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NABL Recommends Treasury Revise SLGS Procedures.

NABL this week sent a letter offering Treasury officials alternative proposals to the current practice of suspending the sales of State and Local Government Securities (SLGS) subscriptions when the federal debt approaches the statutory limit. In the letter, NABL recommended several non-exclusive alternatives. One was that Treasury should “only suspend subscriptions for larger SLGS purchases,” making the cutoff at \$10,000,000. “Since purchases of smaller quantities of SLGS have the most difficulty with alternative adjustments, suspensions of SLGS subscriptions over [the \$10,000,000 limit] would solve the problems for many local government units.”

The letter also suggests that, if necessary, Treasury should “consider an increase of the advance subscription period when extraordinary measures are in effect.” NABL went on to explain that “small issuers could in extraordinary times adjust to a longer subscription period of... 10 days,” understanding that a longer period would make it easier to adjust treasury auctions in response to subscriptions for SLGS.

NABL also suggested that SLGS terms could be limited to a “relatively short period,” as short-term treasuries “are the most difficult to bid as an alternative to SLGS. The final recommendation from NABL was to “allow subscriptions for 0% SLGS during periods of extraordinary measures.”

The NABL letter can be seen [here](#).