



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

TO: Shagufta Ahmed, Office of Information and Regulatory Affairs

FROM: Ryan Law, Deputy Assistant Secretary for Privacy, Transparency, and Records

SUBJECT: Justification for Emergency Processing: Office of Debt Management – Quarterly Dealer Agenda Survey

The Department of Treasury (Treasury), Office of Debt Management (ODM) is requesting emergency processing of a request for a new Office of Management (OMB) Control Number for the Primary Dealer Meeting Agenda (Agenda). The Agenda is a quarterly survey sent to all primary dealers, of which there are currently 23 financial institutions. Primary dealers are trading counter parties of the Federal Reserve Bank of New York (FRBNY) in its implementation of monetary policy. Primary dealers are also expected to have a substantial presence as a market maker for Treasury securities and bid on a pro-rata basis in all Treasury auctions.

The Agenda has been used for many years to gather information from primary dealers, however Treasury only recently realized that the survey had not been cleared under the Paperwork Reduction Act (PRA). Though the FRBNY sends and receives the survey to the primary dealers, it does so on Treasury's behalf. As such, Treasury now recognizes that it should be considered the "sponsor" of the information collection for purposes of the PRA.

Given the next anticipated Agenda release date of January 11 (two weeks prior to the regularly scheduled meeting with primary dealers to discuss feedback before the Quarterly Refunding), the agency cannot reasonably comply with the normal clearance procedures under the PRA.

The Treasury's mission to manage the U.S government's finances and resources effectively includes financing the government's borrowing needs at the lowest cost over time. Treasury meets this objective by issuing debt in a regular and predictable pattern, providing transparency in its decision-making process, and seeking continuous improvements in the Treasury auction process. The risks to regular and predictable debt issuance result from unexpected changes in our borrowing requirements, changes in the demand for Treasury securities, and anything that inhibits timely sales of securities. To reduce these risks, Treasury closely monitors economic conditions, market activity, and, if necessary, responds with appropriate changes in debt issuance based on analysis and consultation with market participants, including the primary dealers.

Changes in debt management policy are generally developed through the quarterly refunding (<https://www.treasury.gov/resource-center/data-chart-center/quarterly-refunding/Pages/default.aspx>) process near the middle of each calendar quarter. Treasury begins this process by soliciting advice and views from the private sector through questions to primary

dealers (<https://www.treasury.gov/resource-center/data-chart-center/quarterly-refunding/Pages/agenda-index.aspx>) in the Agenda.

The information is a critical factor to inform ODM's decision to set the securities' issuance sizes for the upcoming quarter. In effect, the information provides a market view of borrowing needs for the U.S. government. In addition, aggregate statistics are made public through Treasury's Quarterly Refunding materials.

If this information were not collected, Treasury would not have insight into market expectations for debt issuance or other fiscal policy initiatives, nor would the public have the aggregate statistics published after the collection of that information. When making policy decisions, Treasury takes into account market expectations to better understand market demand for Treasury securities, capacity to absorb additional issuance when applicable, and the magnitude of risk from announcing policies in contrast to expectations. Without this information, Treasury's goal of financing the government at the lowest cost to the taxpayer would be at risk.

Treasury requests that OMB approve the collection of information through the Agenda by January 10, 2019 in order to bring this survey into compliance before the next release date on January 11.

Treasury and the FRBNY have regular interaction with the primary dealers and a general understanding that dealers have established processes to provide this information to Treasury on a regular basis. However, Treasury will publish a notice in the *Federal Register* concurrent with the OMB review period soliciting additional comment from the public.