

The SLGS Program

The SLGS program was initiated in 1972, following federal legislation enacted in 1969, restricting state and local government entities from earning arbitrage profits from investing bond proceeds in higher yielding investments. Under the SLGS program, special low-interest bearing Treasury securities are offered to tax exempt entities for the investment of bond proceeds subject to IRS arbitrage restrictions. For more information, refer to the SLGS regulations in the Federal Register, 31 CFR Part 344. IRS arbitrage rules can be found in Section 148 of the IRS Code. For further information on arbitrage rules, contact the IRS Tax Exempt Bond Field Operations Program at www.irs.gov.

Extraordinary flexibility is the key to making SLGS an attractive investment to manage arbitrage issues. SLGS buyers may choose any interest rate they want as long as the rate doesn't exceed the maximum rate published daily by the Bureau of the Fiscal Service. Investors may also select an issue date and maturity date to fit their investment needs.

Types of SLGS

The two types of SLGS are Time Deposit and Demand Deposit.

Time Deposit SLGS are issued for terms fixed by the investor. They can be Certificates of Indebtedness (C of I's), with terms from 15 days to one year; Notes, with terms from more than one year to ten years; and Bonds, with terms from more than ten years to forty years. Time Deposit SLGS can be interest bearing (with interest paying semi-annually on Notes and Bonds) or have zero interest. They are issued in whole dollar amounts with a minimum amount of \$1,000.

Demand Deposit SLGS are one-day Certificates of Indebtedness that are automatically rolled over with interest each day until redemption is requested. Demand Deposit SLGS are also issued with a minimum of \$1,000, but are not required to be whole dollar amounts.

The **SLGS Daily Rate Table** is published at 10:00 am ET Monday – Friday (except holidays) by the Bureau of the Fiscal Service. To view or download the rate table, visit our website at www.slgs.gov.

Subscribing for SLGS

In order to subscribe for SLGS, you must be an agent representing a tax-exempt issuer. SLGS are issued under the Tax Identification Number of the tax exempt issuer, which is most commonly a state or local government entity. Agents can be the tax- exempt issuer acting on their own behalf, a trustee bank, or any financial advisor with authorization from the issuer.

The first step is to apply for SLGSafe[®] access. SLGSafe is Treasury's secure Internet site where you can subscribe and make changes to your SLGS issues. You can also view, download, and print reports and submit redemption requests. For more information about SLGSafe, go to:

<https://www.slgs.gov/govt/apps/slgs/slgsafe/slgsafe.htm> .

Many SLGS subscriptions begin by a tax-exempt organization or its agent locking in a rate. In SLGSafe, you can enter a minimal amount of information to hold that day's rate table as the one you want to use for the issue. The required information is issue amount, issue date, owner (state and local entity) name, owner Tax ID, and underlying bond issue information. SLGSafe will give you an immediate confirmation and assign a Treasury Case Number to the subscription. After this, you are required to enter the remaining information (owner address, trustee information, ACH instructions, and the schedule of securities) before 3:00 pm. ET on the issue date.

You may subscribe no more than 60 days in advance of the issue date. For issue amounts of \$10 million or less, we require a subscription lead time of no less than 5 calendar days before to the issue date. For issue amounts over \$10 million, 7 calendar days before the issue is required.

Once the subscription is received, you cannot change the issue date or cancel the subscription. You may change the issue amount by 10% above or below the original amount.



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