

communications facilities used for participating in Treasury auctions.

(b) *Commercial book-entry system.* (1) If you are a submitter and the awarded securities are to be issued in the commercial book-entry system, you must submit bids using one of our approved electronic methods except for contingency situations.

(2) You must have an agreement on file with us under which you agree to our terms and conditions for access to our system for participating in our auctions.

(3) In contingency situations, such as a power outage, we may accept bids by telephone if you submit them prior to the relevant bidding deadline.

(c) *TreasuryDirect.* (1) If you are a submitter and the awarded securities are to be issued in TreasuryDirect, you may submit bids by using one of our approved methods, e.g., computer, automated telephone service, or paper forms. You may also reinvest the proceeds of maturing securities into new securities by completing the appropriate transaction request on time.

(2) If you are submitting bids by paper form, you must use forms authorized by the Bureau of the Public Debt and provide the requested information. We have the option of accepting or rejecting bids on any other form. You are responsible for ensuring that we receive bids in paper form on time. A competitive bid is on time if we receive it prior to the deadline for the receipt of competitive bids. A noncompetitive bid is on time if:

(i) We receive it on or before the issue date, and

(ii) The envelope it arrived in bears evidence, such as a U.S. Postal Service cancellation, that it was mailed prior to the auction date.

(3) If you are submitting a bid by computer or telephone you must be an established TreasuryDirect account holder with a Taxpayer Identification

Number. You may not submit a competitive bid by computer or telephone.

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

(a) *General.* All bids must state the par amount of securities bid for and must equal or exceed the minimum to bid amount stated in the auction announcement. Bids in larger amounts must be in the multiple stated in the auction announcement.

(b) *Noncompetitive bids.*—(1) *Maximum bid.* You may not bid noncompetitively for more than \$1 million in a bill auction or more than \$5 million in a note or bond auction. The maximum bid limitation does not apply if you are bidding solely through a TreasuryDirect reinvestment request. A request for reinvestment of securities maturing in TreasuryDirect is a noncompetitive bid.

(2) *Additional restrictions.* You may not bid noncompetitively in an auction in which you are bidding competitively. You may not bid noncompetitively if, in the security being auctioned, you hold a position in when-issued trading or in futures or forward contracts at any time between the date of the auction announcement and the time we announce the auction results. During this same timeframe, a noncompetitive bidder may not enter into any agreement to purchase or sell or otherwise dispose of the securities it is acquiring in the auction. For this paragraph, futures contracts include those:

(i) That require delivery of the specific security being auctioned;

(ii) For which the security being auctioned is one of several securities that may be delivered; or

(iii) That are cash-settled.

(c) *Competitive bids.*

(1) *Bid format*—(i) *Treasury bills.* A competitive bid must show the discount rate bid, expressed with three decimals

in .005 percent increments. The third decimal must be either a zero or a five, for example, 5.320 or 5.325.

(ii) *Treasury fixed-principal securities.* A competitive bid must show the yield bid, expressed with three decimals, for example, 4.170.

(iii) *Treasury inflation-protected securities.* A competitive bid must show the real yield bid, expressed with three decimals, for example, 3.070.

(2) *Maximum recognized bid.* There is no limit on the maximum dollar amount that you may bid for competitively, either at a single yield or discount rate, or at different yields or discount rates. However, a competitive bid at a single yield or discount rate that exceeds 35 percent of the offering amount will be reduced to that amount. For example, if the offering amount is \$10 billion, the maximum bid amount we will recognize at any one yield or discount rate from any bidder is \$3.5 billion. (See § 356.22 for award limitations.)

(3) *Additional restriction.* You may not bid competitively in an auction in which you are bidding noncompetitively.

§ 356.13 When must I report my net long position and how do I calculate it?

(a) Net long position reporting threshold.

(1) If you are bidding competitively in an auction, you must report your net long position when the total of your bids plus your net long position in the security being auctioned equals or exceeds the net long position reporting threshold (See table). We will specify this threshold in the auction announcement for each security (See § 356.10). The threshold is typically 35 percent of the offering amount, but we may state a different threshold in the auction announcement. To see whether you must report your net long position, follow this table:

If . . .	And If . . .	Then . . .
(i) the total of your bids and your net long position in the security being auctioned equals or exceeds the reporting threshold.	you must report your net long position (which does not include your bids).
(ii) the total of your bids in the auction equals or exceeds the reporting threshold.	you have no position or a net short position in the security being auctioned.	you must report a zero.
(iii) the total of your bids and your net long position in the security being auctioned is less than the reporting threshold.	you may either report nothing (leave the field blank) or report your net long position.

(2) Also, if you have more than one bid in an auction and you must report either your net long position or a zero, you must report that figure only once. Finally, if you are a customer and must report either your net long position or

a zero, you must report that figure through only one depository institution or dealer. (See § 356.14(d))

(b) “As of” time for calculating net long position. You must calculate your net long position as of one half-hour

prior to the closing time for receipt of competitive bids.

(c) Components of the net long position. Except as modified in (d) of this section, your net long position is the sum total of the par amounts of: