

§ 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.

(b) *Payment.* Submitters must remit payment for bids they submit on behalf of customers, including customers of intermediaries, that result in awards of securities in the auction.

(c) *Identifying customers.* Submitters must provide the names of customers whenever they submit bids for them. Submitters must provide the names of their direct customers as well as customers of any intermediaries who are forwarding customer bids. For individuals, submitters must provide the customer's full name (first and last). For institutional customers, submitters must provide the name of the institution, and the bidder identification number if the customer provides it. For trusts or other fiduciary estates (See appendix A.), submitters must provide on the customer list:

- (1) The full name or title of the trustee or fiduciary;
- (2) A reference to the document creating the trust or fiduciary estate with date of execution; and
- (3) The employer identification number (not social security number) of the trust or fiduciary estate. We do not consider trusts to be a separate bidder that have not been assigned, or that do not provide, an employer identification number.

(d) *Competitive customer bids.* For each customer competitive bid, the submitter must provide the customer's name, the amount bid, and the yield or discount rate. The submitter or intermediary must also report the net long position amount if the customer provides it. The submitter must inform a customer of the net long position reporting requirement (See § 356.13.) if the customer is bidding for \$100 million or more of securities. If the submitter's

or intermediary's personnel know that the customer's position information is not correct, the submitter or intermediary may not submit the customer's bid.

(e) *Noncompetitive customer bids.* For each noncompetitive bid, the submitter must provide the customer's name and the amount bid. Submitters may either provide the customer's name with the bid or, if the list of customers is lengthy, the submitter may provide a summary bid amount covering all noncompetitive customers. If it provides a summary bid amount, the submitter must transmit the list of individual customers and their bid amounts by close of business on the auction day. However, the submitter must be able to provide the customer list details by the noncompetitive bidding deadline if requested.

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§ 356.15 What rules apply to bids submitted by investment advisers?

(a) *General.* The auction rules that apply to investment advisers are determined by the relationship between "investment advisers" and "controlled accounts." An investment adviser means any person or entity that has investment discretion for the bids or positions of a different person or entity (a controlled account). A person or entity has investment discretion if it determines what, how many, and when securities will be purchased or sold on behalf of another person or entity. We consider a person that is employed or supervised by an investment adviser to be part of that investment adviser. We also consider the bids or positions of controlled accounts to be separate from the bids or positions of the person or entity with which they would otherwise be associated under the bidder categories in appendix A of this part.

(b) *Bidding options.* (1) An investment adviser has two options for whose name to use when bidding on behalf of controlled accounts.

An investment adviser may bid for a controlled account . . .	In such cases, we consider the bidder to be . . .
(i) in the investment adviser's own name	the investment adviser.
(ii) in the name of the controlled account	the controlled account.

(2) Using the first option (paragraph (b)(1)(i)), an investment advisor could bid noncompetitively up to the noncompetitive bidding limit only for itself, as a single bidder. Using the second option (paragraph (b)(1)(ii)), an investment advisor could bid noncompetitively for each separately named controlled account up to the noncompetitive bidding limit. The investment advisor could also bid noncompetitively in its own name in the same auction up to the noncompetitive bidding limit. An investment adviser may not bid for a controlled account both noncompetitively and competitively in the same auction. If an investment adviser is bidding competitively in the name of a controlled account, the controlled account is subject to the award limitations of § 356.22(b).

(c) *Reporting net long positions.* If it is bidding competitively, an investment adviser must calculate the amount of

its bids and positions for purposes of the net long position reporting requirement found in § 356.13(a). In addition to its own competitive bids and positions, the investment adviser must also include in the calculation all other competitive bids and positions that it controls. If the net long position is reportable, the investment adviser must report it as a total in connection with only one bid as stated in § 356.13(a). This requirement applies regardless of whether the investment adviser bids in its own name or in the name of its controlled accounts. The following table shows which positions an investment adviser must include to determine whether it meets the net long position reporting threshold in § 356.13(a). If an investment adviser does meet the reporting threshold, the table also shows which positions must be included in, and which may be excluded from, the net long position calculation.

If an investment adviser is bidding competitively, and . . .	Then . . .
(1) the investment adviser has a net long position for its own account.	that position must be included in the investment adviser's net long position calculation.
(2) the investment adviser's competitive bid is for a controlled account.	any net long position of that account must be included in the investment adviser's net long position calculation.
(3) the investment adviser is not bidding competitively for a controlled account and . . .	
(i) the controlled account has a net long position of \$100 million or more.	that position must be included in the investment adviser's net long position calculation.
(ii) the controlled account has a net long position that is less than \$100 million.	that position may be excluded from the investment adviser's net long position calculation.
(iii) any net long position is excluded under paragraph (b)(3)(ii) of this table.	all net short positions of controlled accounts under \$100 million must also be excluded.

(d) *Certifications.* When an investment adviser bids for a controlled account, we deem the investment adviser to have certified that it is complying with this part and the auction announcement for the security. Further, we deem the investment adviser to have certified that the information it provided about bids for controlled accounts is accurate and complete.

(e) *Proration of awards.* Investment advisers that submit competitive bids in the names of controlled accounts are responsible for prorating any awards at the highest accepted yield or discount rate using the same percentage that we announce. See § 356.21 for examples of how to prorate.

§ 356.16 Do I have to make any certifications?

(a) *Submitters.* If you submit bids or other information in an auction, we deem you to have certified that:

(1) You are in compliance with this part and the auction announcement;

(2) The information provided with regard to any bids for your own account is accurate and complete; and

(3) The information provided with regard to any bids for customers accurately and completely reflects information provided by your customers or intermediaries.

(b) *Intermediaries.* If you forward bids in an auction, we deem you to have certified that: