

Bond Case Briefs

Municipal Finance Law Since 1971

Treasury To Suspend Sales Of State And Local Government Series Securities.

The U.S. Department of the Treasury's Bureau of the Fiscal Service (the "Treasury") [announced](#) on March 8, 2017 the suspension of sales of State and Local Government Series (SLGS) nonmarketable Treasury securities, effective 12:00 noon Eastern Time, March 15, 2017.

SLGS are special purpose securities that the Treasury issues to state and local government entities to assist them in complying with federal tax laws and Internal Revenue Service arbitrage regulations. SLGS are issued at the request of the government entity when it has cash proceeds to invest from the issuance of tax exempt bonds. SLGS securities are purchased only by issuers. As a result of the SLGS suspension, also known as closing the SLGS window, the Treasury will no longer accept new subscriptions for SLGS securities. The Treasury is anticipated to reopen the SLGS window when Congress enacts, and the President signs, legislation raising the debt limit.

Please note that entities must submit their intention to purchase SLGS either 7 calendar days before the issue date, if for more than \$10 million, or 5 calendar days before the issue date if for \$10 million or less. Therefore, the window for subscriptions closed on Wednesday, March 8 and Friday, March 10, respectively. Treasury's past practice has been to honor all SLGS subscriptions submitted by the specified time and date of the SLGS suspension. Unless otherwise prohibited for another reason, SLGS maturities, interest payments, and early redemptions will be processed as normal during the SLGS suspension. Open-market Treasury securities, which are purchased after soliciting bids from banks and other financial institutions are still an option.

Last Updated: March 22 2017

Article by Luisella P. McBride and Francina J. Brinker

Miles & Stockbridge

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.