to the Legacy Treasury Direct and TreasuryDirect systems. This change removes outdated references to legacy technology and reduces the likelihood that Treasury would need to make future regulation changes based on technological developments.

The second change removes references to “press release” throughout part 356 to allow for a range of distribution methods for Treasury auction announcements and results.

The third change modifies § 356.5 paragraphs (b)(2) and (c)(2) to clarify that Treasury does not conduct unscheduled reopenings of Treasury inflation-protected securities (TIPS). In a reopening, Treasury auctions an additional amount of an outstanding security. Treasury’s planned auction schedule includes regularly scheduled reopenings. In an unscheduled reopening, the highest accepted yield determined in the auction of a new, non-indexed note or bond coincidentally aligns with the yield of an outstanding non-indexed note or bond with the same maturity date. In that situation, Treasury reopens the outstanding non-indexed note or bond

rather than issuing a new security. Because TIPS have a 6-digit, inflation-index ratio set when each security is issued, there is an extremely low probability that a previously issued TIPS will have an initial index ratio, coupon rate, and maturity date that coincidentally aligns with a newly issued TIPS. Therefore, Treasury does not conduct unscheduled reopenings of TIPS.

The fourth change increases the noncompetitive bid limit for all marketable Treasury securities auctions from \$5 million to \$10 million considering the increase in auction sizes and inflation over several decades. This change aims to encourage participation by smaller investors by expanding their opportunities to bid noncompetitively.

The fifth change adds clarifying language at § 356.14(a) to confirm that the bidder has been properly identified when submitting a customer bid in an auction. Currently, the UOC does not directly address the identification of customers on bids that satisfy guarantee arrangements.<sup>2</sup> To eliminate any potential ambiguity regarding such bids, the UOC is being amended to explicitly require the identification of customers on bids that satisfy guarantee arrangements. Treasury expects any entity guaranteeing bids to confirm that the customer has been properly identified on the bid and raise any questions with Treasury staff.

The sixth change revises paragraph § 356.20(b) to clarify that new inflation-protected notes and bonds are issued with a minimum interest rate of 1/8 of one percent.<sup>3</sup>

The seventh change revises certain examples in Appendix B to part 356 to replace references to “inflation-indexed” with “inflation-protected” for consistency.

The eighth change adds clarifying language in Appendix B to part 356 to the examples for calculating the investment rate (coupon-equivalent yield) for Treasury bills. The clarifying language explains how to calculate variable *y* when the year following the issue date of a Treasury bill is a leap year.

To provide market participants and Treasury sufficient time to modify their systems and to make any other

<sup>2</sup> In 2009, Treasury amended the UOC to remove a provision regarding auction bids that fulfilled a guarantee. The guarantee provision was intended for multiple-price auctions which Treasury no longer conducts. 74 FR 26084 (June 1, 2009).

<sup>3</sup> On March 1, 2011, Treasury published in the **Federal Register** a final amendment to the UOC that established a minimum interest rate of 1/8 of one percent for all new Treasury note and bond issues, including inflation-protected securities (76 FR 11079).

<sup>1</sup> The Uniform Offering Circular was published as a final rule on January 5, 1993 (58 FR 412).

operational changes that may be needed, we are providing a 30-day delayed effective date.

**Procedural Requirements**

*Executive Order 12866.* This final rule is not a significant regulatory action pursuant to Executive Order 12866.

*Administrative Procedure Act (APA).* This rule falls within the contract exception to the APA, 5 U.S.C. 553(a)(2), because it relates to United States securities, which are contracts between Treasury and the owner of the security. As a result, the notice, public comment, and delayed effective date provisions of the APA are inapplicable to this rule.

*Regulatory Flexibility Act.* The provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, do not apply to this final rule because, pursuant to 5 U.S.C. 553(a)(2), it is not required to be issued with notice and opportunity for public comment.

*Paperwork Reduction Act.* We ask for no collections of information in this final rule. Therefore, the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.*, does not apply.

*Congressional Review Act (CRA).* This final rule is not a major rule pursuant to the CRA, 5 U.S.C. 801 *et seq.*

**List of Subjects in 31 CFR Part 356**

Banks, Banking, Bonds, Federal Reserve System, Government securities, Reporting and recordkeeping requirements, Securities.

**Text of Amendments**

For the reasons set forth in the preamble, amend 31 CFR part 356 as follows:

**PART 356—SALE AND ISSUE OF MARKETABLE BOOK-ENTRY TREASURY BILLS, NOTES, AND BONDS (DEPARTMENT OF THE TREASURY CIRCULAR, FISCAL SERVICE SERIES NO. 1–93)**

- 1. The authority citation for part 356 continues to read as follows:  
*Authority:* 5 U.S.C. 301; 31 U.S.C. 3102, *et seq.*; 12 U.S.C. 391.
- 2. Amend § 356.2 by revising the definitions of “Book-entry security”, “Index rate”, removing the definition of “Legacy Treasury Direct”, revising the definition of “Security”, and removing the definition of “TreasuryDirect”.  
The revisions read as follows:

**§ 356.2 What definitions do I need to know to understand this part?**

*Book-entry security* means a security that is issued or maintained as an

accounting entry or electronic record. (See § 356.4.)

\* \* \* \* \*

*Index rate* means the simple-interest money market yield, computed on an actual/360 basis and rounded to nine decimal places, from the highest accepted discount rate of a 13-week bill auction as announced in the Treasury auction results. (See appendix B for methods and examples for computing the index rate.)

\* \* \* \* \*

*Security* means a Treasury bill, note, or bond, each as described in this part. Security also means any other obligation we issue that is subject to this part according to its auction announcement. Security includes an interest or principal component under the STRIPS program, as well as a certificate of indebtedness.

\* \* \* \* \*

- 3. Amend § 356.4 by revising the introductory text and paragraph (b) and removing paragraph (c) to read as follows:

**§ 356.4 What are the book-entry systems in which auctioned Treasury securities may be issued or maintained?**

We issue marketable Treasury securities into the commercial book-entry system and into accounts maintained directly on the records of the Department of the Treasury (“securities held directly with Treasury”).

\* \* \* \* \*

(b) *Securities held directly with Treasury.* Account holders maintain accounts in a book-entry system directly on the records of the Department of the Treasury. Securities held directly with Treasury are subject to the terms and conditions in this part, the auction announcement, and the regulations governing the system in which the securities are held. (See subtitle B, chapter II of this title.)

- 4. Amend § 356.5 by revising the introductory text and footnote 1 to paragraph (b)(1) introductory text and adding paragraphs (b)(2)(vi) and (c)(2)(vi) to read as follows:

**§ 356.5 What types of securities does the Treasury auction?**

We offer securities under this part exclusively in book-entry form and as direct obligations of the United States issued under Chapter 31 of Title 31 of the United States Code. When we issue additional securities with the same CUSIP number as outstanding securities, we consider them to be the

same securities as the outstanding securities.

\* \* \* \* \*

- (b) \* \* \*
- (1) \* \* \*

<sup>1</sup> We use the term “non-indexed” in this part to distinguish such notes and bonds from “inflation-protected securities” and “floating rate notes.” We refer to non-indexed notes and non-indexed bonds as “notes” and “bonds” in official Treasury publications, such as auction announcements and auction results, as well as in auction systems.

(2) \* \* \*  
(vi) Are only reopened as scheduled or announced.

\* \* \* \* \*

- (c) \* \* \*
- (2) \* \* \*

(vi) Are only reopened as scheduled or announced.

- 5. Amend § 356.11 by revising the first sentence of paragraph (a)(1), revising paragraph (c), and removing paragraph (d) to read as follows:

**§ 356.11 How are bids submitted in an auction?**

(a) \* \* \*  
(1) All bids must be submitted using an approved method, which depends on the system into which the awarded securities will be issued. (See § 356.4.)

\* \* \* \* \*

(c) *Securities held directly with Treasury.* You must submit your bids in accordance with the regulations governing the system in which the security will be held. You may reinvest the proceeds of a maturing security held directly with Treasury as permitted by the system in which it is held.

- 6. Amend § 356.12 by revising paragraphs (b)(1) and (c)(3) to read as follows:

**§ 356.12 What are the different types of bids and do they have specific requirements or restrictions?**

\* \* \* \* \*

(b) \* \* \*  
(1) *Maximum bid.* You may not bid noncompetitively for more than \$10 million. The maximum bid limitation does not apply if you are bidding solely through a request to reinvest the proceeds of a maturing security held directly with Treasury, which is a noncompetitive bid.

\* \* \* \* \*

(c) \* \* \*  
(3) *Additional restrictions.* You may not bid competitively in an auction in which you are bidding noncompetitively. You may not bid competitively for securities to be held directly with Treasury.

■ 7. Amend § 356.14 by revising paragraph (a) to read as follows:

**§ 356.14 What are the requirements for submitting bids for customers?**

(a) *Institutions that may submit bids for customers.* Only depository institutions or dealers may submit bids for customers (see definitions at § 356.2), or for customers of intermediaries, under the requirements set out in this section. If a bid fulfills a guarantee to sell to a customer a specified amount of securities at the price determined in the auction, then the bid is a bid of that customer.

\* \* \* \* \*

■ 8. Amend § 356.17 by revising paragraph (b), removing paragraph (c), and redesignating paragraph (d) as paragraph (c) to read as follows:

**§ 356.17 How and when do I pay for securities awarded in an auction?**

\* \* \* \* \*

(b) *Securities held directly with Treasury.* You must pay for your awarded securities by a debit entry to a deposit account that you are authorized to debit or by using the redemption proceeds of your certificate of indebtedness. Payment by debit entry occurs on the settlement date for the actual settlement amount due. (See § 356.25.)

\* \* \* \* \*

■ 9. Amend § 356.20 by revising paragraph (b) introductory text to read as follows:

**§ 356.20 How does the Treasury determine auction awards?**

\* \* \* \* \*

(b) *Determining the interest rate for new non-indexed and inflation-protected note and bond issues.* If a Treasury non-indexed or inflation-protected note or bond auction results in a yield lower than 0.125 percent, the interest rate will be set at 1/8 of one percent, and successful bidders' award prices will be calculated accordingly. (See appendix B to this part for formulas.)

\* \* \* \* \*

■ 10. Amend § 356.22 by revising paragraph (a) to read as follows:

**§ 356.22 Does the Treasury have any limitations on auction awards?**

(a) *Awards to noncompetitive bidders.* The maximum award to any noncompetitive bidder is \$10 million. This limit does not apply to bidders bidding solely through a request to

reinvest the proceeds of a maturing security held directly with Treasury.

\* \* \* \* \*

■ 11. Amend § 356.23 by revising paragraph (a) and paragraph (b) introductory text to read as follows:

**§ 356.23 How are the auction results announced?**

(a) After the conclusion of the auction, we will make the auction results available on our website at <http://www.treasurydirect.gov>.

(b) The auction results will include such information as:

\* \* \* \* \*

■ 12. Amend § 356.25 by revising paragraphs (a) and (b) and removing paragraph (d) to read as follows:

**§ 356.25 How does the settlement process work?**

\* \* \* \* \*

(a) *Payment by debit entry to a deposit account.* If you are paying by debit entry to a deposit account as provided for in § 356.17(b), we will charge the settlement amount to the specified account on the issue date.

(b) *Payment by authorized charge to a funds account.* Where the submitter's method of payment is an authorized charge to the funds account of a depository institution as provided for in § 356.17(c), we will charge the settlement amount to the specified funds account on the issue date.

\* \* \* \* \*

■ 13. Amend § 356.30 by revising the paragraph heading to paragraph (c)(2) and removing paragraph (c)(3) to read as follows:

**§ 356.30 When does the Treasury pay principal and interest on securities?**

\* \* \* \* \*

(c) \* \* \*

(2) *Securities held directly with Treasury.* \* \* \*

■ 14. Amend appendix B to part 356:

■ a. In section I.C, by revising the first four sentences in paragraph 1 and the first two sentences in paragraph 3;

■ b. In section III.A and B, by removing "inflation-indexed" and adding in its place "inflation-protected" wherever it occurs; and

■ c. In section VI.D, by revising the first occurrence of the variable y in paragraphs 1 and 2.

The revisions read as follows:

**Appendix B to Part 356—Formulas and Tables**

\* \* \* \* \*

I. \* \* \*

C. \* \* \*

1. \* \* \* We issue floating rate notes with a daily interest accrual feature. This means that the interest rate "floats" based on changes in the representative index rate. We pay interest on a quarterly basis. The index rate is the High Rate of the 13-week Treasury bill auction announced on the auction results that has been converted into a simple-interest money market yield computed on an actual/360 basis and rounded to nine decimal places. \* \* \*

\* \* \* \* \*

3. \* \* \* In general, accrued interest for a particular calendar day in an accrual period is calculated by using the index rate from the most recent auction of 13-week bills that took place before the accrual day, plus the spread determined at the time of a new floating rate note auction, divided by 360, subject to a zero-percent minimum daily interest accrual rate. However, the rate determined in a 13-week bill auction that takes place in the two-business-day period prior to a settlement date or interest payment date will be excluded from the calculation of accrued interest for purposes of the settlement amount or interest payment. \* \* \*

\* \* \* \* \*

VI. \* \* \*

D. \* \* \*

1. \* \* \*

y = number of days in year following the issue date; normally 365, but if the period from the issue date to the same date 1 year ahead contains February 29, then y is 366. (e.g., 2020 is a leap year. Suppose the issue date for a 26-week bill is February 28, 2020. The date 1 year ahead is February 28, 2020. That 1-year period from the issue date of the bill does not contain "February 29," therefore y = 365. Now suppose the issue date of a 26-week bill is March 1, 2019. The date 1 year ahead is March 1, 2020. That 1-year period from the issue date of the bill contains "February 29," therefore y = 366.)

\* \* \* \* \*

2. \* \* \*

y = number of days in year following the issue date; normally 365, but if the period from the issue date to the same date 1 year ahead contains February 29, then y is 366. (e.g., 2020 is a leap year. Suppose the issue date for a 26-week bill is February 28, 2019. The date 1 year ahead is February 28, 2020. That 1-year period from the issue date of the bill does not contain "February 29," therefore y = 365. Now suppose the issue date of a 26-week bill is March 1, 2019. The date 1 year ahead is March 1, 2020. That 1-year period from the issue date of the bill contains "February 29," therefore y = 366.)

David A. Lebryk,

Fiscal Assistant Secretary.

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