

Fiscal Service, Treasury

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the capacity will be debited to the reserve account and credited to the TGA.

(b) *Late delivery of AOC.* If an AOC does not arrive at the TSC before the designated cutoff time for receipt, the TSC will credit the amount of funds to the depository's TIP main account balance as of the date of receipt of the AOC. However, the date on which funds will begin to earn interest for Treasury is the next business day after the AOC date.

§ 203.17 Collector depositories.

(a) *Debit to reserve account.* On the business day that the TSC receives an AOC from a collector depository, the TSC will debit the depository's reserve account for the amount reported on the AOC and credit that amount to Treasury's account.

(b) *Late delivery of AOC.* If an AOC does not arrive at the TSC before the designated cutoff time on the first business day after the AOC date, an FTD late fee in the form of interest at the TT&L rate of interest will be assessed for each day's delay in receipt of the AOC. Upon the direction of Treasury, the TSC will debit the depository's reserve account for the amount of the late fee.

Subpart D—Investment Program and Collateral Security Requirements for TT&L Depositories

§ 203.18 Scope of the subpart.

This subpart governs the operation of the investment program, including the rules that TT&L depositories must follow in crediting and debiting TIP main account balances, SDI account balances, and TIO account balances, and pledging collateral security.

§ 203.19 Sources of balances.

A financial institution must be a collector depository that accepts term investments, an investor depository, or a retainer depository to participate in the investment program. Depositories electing to participate in the investment program can receive Treasury's investments in obligations of the depository from the following sources:

(a) FTDs that have been credited to the depository's TIP main account balance pursuant to subpart C of this part;

(b) EFTPS ACH credit and debit transactions, Fedwire® non-value transactions, and Fedwire® value transfers pursuant to subpart B of this part;

(c) Direct investments, SDIs, dynamic investments, and term investments pursuant to subpart D of this part; and

(d) Other excess Treasury operating funds.

§ 203.20 Investment account requirements.

(a) *Additions.* Treasury will invest funds in obligations of collector depositories that accept term investments, investor depositories, or retainer depositories. Such obligations will be in the form of open-ended interest-bearing notes, or in the case of term investments, interest-bearing notes maintained for a predetermined period of time, and additions and reductions will be reflected on the books of the TSC.

(1) *PATAX.* The TSC will credit the TIP main account balance as stated in § 203.16(a) for an investor or retainer depository processing tax deposits through PATAX.

(2) *EFTPS—(i) ACH debit and ACH credit.* The TSC will credit a depository's TIP main account balance, and credit the depository's reserve account if capacity exists, for the amount of EFTPS ACH debit and credit entries on the day such entries settle.

(ii) *Fedwire® value and non-value transactions.* The TSC will credit a depository's TIP main account balance if capacity exists, throughout the day on the day of settlement, for the amount of Fedwire® value and non-value transactions. In the case of Fedwire® value transactions, the depository's reserve account will also be credited.

(b) *Additional offerings.* Other funds from Treasury may be offered from time to time to depositories participating in the investment program through direct investments, SDIs, term investments, or other investment programs.

(c) *Withdrawals.* The amount of a TIP main account balance or SDI account balance is payable on demand without

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prior notice. The TSC will make calls for payment at the direction of the Secretary. On behalf of Treasury, the TSC will debit the depositary's reserve account on the day specified in the call for payment.

(d) *Interest.* The TIP main account balance and the SDI account balance bear interest at the TT&L rate of interest. Such interest is payable by a charge to the depositary's reserve account in the manner prescribed in the procedural instructions.

(e) *Balance limits—(1) Retainer and investor depositaries.* A retainer or investor depositary must establish an initial balance limit for its TIP main account balance by providing notice to that effect in writing to the TSC. The balance limit is the amount of funds for which a retainer or investor depositary is willing to provide collateral in accordance with § 203.21(c)(1). The depositary must follow the procedural instructions before reducing the established balance limit unless the reduction results from a collateral revaluation as determined by the FRB. That portion of any PATAX or EFTPS tax payment which, when posted at the FRB, would cause the TIP main account balance to exceed the balance limit specified by the depositary, will be withdrawn by the FRB that day.

(2) *Direct investments.* An investor depositary that participates in direct investments must set a balance limit for direct investment purposes which is higher than the peak balance normally generated by the depositary's PATAX and EFTPS tax payment inflow. The depositary must follow the procedural instructions before reducing the established balance limit.

(3) *SDIs.* SDIs are credited to the SDI account balance and are not considered in setting the amount of the TIP main account balance limit or in determining the amounts to be withdrawn where a depositary exceeds its TIP main account balance limit.

(f) *TIO.* Treasury may, from time to time, invest excess operating funds in obligations of depositaries awarded funds under TIO. Such obligations will be in the form of interest-bearing notes payable upon a predetermined period of time not to exceed 90 days. Such notes will bear interest at a rate prescribed

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by the Secretary by auction or otherwise taking into consideration prevailing market interest rates.

§ 203.21 Collateral security requirements.

Financial institutions that process EFTPS tax payments, but that are not TT&L depositaries, have no collateral requirements under this part. Financial institutions that are TT&L depositaries have collateral security requirements, as follows:

(a) *Investor and retainer depositaries—(1) PATAX and EFTPS tax payments.* Investor and retainer depositaries must pledge collateral security in accordance with the requirements of paragraphs (c)(1), (d), and (e) of this section in an amount that is sufficient to cover the TIP main account balance and the balance in the TT&L account that exceeds the recognized insurance coverage.

(2) *Direct investments.* An investor depositary is required to pledge collateral in accordance with the requirements of paragraphs (c), (d), and (e) of this section no later than the day before a direct investment is placed. However, each investor depositary participating in same-day direct investments must pledge, prior to the announcement, collateral up to its balance limit to obtain the depositary's maximum portion of the same-day direct investment.

(3) *SDIs.* The day before SDIs are credited to an investor depositary's SDI account balance, the depositary must pledge collateral security, in accordance with the requirements of paragraphs (c)(2), (d), and (e) of this section, to cover the total of the SDIs to be received.

(4) *TIO.* Each depositary participating in the term investment program must pledge, prior to the time the term investment is placed, collateral in accordance with paragraphs (c)(1), (c)(2) for certain term investments as determined by Treasury, (d), and (e) of this section sufficient to cover the total TIO account balance.

(b) *Collector depositaries.* Prior to crediting FTD deposits to the TT&L account, a collector depositary must