A Guide to Securities Issued by the United States Government, 1861 – 1975

Part IV: Historical Glossary of Debt Management Terms used by the United States Treasury, 1861-1975 (with select additions post-1975)

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Notes:

This glossary contains terms involved with debt management in the broadest sense. Not only terms involving the marketing of government securities are included but also those relating to specific issues, trust funds, foreign exchange, and government entities.

Definitions vary by time and place, and therefore current financial definitions (intended for modern, international finance) may have little value in examining past practices in the United States Treasury. Some financial instruments used by the United States government no longer exist and some financial terms have taken on different meanings over the years. So, to be of any use, the meaning of financial terms used in the past by the Treasury must be derived from the actual historical practices of the Treasury. That is the basis of this glossary.

Any works cited below can be found in Part V: Bibliography.

100 Bond Agreement
In the secondary bond market, the 100 bond agreement was an informal arrangement between bond dealers to buy or sell at least $100,000 of any issue at their quoted prices. This practice was abandoned in the mid 1950s.

Accrual Bond
An accrual bond earns interest that is not payable until the bond is redeemed. There are no semiannual interest payments as in the case of a current income bond. Upon redemption of an accrual bond the holder receives both the principal and all the accrued interest. Also see Current Income Bond.

Add-ons
Add-ons are foreign purchases of government securities upon an offering by the Treasury. The amount of foreign purchases is added on to the total dollar amount of the offering, keeping the size of the domestic offering constant. The term arose in the 1970s as foreign interest grew in the auction of government securities.

Adjusted Service Bond
Adjusted Service Bonds were issued to allow for the immediate payment of Adjusted Service Certificates as directed by the Adjusted Compensation Act of January 27, 1936. Veterans were to be paid the face value of their Adjusted Service Certificates minus outstanding loans and unpaid interest on June 15, 1936. The form of payment was Adjusted Service Bonds that were non-negotiable and paid 3% interest but were redeemable immediately. The bonds were only issued in a $50 denomination. Any odd amount due the veteran was paid by check.

Adjusted Service Certificate
Created by the Adjusted Compensation Act of May 19, 1924, Adjusted Service Certificates were issued to veterans of World War I as a life insurance benefit. Their face values were calculated by length of service and then increased by 25%. The Adjusted Compensation Payment Act of January 27, 1936, replaced Adjusted Service Certificates with Adjusted Service Bonds.

Adjusted Service Certificate Fund
The Adjusted Service Certificate Fund was created to pay Adjusted Service Certificates as they became payable. Bonds, notes, and certificates of indebtedness were issued to finance the Adjusted Service Certificate Fund.

Advance
Generally, an advance is a loan. The term advance is used by the Treasury to refer to a collateralized loan or a collateralized government obligation. In the case of a collateralized loan, the recipient of the loan must put up collateral to secure the loan. In the case of a collateralized government obligation, the security sold by the government is backed by assets such as mortgages. Advances were first issued (and existing notes redesignated advances) by government-sponsored enterprises in 1970. These securities are not part of the public debt.

Advance Refunding

Advance refunding has come to mean the refunding of a debt issue before its earliest redemption date, either its call date or maturity date. Originally, advance refunding was a policy instituted by the Treasury in 1959. It allowed holders of notes or bonds to exchange them before maturity for those of a longer maturity and higher yield without incurring any tax liability. The need for advance refunding arose from a 4.25% debt ceiling imposed by Congress in 1918 on Treasury issues with a maturity of more than 5 years. (This ceiling was removed in fiscal year 1971.) By the late 1950s, interest rates for long-term bonds in the secondary market had risen above 4.25%, forcing the Treasury to sell only short-term securities where the ceiling did not apply. This situation caused inflationary pressures as the Treasury's presence in the highly competitive short-term securities market drove up interest rates, increasing the cost of borrowing. The Treasury needed to extend the average maturity of the public debt and hold on to customers of long-term securities. Advance refunding did this by refunding a maturing, long-term security before it entered the short-term range (being within 5 years of maturity) and was sold in the secondary market to holders of short-term securities who would not want to exchange it upon maturity for another long-term bond. By offering long-term investors a new, higher yield, long-term government security well before their bonds matured, the Treasury retained its customers and extended the average maturity of the public debt. (*Annual Report of the Secretary of the Treasury, 1960*: 305-18.) This advance refunding of long-term securities (10 or more years to maturity) was called "senior" advance refunding. "Junior" advance refunding referred to the advance refunding of medium-term securities (2 to 10 years to maturity). The instance of a "junior" and "senior" advance refunding in a single fiscal year was called "leap frogging" by contemporary market observers (*Annual Report of the Secretary of the Treasury, 1962*: 284). For a listing of advance refunding operations, see *Annual Report of the Secretary of the Treasury, Statistical Appendix, 1972*: 107-09. Also see Prerefunding.

Agreement

Generally, an agreement is a contract. But the term agreement was also used by the Veterans' Administration (currently the Department of Veterans' Affairs) to refer to an "agreement to sell" a mortgage. This usage is connected with the Veterans' Direct Loan Program begun by the Housing Act of 1950. The program provided direct mortgages to veterans living in areas where a mortgage that could simply be guaranteed by the Veterans' Administration could not be obtained because of a lack of private mortgage money. After making a direct loan or mortgage, the Administrator of the Veterans' Administration was authorized to sell the mortgage on the open market. The mortgage was sold in the form of an "agreement to sell" which was abbreviated by the Veterans' Administration to simply an "agreement." The agreement contained the terms of sale of the VA mortgage, including the price and rate of interest paid. Also see Veterans' Direct Loan Program and Department of Veterans' Affairs.

Agricultural Credit Insurance Fund

The Agricultural Credit Insurance Fund was the new name given the Farm Tenant Mortgage Insurance Fund of the Farmers Home Administration in 1962. The fund was

used to provide guaranteed loans for the operating expenses of farms. Later, the fund also took on the function of providing guaranteed direct loans to beginning farmers to buy farms, leading to the abolition of the Direct Loan Account. The Secretary of Agriculture financed the Agricultural Credit Insurance Fund by selling securities to the Treasury. The fund was replaced by the Rural Development Insurance Fund on August 30, 1972. See Farm Tenant Mortgage Insurance Fund, Direct Loan Account, and Farmers Home Administration.

Airport and Airway Trust Fund
The Airport and Airway Trust Fund was established on July 1, 1971 by the Airport and Airway Revenue Act of 1970 (May 21, 1970). The purpose of the trust fund is to finance the development of aviation, especially airports and navigational facilities. The trust fund receives revenue from aviation excise taxes, user fees, and special issues of Treasury securities. In 1973, the Airport Development Acceleration Act was passed to prohibit the imposition of passenger charges by states and local airports and to increase funding to the Airport Development Aid Program. This action seems to have triggered the issuance of a special issue of Treasury securities to help finance the trust fund.

Alaska Native Fund
Originally referred to as the Alaskan Native Fund, the Alaska Native Fund was created by the Alaska Native Claims Settlement Act of December 18, 1971. The fund was used to pay compensation to Alaskan natives for claims to aboriginal land given up in the settlement in exchange for fee simple title to 40 million acres of land. Money in the fund came from yearly appropriations and from revenues produced from mineral rights. Excess funds were invested by the Secretary of the Treasury in government securities.

Alaska Railroad Retirement Fund
The Alaska Railroad Retirement Fund was established on June 29, 1936, for government employees working on the Alaska Railroad. The railroad was established in 1914 and remained under the control of the federal government until 1985 when it was purchased by the State of Alaska. In July 1949, the Canal Zone Retirement and Disability Fund and the Alaska Railroad Retirement Fund were consolidated into the Civil Service Retirement and Disability Fund.

Anticipation Note
An anticipation note is a financial instrument issued in anticipation of income from a forthcoming debt issue. It is interest bearing and has a short maturity. Income from the forthcoming debt issue is pledged to redeem the anticipation notes when they mature. Also see Interim Certificate.

Apartment Unit Insurance Fund
The Apartment Unit Insurance Fund was established by Section 234 of the National Housing Act as amended on June 30, 1961. The Federal Housing Administration ran the fund and the Apartment Unit Insurance program. Apartment Unit Insurance insured mortgages on individual apartments (condominiums) in multi-unit buildings.

Appreciation Bond

An appreciation bond is an earlier name for an Accrual Bond and is so called because the principal appreciates in value over time. Appreciation bonds are bought at a discount and interest accrues over time until maturity when the bond becomes worth its face value. Examples of appreciation securities are Savings Bonds and Treasury Bills.

Armed Forces Leave Bonds

Created by the Armed Forces Leave Act of August 9, 1946, Armed Forces Leave Bonds were issued to members of the military in compensation for accumulated leave when they left active service. The bonds paid 2.5% and were payable 5 years from issue but could be used to pay United States Government Life Insurance or National Service Life Insurance premiums. They were subject to immediate payment upon the death of the bond holder. The act was amended on July 26, 1947, to make the bonds redeemable in cash on demand of the holder. The sum paid was par plus accrued interest. It appears that these bonds were printed as cardboard punch cards by IBM.

Armed Services Housing Mortgage Insurance Fund

The Armed Services Housing Mortgage Insurance Fund was used to finance the purchase or construction of housing for military personnel near military bases. It was managed by the Federal Housing Administration and the Defense Department. In 1955, the Housing Amendments of 1955 act authorized the Federal Housing Administration to issue debentures to fund the mortgage insurance. The debentures were issued in multiples of $50. Any difference under $50 between the value of the mortgage and the debentures issued was paid to the mortgage lender in cash.

Armory Board

See District of Columbia Armory Board.

Aviation [War Risk] Insurance Revolving Fund

The Aviation War Risk Insurance Revolving Fund, later referred to simply as the Aviation Insurance Revolving Fund, was created to fund the Aviation War Risk Insurance Program. This program was created in 1951 when Congress amended the Civil Aeronautics Act of 1938. The Aviation War Risk Insurance Program provides commercial carriers with insurance against damages arising from operation in war zones or military operations against U.S. carriers (the coverage was later extended to include hijackings and terrorist acts). In 1958, the program became known as the Aviation Insurance Program as it became part of Title XIII of the Federal Aviation Act. The program and revolving fund came under the direction of the Department of Transportation in 1967 (and later the Federal Aviation Administration), passing from the authority of the Department of Commerce. The Secretary of the Treasury may invest amounts of the revolving fund in government securities.

“Baby Bonds”

“Baby Bond” was the nickname given to United States Savings Bond, Series A issued on March 1, 1935. The nickname derived from the bond’s low price ($18.75 for a $25 bond) and was extended to cover Series B through Series D Savings Bonds, the latter

being issued in 1941. The bonds were sold at a discount with an effective interest rate of 2.9%. The bonds matured to their face value in ten years and were sold in denominations of $25, $50, $100, $500, and $1,000. The bonds could be redeemed 60 days after purchase.

Banks for Cooperatives
Thirteen Banks for Cooperatives were established by the Farm Credit Act of 1933 to facilitate the extension of loans to farmers. The banks were part of the Farm Credit System and were cooperatively owned by its customers who were required to buy shares in their regional banks. There were 12 regional banks, serving specific agricultural regions that usually reached across state lines, and a Central Bank serving larger, nationwide accounts. The banks provided loans to farmer-owned cooperatives and cooperatively-owned rural utilities. By 1968, private stockholders in the Banks for Cooperatives had paid back all the government money used to start the banks. In 1989, 10 regional banks joined with the Central Bank to form CoBank. The two remaining Banks for Cooperatives merged with CoBank in 1995.

Basket
Basket was a term used during World War II to refer to the collection of Treasury securities offered for sale during a financing campaign or war loan drive (Murphy 41n11).

Bearer Bond
A bearer bond is an unregistered bond. Ownership is determined by possession or the bearer of the bond. Bearer bonds are negotiable.

Below Market Interest Rate (BMIR) Program
The Below Market Interest Rate (BMIR) Program of the Federal National Mortgage Association was established by Section 221(d)(3) of the National Housing Act amended on June 30, 1961. The program provided interest subsidies to nonprofits, cooperatives, and public agencies for the construction of low-rent public housing. To fund this program the Federal National Mortgage Association issued a Series D, Subseries BMR note. The program was replaced with the Section 236 Mortgage Subsidy Program authorized by the Housing Development Act of 1968.

Benchmark Issue
A benchmark issue is the one-time sale of a security with terms that appeal to the market and that is sold in a large enough quantity and total dollar value to assure its liquidity in the secondary market.

Bequest of George C. Edgeter for the Relief of Indigent American Indians, BIA, Fund
See Relief for Indigent American Indians, BIA, Fund.

Bill
A bill is a short-term security issued on a discount basis rather than at par (its value at maturity). In general, the discount price is determined by competitive bidding and the

maturity is under one year. Series are usually identified by their dates of maturity. Also see Treasury Bill and Treasury Bills, Tax Anticipation Series.

BMR Note

See Below Market Interest Rate (BMIR) Program.

Bond

A bond is an interest-bearing loan instrument that normally matures after 10 or more years. In some cases, instruments are named bonds but actually have the characteristics of notes. Also see Treasury Bond and Treasury Bond, Investment Series.

Bonneville Power Administration

The Bonneville Power Administration is a federal agency that generates and markets electricity in the Pacific Northwest. It was created by the Bonneville Project Act of August 20, 1937 to facilitate the marketing of hydro-electric power generated at the Bonneville and Grand Coulee dams that were then under construction. On October 18, 1974, Congress passed the Federal Columbia River Transmission System Act which, among other things, created the Bonneville Power Administration Fund to replace annual Congressional appropriations as the administration's main source of operating funds and authorized the Bonneville Power Administration to issue securities to the Treasury to help finance the fund. The Bonneville Power Administration is currently under the Department of Energy.

Book-Entry

Book-entry is a system whereby securities are registered, tracked, and managed electronically, eliminating the need for physical documents. The Treasury started using book-entry procedures in 1968, and many government sponsored agencies followed in the 1970s.

In 1976, the Treasury began offering new Treasury bills in book-entry form only. Beginning with the issue of December 14, 1976, 52-week bills began to be issued in book-entry form alone. Twenty-six week bills were first sold in book-entry form only with the June 2, 1977 issue. Thirteen week bills followed with the September 1, 1977 issue. With all bills, some $100,000 denomination definitive bills were available until 1978 to investors required by law to hold securities in physical form. (See *Annual Report of the Secretary of the Treasury, 1977*: 249-66.)

Treasury notes and Treasury bonds followed in August 1986. This system has resulted in the virtual elimination of new physical Treasury financial instruments. Also see Definitive Security.

Bureau of the Public Debt

The Bureau of the Public Debt was established in 1940 when the Public Debt Service and the Division of Savings Bonds were combined. It administers the public debt and serves as the transfer agent of the Treasury. See Public Debt and Transfer Agent.

Callable

The term callable refers to whether and under what conditions the government has the right to redeem a debt issue prior to its maturity date. The Treasury stopped issuing callable securities in 1985. Callable and redeemable are often used interchangeably by the Treasury. A callable security is only redeemable by the issuer, while a redeemable security is redeemable by either the issuer or the holder, depending upon the conditions under which the security was issued. See Redeemable.

Canal Zone Retirement and Disability Fund

The Canal Zone Retirement and Disability Fund was established by an act of Congress on March 2, 1931, to pay pensions to employees of the government working in the Panama Canal Zone, including employees of the Panama Railroad Company. Treasury notes and certificates of indebtedness were issued on its behalf. In July 1949, the Canal Zone Retirement and Disability Fund and the Alaska Railroad Retirement Fund were consolidated into the Civil Service Retirement and Disability Fund.

Carter Bonds

Carter Bonds was the popular name given Foreign Public Series, Foreign Currency Denominated securities. They were named after President James E. Carter under whose administration the securities were first issued. Carter Bonds were part of a 1978-1979 campaign to stop the fall of the dollar in world currency markets. These nonmarketable securities, which were actually Treasury notes, were sold to individuals in Germany and Switzerland through the central banks of those countries. The securities were denominated in marks or francs, as applicable. The foreign exchange raised was held in the Treasury's general fund and used by the Exchange Stabilization Fund in support of the dollar. (Henning 26; *Annual Report of the Secretary of the Treasury, 1979*: 275.)

Cash Delivery

In the sale of securities, a cash delivery provides for the delivery of the securities to the purchaser and payment for the securities by the purchaser on the same business day. Also see Regular Delivery.

Cash Refunding

A cash refunding is the practice of selling a new issue of securities for cash for the purpose of refinancing a maturing issue. The amount of the new issue is roughly equal to the value of the issue to be refinanced, and the sale of the new issue occurs on the same day that the old issue matures.

Certificate

Generally, a certificate is an interest-bearing, short-term funding device that either matures in one year or less, is callable by the government in less than a year, or may be redeemed on short notice by the holder. However, the term certificate was sometimes used as a synonym for a security. For example, the Adjusted Service Certificate had a maturity of 20 years and acted as a bond. The Treasury also used the term certificate

interchangeably with certificate of indebtedness after World War II. See Certificate of Deposit, Certificate of Indebtedness, Special Short-Term Issue Certificate of Indebtedness, Pittman Act Certificate of Indebtedness, Treasury Certificate, Treasury Certificate of Indebtedness, Treasury Savings Certificates, and War-Savings Certificates.

<u>Certificate of Deposit</u>
A certificate of deposit is a certificate issued in return for a deposit in the Treasury. Like most certificates, a certificate of deposit usually bears interest and has a short maturity. However, the Treasury has issued some certificates of deposit with indefinite maturity dates and some that bear no interest.

<u>Certificate of Indebtedness</u>
A certificate of indebtedness is a short-term, interest-bearing funding device issued in anticipation of income. This income usually takes the form of an up-coming loan or tax receipt. A certificate of indebtedness can have a maturity of as little as one day and will never have a maturity of more than five years. Maturity is usually between 3 and 12 months. After World War I, financial instruments that were not issued in anticipation of income but had short maturities began to be called certificates of indebtedness by the Treasury, such as Certificates of Indebtedness, War Finance Corporation of 1920. Basically, the Treasury no longer recognized a distinction between certificates of indebtedness and certificates in general (see Murphy 99-100). The Treasury sometimes also refers to certificates of indebtedness as Treasury Certificates of Indebtedness, United States Treasury Certificates of Indebtedness, Treasury Certificates, or simply Certificates. Murphy states that no certificates of indebtedness were issued between 1934 and 1942 because interest rates were so low during this period "that any coupon rate in line with the market would have looked 'silly'" (Murphy 100). (A discussion of Certificates of Indebtedness occurs in *Annual Report of the Secretary of the Treasury, 1929*: 39-41.) Also see Special Short-Term Issue Certificate of Indebtedness, Pittman Act Certificate of Indebtedness, and Treasury Certificate of Indebtedness, Loan Certificate, Tax Certificate.

<u>Certificate of Participation</u>
See Participation Certificate.

<u>Certificate of Redemption</u>
Generally, certificates of redemption are used in situations where property is redeemed from tax foreclosures. Payment of back taxes is acknowledged by a certificate of redemption, allowing for the return of the seized property. In the 1860s and 1870s, the Treasury used certificates of redemption as interdepartmental receipts for currency and securities redeemed. When the Register received redeemed notes from the First Comptroller, often in packets of $5,000 or $10,000, the Register verified the amount received and issued a certificate of redemption to the First Comptroller.

Circulation Privilege

The Treasury used the term to apply to the ability of certain government securities to be used by National Banks as a collateral basis for the issue of National Bank Notes. For more on this interpretation, see National Bank Notes, General Circulation Privilege, and Limited Circulation Privilege.

Civil Service Retirement and Disability Fund

The Civil Service Retirement and Disability Fund was established by the Civil Service Retirement Act of May 22, 1920, to pay benefits to federal employees. In July 1949, the Canal Zone Retirement and Disability Fund and the Alaska Railroad Retirement Fund were consolidated into the Civil Service Retirement and Disability Fund.

CoBank

See Banks for Cooperatives.

Collateral Trust

The term collateral trust applies to debentures issued by the Federal Land Banks and Federal Intermediate Credit Banks. A collateral trust security is secured by a pledge of specific securities that are held in trust by a third party. Also see Consolidated Bond.

College Housing Loan

The college housing loan was a low-interest loan issued by the Housing and Home Finance Administration and later the Department of Housing and Urban Development to colleges and universities for the construction of student housing. The loans were authorized by Title IV of the Housing Act of 1950. To fund these loans, the Administrator of the Housing and Home Finance Agency was authorized by Title III of the Housing Amendments of 1955 Act to issue interest-bearing securities to the Treasury.

Commodity Certificates

See Commodity Credit Certificates.

Commodity Credit Certificates

Commodity Credit Certificates are payments issued by the Commodity Credit Corporation in lieu of cash payments to participants in farm subsidy or agricultural export programs. The certificates do not pay interest. These certificates are also known as Commodity Certificates.

Commodity Credit Corporation

The Commodity Credit Corporation is a government owned corporation created on October 16, 1933, by Executive Order 6430 to stabilize and support farm prices and to fund some conservation programs. It is administered by the Farm Service Agency of the United States Department of Agriculture. Sales of its obligations to the public were authorized under the act of March 8, 1938, as amended, which also guaranteed its bonds in both interest and principal. In fiscal year 1966, the Commodity Credit Corporation began to sell 0% securities to the Treasury on the authority of a law passed

on November 2, 1965. The law provided that after June 30, 1964, the Commodity Credit Corporation could sell non-interest-bearing securities to the Treasury in an amount equal to the unreimbursed losses of the past fiscal year.

Compound Interest Note
A compound interest note is a note in which interest is compounded. Interest is paid on the original principal plus the accrued interest rather than just on the original principal alone.

Comptroller of the Currency: Assessments Fund
The assessments fund of the Comptroller of the Currency holds money accumulated by the Comptroller from fees charged to banks to fund the Comptroller's examination function.

Comptroller of the Currency: Trustee Fund
No entry. Unknown.

Consol
Consol is short for consolidated debt. A consol is generally an interest-bearing bond issued to redeem more than one outstanding debt issue, usually refinancing existing debt at a lower interest rate. This term was used primarily in the nineteenth century.

Consolidated Bond
A consolidated bond is a security that is a joint obligation of more than one government corporation or other government entity. The issues of the Federal Home Loan Banks are consolidated bonds as each of the 12 banks are liable for the debt of the other banks in the system. Also see Collateral Trust.

Contingent Debt
Contingent debt is debt for which the United States government is liable only on the contingency of the failure of the original issuer to pay its debts. Usually, contingent debt refers to debt issues by separate government entities such as the Federal Housing Administration. When the United States government guarantees the debt issues of these entities, it becomes contingently liable.

Contingent Exemption
A contingent exemption is an arrangement wherein a security becomes tax exempt upon meeting some precondition such as the ownership of another, specific security (Love 178). For example, $30,000 worth of Fourth Liberty Bonds became exempt from federal surtaxes if the buyer held previous Liberty Bond issues.

Continued Loan
A continued loan is a bond issued to refinance an existing debt issue. This achieves the same purpose as a refunding act except that no act of Congress is required. By mutual agreement between the Secretary of the Treasury and the debt holders, bonds of an existing debt are exchanged for new bonds which continue to bear the name of the old

debt issue. Generally, a continued loan has an indefinite life and pays a lower interest rate than the original bond. This term was used primarily in the nineteenth century.

Conversion Bond or Note

A conversion bond or note is a security that is issued in exchange for a specific, existing bond or note. The purpose is to convert a current, outstanding bond or note into another, new debt issue. Unlike a continued loan, a conversion bond or note bears a new name and requires the authorization of Congress. This term was used primarily in the nineteenth century.

Convertibility

Convertibility is the ability to exchange one security for another. This feature could be attached to a security at issue or at a later date by an act of Congress or the Secretary of the Treasury. The purpose of making a security convertible upon issue was to support the value of the security by using the value of existing or subsequent securities into which the security being issued is declared to be convertible (Love 102). When convertibility was applied upon issue, it could take different forms (Love 222-27). In a “simple” conversion, the terms of conversion were stated in full at the time of issue. A “blind” conversion only stated that the issue was convertible into future issues of the same security on terms to be determined later. In a “complete” conversion, the security was declared as eligible to be converted into any subsequent issue. When convertibility was applied subsequent to a security’s issue, the terms were outlined in the authorization of the issue into which the existing security could be converted. Applying convertibility post facto to a security was aimed at refinancing a maturing security and thus avoiding payment in cash (see Conversion Bond or Note).

Cooperative Management Housing Insurance Fund

This revolving fund is used to finance the Cooperative Management Housing Insurance Program. The program insures lenders for mortgage loans made to a nonprofit cooperative ownership housing corporation or trust for the construction, extensive remodeling, or purchase of cooperative housing projects. It was established by Section 213 of the National Housing Act of 1950. Funding for the program originally came from the General Insurance Fund until the National Housing Act was amended in 1965, allowing for the creation of a separate Cooperative Management Housing Insurance Fund. Further amendments were made in 1966 and 1968. Securities to benefit the fund were first issued in 1973.

Coupon

Originally, a coupon was a detachable part a security that bore the interest payment date and the amount due. The bearer of the security would detach the appropriate coupon and present it to the Treasury for payment. Coupons became obsolete with the use of book-entry systems. Coupon is synonymous with interest in financial parlance: the coupon rate refers to the interest rate.

Coupon Bond
A coupon bond is any bond that has attached coupons. However, the term usually refers to a bearer (unregistered) bond in which the holder receives interest payments by detaching coupons and presenting them to the Treasury. Physical coupons have disappeared with the implementation of the book-entry system and the use of electronic documents.

Coupon Stripping
See STRIPS.

Cumulative Sinking Fund
The cumulative sinking fund was a sinking fund established by the Victory Liberty Loan Act of March 3, 1919. Beginning July 1, 1920, 2.5% of the value of outstanding securities authorized by the First Liberty Bond Act, the Second Liberty Bond Act, the Third Liberty Bond Act, the Fourth Liberty Bond Act, the Victory Liberty Loan Act, and any subsequent act was to be appropriated annually by the Treasury for the purpose of retiring the debt. Securities that made up the debt could be retired at maturity by payment in full or bought before maturity on the open market at the price of par plus accrued interest. See Sinking Fund.

Currency
Currency is a form of money (a means of exchange with which to pay debts) that is in public circulation. The form of United States paper currency has fluctuated over time. Since the Civil War, paper currency, as recognized by the Treasury, has primarily been gold certificates, silver certificates, Treasury Notes of 1890, National Bank Notes, United States Notes (also known as Greenbacks and Legal Tenders), Federal Reserve Notes, and Federal Reserve Bank Notes. Though these are technically government obligations, they are more commonly understood to be outside the realm of the public debt. This is probably because they pay no interest and have an indefinite maturity. However, some interest-bearing public debt issues have acted as currency.

Current Income Bond
A current income bond is a bond that pays interest on a semiannual basis and leaves the principal untouched. The bond is sold at par and redeemed for the same price at or before maturity. Most bonds not sold at a discount are current income bonds. Also see Accrual Bond.

CUSIP Number
The CUSIP number is a nine-character identification number assigned to each security approved for trading in the United States. This number is assigned by the Committee on Uniform Securities Identification Procedures (CUSIP). The system was established in 1967 and provides that the first six numbers identify the issuer, the next two numbers identify the issue, and the last number act as a check digit to assure authenticity. CUSIP numbers first appear for Treasury bills in the *Annual Report of the Secretary of the Treasury* of 1971 (164-65).

Debenture

A debenture is an unsecured debt instrument backed only by the credit worthiness of the borrower, such as the debentures issued by the Federal Housing Administration.

Debt Bearing No Interest

Debt Bearing No Interest is a category created by the Treasury in which to group public debt securities that are non-negotiable and non-interest-bearing such as Special Notes of the United States. Securities in this category are often issued for one-time or extraordinary purposes.

"Defense Bonds"

See United States Savings Bonds, Defense Savings Bonds Series.

Defense Minerals Exploration Administration

The Defense Minerals Exploration Administration was the successor to the Defense Minerals Administration and was established within the Department of the Interior on November 20, 1951. Its mission was to explore for "critical and strategic minerals" (Kiilsgaard 4-5). Under authority of the Defense Production Act, the Secretary of the Interior was able to issue securities to the Treasury to finance the Defense Minerals Exploration Administration's activities. The Defense Minerals Exploration Administration was replaced with the Office of Minerals Exploration in September 1958.

Defense Production Act

The purpose of the Defense Production Act, passed on September 8, 1950, was to expand the production of goods and services critical to national defense. Most of the work carried on under the act was authorized by Title III, "Expansion of productive capacity and supply." The General Services Administration and other agencies involved in Title III initiatives were allowed to borrow money from a special fund in the Treasury. In exchange for the money borrowed from the fund, agencies issued securities to the Treasury. The securities could take any form (note, debenture, etc.) but had to be redeemable before maturity at the option of the Treasury. The interest paid on the securities was determined by the Treasury. The original borrowing authority of $600,000,000 was increased to $2,100,000,000 in 1951.

"Defense Savings Bonds"

See United States Savings Bonds, Defense Savings Bonds Series.

Defense Savings Stamps

First issued in May 1941, Defense Savings Stamps offered no interest and were available in denominations of $.10, $.25, $.50, $1.00, and $5.00. The stamps were obligations of the Postal Savings System and hence not part of the public debt or a Treasury obligation. However, the stamps were collected and pasted in albums which, when filled, could be redeemed for a United States Savings Bond, Defense Savings Bond. This bond was an issue of the Treasury and therefore part of the public debt. This arrangement continued until March 1942 when liability for Defense Savings Stamps was transferred to the Treasury through the Public Debt Act, making them part

of the public debt. Defense Savings Stamps were discontinued in June 1942 and followed by the War Savings Stamp. Outstanding Defense Savings Stamps were later grouped with War Savings Stamps as United States Savings Stamps by the Treasury beginning in fiscal year 1943.

Definitive Security

The term definitive security refers to a security in physical form and is synonymous with the terms "paper security" and "certificated security." It is used to distinguish between "virtual" securities handled through the book-entry system and securities that are printed documents. Definitive security also may refer to the security for which an interim certificate was issued. A definitive security will have all the needed coupons to reach maturity. For a while the Treasury also referred to such a complete security as a Permanent Bond. See Interim Certificate.

Department of Housing and Urban Development

The Department of Housing and Urban Development Act (September 9, 1965) established the Department of Housing and Urban Development as a Cabinet department. It replaced the Housing and Home Finance Agency and originally contained the Federal Housing Administration, the Public Housing Administration, and the Federal National Mortgage Association.

Department of State Conditional Gift Fund

The Department of State Conditional Gift Fund is a non-revolving trust fund used to provide money for State Department programs. Income derives from restricted gifts, meaning the donor puts restrictions on how the money donated is to be spent. Excess funds are invested in government securities.

Department of the Army General Gift Fund

The Department of the Army General Gift Fund was established by the Congressional Budget and Impoundment Act of 1974, July 12, 1974. The purpose of the fund is to hold gifts of money or income derived from the sale of gifted property for use in programs under the jurisdiction of the Department of the Army such as schools, libraries, and museums. The Secretary of the Treasury acts as trustee of the fund and can invest the fund's money in government securities. At times special issues of government securities were made to benefit the fund. Also referred to by the Treasury as the United States Army General Gift Fund.

Department of the Navy General Gift Fund

The Department of the Navy General Gift Fund was established by the Congressional Budget and Impoundment Act of 1974, July 12, 1974. The purpose of the fund is to hold gifts of money or income derived from the sale of gifted property for use in programs under the jurisdiction of the Department of the Navy such as schools, libraries, and museums. The Secretary of the Treasury acts as trustee of the fund and can invest the fund's money in government securities. At times special issues of government securities were made to benefit the fund.

Department of the Navy, U.S. Office of Naval Records and History Fund
The Navy's U.S. Office of Naval Records and History Fund was created to fund the work of the Naval Records and History Division established in 1949. This institution was renamed the Naval Historical Center in the early 1970s. The U.S. Office of Naval Records and History Fund was finally renamed the Naval Historical Center Fund in 1996. In October 2000, the Naval Historical Fund was merged into the Department of the Navy General Gift Fund.

Department of Veterans' Affairs
The Department of Veterans' Affairs began in 1930 as the Veterans' Administration. The Veterans' Administration was created by executive order on July 21, 1930, and was charged with the task of providing government benefits to veterans and their dependents. In 1989, the Veterans' Administration was redesignated the Department of Veterans' Affairs and elevated to the Cabinet level.

Depositary Bond
The depositary bond was created in May 1941 by the Treasury to overcome the need to keep large deposits in depositary banks. Depositary banks are banks that provide banking facilities for the Treasury. These banks had to maintain collateral in the form of government securities for the Treasury funds deposited. The interest on these collateral securities was the only income the banks derived from conducting government business. As interest rates fell and government business increased during the 1930s, fewer banks wanted to conduct Treasury business, forcing the Treasury to put ever-larger deposits in ever fewer banks. Depositary bonds were non-transferable, highly liquid, and paid an above-market interest rate (in 1941) of 2% that was unaffected by secondary market fluctuations. (Also, depositary banks were required by law to pay 2% on government deposits.) The income from these bonds, held in place of other government securities, made it more profitable for banks to conduct government business. Thus more banks wanted Treasury funds, and the Treasury could deal with more banks and have smaller deposits in each one. In 1975, depositary bonds began to be issued in book-entry form only. (Also see Van Sant, 45, 53-54.)

Depositary Series
Beginning in fiscal year 1975, Depositary Series was used as a category heading in the description of the nonmarketable public debt and used to refer to depositary bonds. See Depositary Bonds.

Direct Loan Account
The Direct Loan Account was a fund authorized by the acts of July 8, 1959, June 29, 1960, and June 30, 1961. The fund was used to finance the Direct Loan Program (originally called the Regular Loan Program) of the Farmers Home Administration that provided guaranteed direct loans to farmers to buy farms. (The Rural Housing Direct Loan Program only provided loans to buy or build farmhouses and other buildings.) The Secretary of Agriculture financed this fund by selling securities to the Treasury. The functions of the Direct Loan Account were later taken over by the Agricultural Credit Insurance Fund on August 30, 1972, leading to the abolition of the Direct Loan Account.

See Farmers Home Administration, Rural Housing Direct Loan Account/Program, and Agricultural Credit Insurance Fund.

Discount
The term discount refers to the sale of a debt instrument at a price below its face or par value. In most cases, bills, bonds, etc., sold at a discount reach their par value at maturity.

District of Columbia Armory Board
The District of Columbia Armory Board was created on June 4, 1948, by an act of Congress. The Board's purpose was to operate and maintain the District of Columbia National Guard Armory for the use of the District of Columbia National Guard and as a venue for various public events. A revolving fund was established to provide working capital. Securities issued by the Board to benefit the fund were fully guaranteed by the United States. On September 7, 1957, the District of Columbia Stadium Act authorized the creation of a sinking fund to finance the building of a stadium (later named the Robert F. Kennedy Stadium). The sinking fund was overseen by the Armory Board.

District of Columbia Debt
District of Columbia Debt refers to securities issued on behalf of the District of Columbia. This debt is not considered to be part of the public debt as the Sinking Fund of the District of Columbia is ultimately liable. The fund was administered by District commissioners until June 11, 1878, when this power was transferred to the Treasurer of the United States. (See *Annual Report of the Secretary of the Treasury, 1880*: xlvii.)

Dollar Denominated
See Foreign Government Series and Foreign Series.

Domestic Series
Domestic Series securities, initiated in 1989, are issued to government-sponsored enterprises or other non-federal agencies. The only domestic series issue to date was the issue of zero-coupon bonds to the Resolution Funding Corporation in 1989 in book-entry form.

Double-Term Security
See Optional Security.

Dutch Auction
A Dutch auction is a descending-price auction in which the offering price of the good being sold is successively lowered from an excessively high price until a bid is placed. The first bidder wins the auction.

Economic Cooperation Administration
Created by the Economic Cooperation Act of 1948, the Economic Cooperation Administration administered the European Recovery Program or "Marshall Plan." It transmitted funds overseas and funded projects of the Export-Import Bank. The

Economic Cooperation Administration was abolished by the Mutual Security Act of October 10, 1951, which set up the Mutual Security Agency. This was followed by the Foreign Operations Administration (1953) and the International Cooperation Administration (1955). (Some literature refers to the Economic Cooperation Administration as the Economic Cooperation Agency.) See "Marshall Plan", Export-Import Bank, Mutual Security Agency, and International Cooperation Administration.

Emergency Loan Guarantee Fund
The Emergency Loan Guarantee Fund was created by the Emergency Loan Guarantee Act of 1971, August 9, 1971. The purpose of the fund was to finance the activities of the Emergency Loan Guarantee Board. The Board, consisting of the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Securities and Exchange Commission, decides when a federal loan guarantee should be extended to a private bank loan to a business deemed essential to the economy. Income for the fund comes from fees charged to guarantee loans. Money in the fund not needed for current operations is invested in government obligations, and the Board is authorized to raise money for the fund by issuing securities to the Treasury.

Equity
Equity refers to the ownership of a corporation and usually takes the form of stocks.

Employees' Health Benefits Fund
See Federal Employees' Health Benefits (FEHB) Program.

Employees' Life Insurance Fund
See Federal Employees' Group Life Insurance (FEGLI) Program.

English Auction
An English-style auction is an ascending-price auction in which the offering price of the good being sold is successively raised from a low or reserve price until no further bids are placed. The last bidder wins the auction.

Estate Tax Anticipation Bonds
See Flower Bonds.

Eurodollar
A Eurodollar is a United States dollar held by a foreign bank, a foreign branch of a United States' commercial bank, or any other institution located outside the United States. Put more simply, Eurodollars are dollars used in transactions outside the United States.

Eurodollar Series
See Treasury Certificate, Eurodollar Series.

Even Rate

An even interest rate is an interest rate which is a whole number or a multiple of ¼ of a percentage point: ¼, ½, or ¾ (Murphy 93). This characterization was used primarily during the 1930s and 1940s. Also see Hat Size Rate.

Excess Profits Tax Refund Bonds

Excess Profits Tax Refund Bonds were first issued in 1944 as a credit to those paying excess profit taxes. A credit equal to 10% of the excess profit tax paid was issued to the taxpayer in the form of a bond. Bonds bought with tax credits from 1941 and 1942 were designated First Series, those bought with 1943 credits were designated Second Series, those bought with 1944 tax credits were designated Third Series, and those bought with later tax credits were designated Fourth Series. The bond was payable according to series designation. Bonds of the First Series were payable on the last calendar day of the first year after the cessation of hostilities in World War II, while bonds of the Second Series were payable on the last calendar day of the second year after the cessation of hostilities, and so on. The bonds bore no interest and were considered non-negotiable until the end of the war. After the cessation of hostilities, the bonds became negotiable. The Tax Adjustment Act of 1945, made the bonds redeemable on January 1, 1946 and replaced Third and Fourth Series bonds with a tax credit or tax refund to be taken in 1945 (*Annual Report of the Secretary of the Treasury, 1946*: 52).

Exchange Refunding

An exchange refunding is the practice of retiring a maturing issue by offering investors a new issue of securities in exchange for their maturing securities.

Exchange Stabilization Fund

The Exchange Stabilization Fund of the United States Treasury was established by the Gold Reserve Act of 1934. Its purpose is to promote and stabilize the exchange value of the dollar overseas. It also provides short-term loans to foreign governments to counteract balance of payments problems. In 1962 bonds were sold to finance the Exchange Stabilization Fund and were known in financial markets as Roosa Bonds (after Under Secretary for Monetary Affairs Robert V. Roosa).

Exemption

Exemption is a condition attached to a security, making it exempt from the specified taxes. Also see Contingent Exemption.

Experimental Housing Insurance Fund

The Experimental Housing Insurance Fund was established by Section 233 of the National Housing Act amended on June 30, 1961. The fund and the Experimental Housing Insurance program were run by the Federal Housing Administration. Experimental Housing Insurance insured mortgages on housing involving experimental technologies, designs, or property standards.

Export-Import Bank
Established in 1934 as part of the Reconstruction Finance Corporation, the Export-Import Bank aids United States exporters and importers by supplying credit to help meet foreign competition.

Face Maturity Date
The face maturity date is "the payment date specified in the text of a security" (*Annual Report of the Secretary of the Treasury, 1973:* 215).

Fannie Mae
See Federal National Mortgage Association.

Farm Credit Administration
The Farm Credit Administration was created by executive order in 1933 as an organization to take over the activities of several corporations involved in the extension of agricultural credit, primarily the Federal Farm Loan System. Later in 1933, its powers were expanded by the Farm Credit Act of 1933, providing for the creation of 13 Banks for Cooperatives. It was a "permanent cooperative credit system designed to meet at minimum cost the entire range of needs of farmers for mortgage loan accommodation and for financing their production, marketing, and purchasing operations" (McDiarmid 109).

Farm Loan Bonds
Farm Loan Bonds were issued by Federal Land Banks to fund loans to farmers. When originally sold to the public, the bonds were in denominations of $25, $50, $100, $500, and $1,000, paid 4.5% interest, matured in 20 years, and were subject to call at the option of the bank five years after issue. After May 1918, the interest rate was raised to 5%. In 1920, the lowest denominations were changed to $20 and $40 instead of $25 and $50 to simplify coupon payments. An issue of bonds needed the approval of the Federal Farm Loan Board and was secured by first mortgages or government securities. The bonds were engraved by the Treasury, which was reimbursed for the cost by the issuing bank. These bonds were contingent liabilities. Consolidated Farm Loan Bonds were issued jointly by all 12 land banks and authorized in 1922 (Holt 21, 30, 31, 34, 40, 48).

Farm Tenant Mortgage Insurance Fund
The Farm Tenant Mortgage Insurance Fund was a fund used to insure loans for the construction of housing for domestic farm labor. It was established by the Bankhead-Jones Farm Tenant Act of July 22, 1937 as amended on August 30, 1954. The program was administered by the Farmers Home Administration. The Secretary of Agriculture financed this fund by selling securities to the Treasury. In 1962, the name of the fund was changed to the Agricultural Credit Insurance Fund. See Agricultural Credit Insurance Fund.

Farmers Home Administration
The Farmers Home Administration was established in 1946 in the Department of Agriculture. Its purpose was to provide loans in rural areas to finance homes and home repair. Originally, there were four types of loans: operating loans to help run a farm, farm ownership loans with which to buy a farm (also known as regular or direct loans), farm housing loans (called rural housing loans or rural housing direct loans after June 30, 1961) to build, buy, or repair a farmhouse, and soil and water conservation loans for projects to conserve these resources. In 1994, the Farmers Home Administration was renamed the Rural Housing Service and located within the Rural Development mission area of the Department of Agriculture. This change was authorized by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act (October 13, 1994).

Farm Housing Loan Program
See Rural Housing Direct Loan Account/Program and Farmers Home Administration.

Federal Civil Defense Administration
The Federal Civil Defense Administration was established by the Federal Civil Defense Act of 1950 (January 12, 1951) and charged with creating a plan and organization for civil defense measures. The Federal Civil Defense Administration was authorized to issue securities to fund its operations through the Reconstruction Finance Corporation and, later, the Secretary of the Treasury when the Reconstruction Finance Corporation became part of the Department of the Treasury in September 1953.

Federal Deposit Insurance Corporation
The Federal Deposit Insurance Corporation is a government corporation created on June 16, 1933 under a section of the Federal Reserve Act to insure deposits in banks in the event of bank failure. All banks meeting the standards for membership in the Federal Reserve System are automatically insured by the corporation. The FDIC also administers the Bank Insurance Fund for commercial banks and the Savings Association Insurance Fund for thrift institutions.

Federal Disability Insurance Trust Fund
The Federal Disability Insurance Trust Fund was established by an amendment to Title II of the Social Security Act in 1956. It provided funding for disability benefits under the Social Security program.

Federal Employees' Group Life Insurance (FEGLI) Program
The Federal Employees' Life Insurance (FEGLI) Program was created on August 17, 1954. It provides group term life insurance and is operated by a private firm under government contract. The cost of the insurance is shared between the insuree and the government with the insuree paying two-thirds and the government paying one-third of the total cost. Underlying the financing of the program is a fund called the Employee's Life Insurance Fund established on August 11, 1955.

Federal Employees' Health Benefits (FEHB) Program

The Federal Employees' Health Benefits (FEHB) Program was enacted on September 28, 1959 (Federal Employees' Health Benefits Act) and became effective on July 1, 1960. It is a contributory health insurance program funded by government and employee payments into the Employees' Health Benefit Fund. The services are provided by private health plan carriers. The working of the program is overseen by the Office of Personnel Management.

Federal Energy Administration

The Federal Energy Administration was created in June 1974, replacing the Federal Energy Office. The new institution's mission was to allocate oil, regulate prices, and promote energy conservation. These functions were expanded by the Energy Policy and Conservation Act of December 22, 1975. The Federal Energy Administration was eventually replaced by the Department of Energy in 1977.

Federal Farm Loan Board

Created by the Federal Farm Loan Act of July 17, 1916, the Federal Farm Loan Board oversaw the Federal Farm Loan Bureau that was established inside the Department of the Treasury. The Federal Farm Loan Board was superceded by the independent Farm Credit Administration in 1933. It was also the sole authority for issuing Farm Loan Bonds (Holt 9-10). See Farm Credit Administration.

Federal Farm Loan Bureau

The Federal Farm Loan Bureau was created within the Department of the Treasury by the Federal Farm Loan Act of July 17, 1916 and was modeled on the Federal Reserve System. The Federal Farm Loan Bureau's purpose was to administer the Federal Farm Loan System—a federal system to extend long-term credit to farmers. It was transferred to the Farm Credit Administration in 1933 (Holt 1, 8). See Farm Credit Administration.

Federal Farm Loan System

The Federal Farm Loan System, controlled by the Federal Farm Loan Board, consisted of 12 Federal Land Banks originally financed by the United States government but later funded through private capital. On March 4, 1923, 12 Federal Intermediate Credit Banks were added. The Federal Farm Loan System was superceded by the Farm Credit System in 1933. See Farm Credit Administration.

Federal Farm Mortgage Corporation

The Federal Farm Mortgage Corporation was established by act of Congress on January 31, 1934 by the Federal Farm Mortgage Act to aid in financing the lending operations of Federal Land Banks. The Federal Farm Mortgage Corporation was authorized to issue bonds that were guaranteed by the United States. It was overseen by the Farm Credit Administration.

Federal Financing Bank

The Federal Financing Bank was created by the Federal Financing Bank Act of 1973, December 29, 1973. Its purpose is to centralize and coordinate federal borrowing, including that of federal agencies and some government-sponsored enterprises. The bank can buy federal agency securities and provide loans to government entities. The Treasury advanced the initial capital for operations to the bank. The bank was also authorized to sell obligations to the public and the Treasury.

Federal Funds

Federal funds comprise the largest segment of the budget of the United States government. The other major group of funds in the budget is trust funds. The Federal funds group consists of the general fund, special funds, and revolving funds. The general fund is used to finance all operations of the government not covered by a specific program. Almost all revenue from income taxes and general Treasury borrowing is paid into the general fund. Special funds (such as the Land and Water Conservation Fund) and revolving funds (such as the Postal Service Fund) receive financing from specific sources earmarked for their use. Also see Trust Fund and Revolving Fund.

Federal Home Loan Bank System

Created by act of Congress in 1932, the Federal Home Loan Bank System consisted of a Federal Home Loan Bank Board and 12 Federal Home Loan Banks. Its purpose was to serve as a central credit reserve system for financial institutions concerned with home construction and mortgages.

Federal Hospital Insurance Trust Fund

The Federal Hospital Insurance Trust Fund was established on July 30, 1965 by Title 18 of the Social Security Amendments Act of 1965, which created the Medicare program. The purpose of the fund is to finance the Hospital Insurance benefits of Medicare recipients—hospital services, home health care, and nursing facility services.

Federal Housing Administration

The Federal Housing Administration was created by the National Housing Act of June 27, 1934. Its purpose is to insure home mortgages and the financing of special housing projects. The principal and interest of its debentures are guaranteed by the United States. The Federal Housing Administration was incorporated into the Department of Housing and Urban Development when it was formed in 1965.

Federal Intermediate Credit Bank

The Agricultural Credits Act of 1923 created 12 Federal Intermediate Credit Banks that were part of the Federal Farm Loan System. They were designed "to furnish credits of intermediate securities [6 months to 3 years], not covered either by the short-time credits of the Federal reserve banks or the long-time loans of the Federal land banks" (*Annual Report of the Secretary of the Treasury, 1923*: 44). To provide the money to do this, Federal Intermediate Credit Banks were authorized to sell debentures, which were considered contingent debt.

Federal Land Banks

The Federal Land Banks were established under the Federal Farm Loan Act of July 17, 1916 with $125 million from the government. These 12 Banks were part of the Federal Farm Loan System and allowed to sell stock as the Banks were taken over by private capital that paid back the original government investment. The original capital consisted of $9 million divided into $5 shares most of which was purchased by the government in early 1917. During fiscal year 1934, the interest of the consolidated farm loan bonds was guaranteed by the United States (*Annual Report of the Secretary of the Treasury, 1940*: 80-81). Farm loan bonds were contingent debt.

Federal National Mortgage Association

The Federal National Mortgage Association, also known as Fannie Mae, was established in 1938 as part of the Reconstruction Finance Corporation. Initially, the Federal National Mortgage Association bought mortgages insured by the Federal Housing Authority. After World War II, the Federal National Mortgage Association began trading in mortgages, buying, combining, and reselling them. In 1954 the Federal National Mortgage Association Charter Act added two new functions to the agency. The Special Assistance Function made the Federal National Mortgage Association the financer of home mortgages in areas where such financing was inadequate. The Management and Liquidating Function involved liquidating the pre-1954 mortgages still held by the Federal National Mortgage Association. The 1954 act also began the transformation of the Federal National Mortgage Association into a private, government-sponsored corporation. Stock in the Federal National Mortgage Association was sold to mortgage lenders which did business with the agency. In 1968, the Federal National Mortgage Association officially became a private corporation through Title VIII of the Housing and Urban Development Act. At that time the Federal National Mortgage Association was divided. While the Federal National Mortgage Association maintained its role in buying and selling private mortgages, the functions of special assistance and managing and liquidating government mortgages were assigned to a newly created Government National Mortgage Association (Musolf 31-34). Currently, the Federal National Mortgage Association's activities are "investing in portfolios of residential mortgages and guaranteeing residential mortgage securities" (OMB 1206).

Federal Old-Age and Survivors Insurance Trust Fund

The Federal Old-Age and Survivors Insurance Trust Fund was established by Title II of the Social Security Act which was amended to the act on August 10, 1939. The trust fund's purpose was to supply benefits for retirement, dependents, and widows and orphans.

Federal Public Housing Authority

Federal Public Housing Authority was the new name given the United States Housing Authority by Executive Order 9070, February 24, 1942. It made loans and grants to public housing agencies to improve housing conditions. Its obligations were guaranteed both as to interest and principal by the United States and were contingent debt. In 1947, the Federal Public Housing Authority was renamed the Public Housing Administration. (Some sources refer to the Federal Public Housing Authority as the Federal Public Housing Administration.)

Federal Reserve Special Certificate

The Federal Reserve Special Certificate was issued to the Federal Reserve System on September 30, 1977. It was valued at $2.5 billion and used to maximize Treasury operating cash balance prior to the expiration of the temporary statutory debt limit on September 30, 1977. Extension of the debt limit had been delayed by Congress and was not passed until October 4.

Federal Savings and Loan Insurance Corporation

Established by the Federal Home Bank Act Amendments of May 28, 1935, the Federal Savings and Loan Insurance Corporation was overseen by the Federal Home Loan Bank Board. The purpose of the Federal Savings and Loan Insurance Corporation was to insure accounts in savings and loans institutions. It was abolished in 1989 and replaced with the Savings Association Insurance Fund under the Federal Deposit Insurance Corporation.

Federal Securities

The term Federal securities refers to securities issued by the Treasury for the public debt and issued by government agencies for their own use. The term first appears in 1973 where it is officially defined as including "the obligations issued by Federal Government agencies which are part of the unified budget totals and in which there is an element of Federal ownership, along with the marketable and nonmarketable obligations of the Department of the Treasury. Federal agency securities include the participation certificates of the Government National Mortgage Association, the debt issues of the Export-Import Bank and the Tennessee Valley Authority, Postal Service bonds, Defense family housing mortgages, and the various guaranteed issues of the Federal Housing Administration" (*Annual Report of the Secretary of the Treasury, 1973*: 13).

Federal Ship Financing Escrow Fund

The Federal Ship Financing Escrow Fund is a fund established by the October 19, 1972, amendment of the Merchant Marine Act of 1936. When a private loan made to

finance the construction or reconditioning of a commercial ship is insured through the Federal Ship Financing program and the ship being constructed or reconditioned is the security for the originating loan, the Secretary of Commerce (later the Secretary of Transportation in 1981) is required to hold a portion of the money borrowed in an escrow fund. This money is used to help defray losses in the case of a loan default or to make interest or principal payments on successful loans. The money from the escrow fund is invested in special government securities that first appeared in fiscal year 1975 within the Government Account Series.

Federal Ship Financing Fund
See Federal Ship Mortgage Insurance Fund.

Federal Ship Financing Fund, Fishing Vessels, NOAA
See Fishing Vessel Insurance.

Federal Ship Financing Revolving Fund
See Federal Ship Mortgage Insurance Fund.

Federal Ship Mortgage Insurance Fund
The Federal Ship Mortgage Insurance Fund was a revolving fund established by the June 23, 1938, amendment of the Merchant Marine Act of 1936. Its purpose was to finance the insuring of private mortgages on new commercial ships or private loans made to finance the construction or reconditioning of commercial ships. All such ships had to be owned by United States' citizens. Holders of defaulted mortgages were to be compensated through debentures with denominations in multiples of $50. The act was amended on July 15, 1958, authorizing the Secretary of Commerce to issue securities to finance the Federal Ship Mortgage Insurance Fund. On October 19, 1972, another amendment redesignated the Federal Ship Mortgage Insurance Fund as the Federal Ship Financing Fund. In 1975, the fund was labeled the Federal Ship Financing Revolving Fund and placed within the Government Account Series.

Federal Ship Mortgage Insurance Fund, Fishing Vessels
See Fishing Vessel Insurance.

Federal Supplementary Medical Insurance Trust Fund
The Federal Supplementary Medical Insurance Trust Fund provides funds for the Supplementary Medical Insurance program also known as Medicare B. Securities to help finance the fund were first issued in 1967.

Fifth War Loan
World War II financing campaign conducted between June 12, 1944, and July 8, 1944. Components consisted of:

Certificate of Indebtedness, Series C-1945
Treasury Note, Series B-1947
Treasury Bond of 1952-1954 @ 2%
Treasury Bond of 1965-1970 @ 2.5%
Treasury Savings Note, Series C
United States Savings Bonds, War Bond Series E
United States Savings Bonds, War Bond Series F
United States Savings Bonds, War Bond Series G

First Liberty Loan

The First Liberty Loan was the first bond issued to finance United States' efforts in World War I. "This name was selected because the proceeds of the loan were to be used for the purpose of waging war against autocracy" (*Annual Report of the Secretary of the Treasury, 1917*: 5). The bond could be bought in five installments and was convertible to any bond issued during the war which paid a higher rate of interest. The Bureau of Engraving and Printing was unprepared for the size of the issue and issued interim certificates. The $5,000, $10,000, and $100,000 denominations were added retroactively in 1931 (see *Annual Report of the Secretary of the Treasury, 1931*: 348). Also see Liberty Loan.

First-Price Sealed-Bid Auction

First-price sealed-bid auction is another name for a silent English auction. See English Auction.

First War Loan

World War II financing campaign conducted between November 30, 1942, and December 23, 1942, and was originally called the Victory Fund Drive. The components consisted of:

Certificates of Indebtedness, Series E-1943
Treasury Bond of 1948 @ 1.75%
Treasury Bond of 1963-1968
Treasury Bills: Fiscal Year 1943
Treasury Savings Note, Series C
Treasury Tax Savings Note, Series A
United States Savings Bonds, War Bond Series E
United States Savings Bonds, War Bond Series F
United States Savings Bonds, War Bond Series G

Fiscal Year

A fiscal year is any twelve-month period that is used to determine income and expenses for accounting purposes. For the United States government the fiscal year ran from July 1 to June 30 until the end of fiscal year 1976. Thereafter, as mandated by the Congressional Budget and Impoundment Control Act of 1974 [Budget Control Act], July 12, 1974, the fiscal year ran from October 1 to September 30.

Fishing Vessel Insurance

The Fishing Vessel Insurance program was financed by the Federal Ship Mortgage Insurance Fund, Fishing Vessels. Its purpose was to finance the insuring of private mortgages on new fishing vessels or private loans made to finance the construction or reconditioning of fishing vessels. All such ships had to be owned by United States' citizens. The program originated in 1938 and was run by the Maritime Commission and later the Maritime Administration both of which were within the Department of Commerce. Beginning in 1960, the program was administered by the Bureau of Commercial Fisheries (created in 1956) within the Department of the Interior. In 1970, the Bureau of Commercial Fisheries was renamed the National Marine Fisheries Service and transferred to the National Oceanic and Atmospheric Administration within the Department of Commerce which currently runs the program. In 1975, the fund financing fishing vessel insurance was designated the Federal Ship Financing Fund, Fishing Vessels, NOAA. See Federal Ship Mortgage Insurance Fund and Maritime Administration.

Five-Twenty

A Five-Twenty was a bond that matured in 20 years but was callable after 5 years. These bonds paid an interest rate of 6%. This term was used primarily in the nineteenth century.

Floating Debt

Floating debt refers to short-term debt that is continuously refunded.

Flower Bonds

More formally known as Estate Tax Anticipation Bonds, Flower Bond was the popular name given certain regular Treasury bonds that had the added feature of being redeemable at par plus accrued interest before maturity when used to make estate tax payments if the bonds were owned by the decedent at the time of death. Until 1971 redemption at the full amount could occur even if this was above the fair market value of the bond. These bonds were issued between 1953 (following the Revenue Act of 1951) and 1971 (when the Second Liberty Bond Act was amended on March 17, 1971). The bonds became very popular in the 1980s and 1990s because they often sold at a discount to par in the secondary market due to their below-market interest rates.

Foreign Currency Denominated

See Foreign Government Series and Foreign Currency Series.

Foreign Currency Series

The Treasury first issued Foreign Currency Series securities in 1962 as part of the Treasury's foreign exchange stabilization operations. These securities were denominated in foreign currency and used to accumulate foreign currency assets for the Treasury and the Exchange Stabilization Fund. The foreign currency was used in the spot and forward currency markets to offset balance-of-payments surpluses and hot money outflows of dollars overseas. In October 1962, the Treasury began to issue foreign currency bonds that were sold to foreign monetary authorities. These bonds

were sold to finance the Exchange Stabilization Fund and were known as Roosa Bonds after Under Secretary for Monetary Affairs Robert V. Roosa (Henning 16). After 1975, the Treasury also referred to these securities as Foreign Currency Denominated securities under the category of Foreign Government Series. See Hot Money, Forward Market, Spot Market, Exchange Stabilization Fund, and Foreign Government Series. [Editorial note: This entry has been revised and invalidates the descriptions used in the Guide.]

Foreign Government Series
Foreign Government Series is a label, first used in fiscal year 1975, given to the group of Treasury securities sold to foreign governments or used in foreign exchange stabilization operations. Foreign Government Series securities consist of Dollar Denominated securities (Foreign Series securities) and Foreign Currency Denominated securities (Foreign Currency Series securities). See Foreign Series and Foreign Currency Series.

Foreign Public Series
See Carter Bonds

Foreign Series
The Treasury first issued Foreign Series securities in 1962 as part of the Treasury's foreign exchange stabilization operations. These securities were denominated in dollars and sold to foreign monetary authorities to offset hot money outflows of dollars. After 1975, the Treasury also referred to these securities as Dollar Denominated securities under the category of Foreign Government Series. See Hot Money and Foreign Government Series. [Editorial note: This entry has been revised and invalidates the descriptions used in the Guide.]

Foreign Service Retirement and Disability Fund
Set up along the same lines as the Adjusted Service Certificate Fund and Civil Service Retirement and Disability Fund, this fund was established on May 24, 1924, to pay benefits to those in the Foreign Service.

Forward Market
The forward market is the arena in which commodities and currencies are bought and sold for future delivery. This is unlike the futures market wherein the product traded is never actually delivered to the buyer.

Fourth War Loan
World War II financing campaign conducted between January 18, 1944, and February 15, 1944. It was directed at only nonbank investors. Components consisted of:

Certificate of Indebtedness, Series A-1945
Treasury Bond of 1956-1959 @ 2.25%
Treasury Bond of 1965-1970 @ 2.5%
Treasury Savings Note, Series C

United States Savings Bonds, War Bond Series E
United States Savings Bonds, War Bond Series F
United States Savings Bonds, War Bond Series G

Free Riding
The term free riding originated in the nineteenth century. Until the 1930s, free riding was known as the practice of entering into a contract to buy a security and selling it for a profit before payment was due. In this way, the trader made a profit without putting up any cash. In the 1930s, free riding gained the meaning of buying a security with the intent of immediate resale. See Murphy 177-94.

Full Coupon
In the secondary bond market, a security is said to have a full coupon if its interest rate was approximately the same as current market yields.

Fund
A fund is a discrete sum of money set aside or raised for a specific purpose. Also see Revolving Fund.

Funded Debt
Funded debt is long-term debt (debt having a maturity of more than a year) which is usually paid at maturity.

Funded Loan
A funded loan is an interest-bearing bond issued to refund a specific, existing debt at a lower rate of interest or to retire a specific, existing debt. Unlike a consol, a funded loan deals with one, specific debt issue. This term was used primarily in the nineteenth century.

General Circulation Privilege
The general circulation privilege applied to certain debt issues that could be used by National Banks as security for the issue of National Bank Notes. The Consols of 1930, the Panama Canal Loan Bond of 1916-1936, and the Panama Canal Loan Bond of 1918-1938 were allowed to be "receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations" (*Annual Report of the Secretary of the Treasury, 1934*: 347). See National Bank Notes.

General Insurance Fund
The General Insurance Fund was established on August 10, 1965 as a revolving fund to finance higher-risk mortgage programs of the Federal Housing Administration. The General Insurance Fund subsumed the mortgage insurance funds of existing programs dealing with multifamily housing for low- and moderate-income families: Section 207, Section 220, and Section 221 programs.

General Services Administration

The General Services Administration was established on July 1, 1949 by the Federal Property and Administrative Services Act. It was created by consolidating the Bureau of Federal Supply, the War Assets Administration, the Federal Works Agency, and the National Archives Establishment. Initially, the General Services Administration was primarily concerned with maintaining government records, drawing up emergency preparedness plans, disposing of World War II surplus, and creating a stockpile of strategic materials. Over time these duties were taken over by new agencies such as the Federal Emergency Management Agency (created in 1979) and the National Archives and Records Administration (created in 1985). Currently, the General Services Administration provides support to executive branch agencies regarding office space, security, office management, computer systems, and travel. Also see GSA Participation Certificate Trust.

"G.I. Bond"

"G.I. Bond" was a nickname given to a $10 Series E United States Savings Bond, War Savings Bond. This lowest denomination of the Series E War Savings Bond was introduced in June 1944 and had a discount price of $7.50 and maturity value of $10. It was issued only to persons in the armed forces. "The purpose of the $10 bond was to facilitate sale in a single payment [payroll deduction] without the need for several pay deductions toward a bond of larger denomination" (Morse 312). Also see, United States Savings Bond, War Savings Bond.

Gifts and Bequests Trust Fund

The Gifts and Bequests Trust Fund of the Department of Commerce was established on October 2, 1964. Gifts of property and money are deposited in the fund and used for furthering the work of the Department of Commerce. Upon request by the Secretary of Commerce, the Secretary of the Treasury is to invest excess money in United States securities.

Ginnie Mae

See Government National Mortgage Association.

G.M. Hubbard Special Investment Account

See Special Investment Account.

Gold Bond or Loan

A gold bond or a gold loan is a security in which the interest and principal are payable in gold coin.

Government Account Series

The Government Account Series category, first used in fiscal year 1975, refers to all types of securities issued to or by government accounts and trust funds, such as Treasury notes issued for the Federal Old-Age and Survivors Trust Fund. In fiscal year 2001, the category was broken down into securities "Held by the Public" and "Intragovernmental Holdings." Securities "Held by the Public" are nonmarketable

securities issued by or on behalf of various government accounts and sold to entities outside the federal government. “Intragovernmental Holdings” are securities sold to or invested in other government accounts. In effect, “Intragovernmental Holdings” are Special Issues. See Nonmarketable Security and Special Issue.

Government Agency
A government agency is any department, bureau, or other entity within the federal government which is under the authority of the executive branch or Congress, is dependent on the federal government for at least some of its funding, and is unincorporated. However, it has the authority to issue debt on its own behalf to the public and/or the Treasury. The securities issued are usually considered contingent debt.

Government Corporation
A government corporation is an incorporated entity created by an act of Congress. There are “wholly owned government corporations” in which the government holds all equity and “mixed-ownership government corporations” in which the government holds some equity. Generally, government corporations raise funds by selling securities to the public and/or the Treasury. In October 1941, the Treasury ordered that government corporations end the sale of securities in the open market. Funds were instead provided by the Treasury. The Government Corporation Control Act of December 6, 1945, once again allowed government corporations to sell securities on the open market but only under Treasury guidelines. In some cases, such as the Reconstruction Finance Corporation, securities could only be sold to the Treasury. The securities issued by government corporations are usually guaranteed by the United States government, becoming contingent debt. Government corporations are the primary source of contingent debt for the Treasury. Also see, Government-Sponsored Enterprise.

Government Life Insurance Fund
The Government Life Insurance Fund was the funding device of the United States Government Life Insurance program. This program was set up in 1919 to provide benefits to World War I veterans. Unlike Adjusted Service Certificates, the United States Government Life Insurance program was not a grant but operated as a commercial life insurance company, collecting premiums, etc. It continued to take new policyholders until 1940.

Government National Mortgage Association
The Government National Mortgage Association (Ginnie Mae) is a wholly owned government corporation within the Department of Housing and Urban Development. It was created in 1968 through the division of the Federal National Mortgage Association by Title VIII of the Housing and Urban Development Act. At that time the Federal National Mortgage Association became a government-sponsored enterprise, maintaining its role in buying and selling mortgages. The Federal National Mortgage Association’s functions of special assistance (providing mortgage funds) and managing and liquidating government-insured loans were assigned to the newly created

Government National Mortgage Association (Musolf 31-34). The latter function currently dominates Ginnie Mae's operations. It guarantees mortgage-backed securities created by lenders and securities dealers. These private concerns collect or "pool" mortgages of like interest rates that are insured by either the Federal Housing Administration, the Rural Housing Service, or the Department of Veterans Affairs. Shares of the income generated by these pools are then sold to the public and are guaranteed for both interest and principal by the United States. These secondary market operations facilitate the availability of mortgage money.

Government National Mortgage Association, MBS Investment Account

The MBS Investment Account of the Government National Mortgage Association provides funds to operate the association's mortgage-backed securities program that was started in 1970.

Government Obligation

An obligation is a document laying out the terms of a legal responsibility. Hence, a government obligation stipulates the responsibility of the government to perform some action or payment.

Government Savings Securities

Government savings securities are stamps, certificates, and bonds that tend to have small denominations, are (except for stamps) registered, and often sell at a discount. They may or may not pay interest. Government savings securities include Thrift Stamps, Treasury Savings Certificates, Treasury Savings Stamps, Postal Savings Stamps, Postal Savings Deposits, Postal Savings Bonds, and United States Savings Bonds. These instruments are aimed at small, non-institutional investors. The term was first used in the 1922 *Annual Report of the Secretary of the Treasury*. Also see United States Savings Securities.

Government Savings System

See United States Government Savings System.

Government-Sponsored Enterprise

A government-sponsored enterprise is a government corporation more broadly defined. It is also a more modern and popular term for a government corporation. Whereas the government holds some degree of equity in a government corporation, a government-sponsored enterprise can be privately owned. In the case of a privately owned government-sponsored enterprise, the government holds no equity but may direct policy or provide a line of credit. These privately owned corporations often begin as government corporations but are bought over time by private investors such as in the case of the Federal Farm Credit System. The securities issued by government-sponsored enterprises may or may not be guaranteed by the United States. So, depending on the enterprise (and sometimes the specific debt issue), the debt issued may or may not be considered contingent debt.

GSA Participation Certificate Trust

The GSA (General Services Administration) Participation Certificate Trust was established by the Public Buildings Amendments of 1972 passed on June 16, 1972. The role of the trust was to provide funds with which to repay participation certificates issued by the General Services Administration. The GSA used the funds raised from the sale of its participation certificates to finance construction projects. Initial funds for the trust were provided through the issue of securities, beginning in fiscal year 1973. Also see Participation Certificate.

Guaranteed Security

A guaranteed security is a security in which the principal and/or the interest is guaranteed by the government. It is issued by a government-sponsored enterprise or a government agency. The security may be considered contingent debt or part of the public debt, depending upon the entity issuing it.

Harry S. Truman Memorial Scholarship Fund

The Harry S. Truman Memorial Scholarship Fund was created by the Harry S. Truman Memorial Scholarship Act passed on January 4, 1975. The fund provides for the awarding of scholarships to college students pursuing a career in public service.

Hat Size Rate

A hat size interest rate is an interest rate which is a multiple of ⅛ of a percentage point: ⅛, ⅜, ⅝, or ⅞ (Murphy 93). This characterization was used primarily during the 1930s and 1940s. Also see Even Rate.

Held by Public

See Government Account Series and Nonmarketable Security.

Helium Production Fund

The Helium Production Fund was established by the Helium Act, Amendments of 1960, of September 13, 1960. Its purpose was to fund the purchase of helium and of land and facilities for the production of helium. Helium conservation and production was run by the Bureau of Mines within the Department of the Interior. The Secretary of the Interior was authorized to issue securities to the Treasury to help finance the Helium Production Fund.

Highway Trust Fund

The Highway Trust Fund of the Federal Highway Administration was established by the Highway Revenue Act of 1956 to finance the National System of Interstate and Defense Highways and the Federal-Aid Highway Program. The Highway Trust Fund receives revenues from taxes on gasoline, tires, and other items. In 1983 the fund was divided into the Mass Transit Account and the Highway Account. A portion of the fund's receipts was invested in interest-bearing special certificates of indebtedness. After 1998, fund balances were invested in non-interest-bearing securities (Federal Highway Administration 3; *Annual Report of the Secretary of the Treasury, 1958*: 325-27.).

Home Owners' Loan Corporation
The Home Owners' Loan Corporation was created by the Home Owners' Loan Act of June 13, 1933, to refinance urban mortgage debt and the mortgages of middle-income homeowners. The agency closed in 1936. The interest and principal of the bonds it issued were guaranteed by the United States. The bonds were considered contingent debt.

Hot Money
Hot money refers to investment money that moves between countries in response to interest rate differentials between those countries. It moves towards countries with higher interest rates.

Housing and Home Finance Agency
The Housing and Home Finance Agency was established by Reorganization Plan no. 3 on July 27, 1947. The Housing and Home Finance Agency oversaw the Federal Housing Administration, the Public Housing Administration, the Federal National Mortgage Association, the Urban Renewal Administration, and the Community Facilities Administration. It was replaced by the Department of Housing and Urban Development in 1965. (Some literature refers to the Housing and Home Finance Agency as the Housing and Home Finance Administration.)

Housing Insurance Fund
The Housing Insurance Fund was established by the National Housing Act of 1934 to enable the Federal Housing Administration to provide insurance to lenders making loans for home improvement and the purchase of mobile homes.

Housing Investment Insurance Fund
The Housing Investment Insurance Fund was established by the National Housing Act (June 27, 1934, amended), Title VII to insure the yields on investment in rental houses rented to families of moderate income. The program was run by the Federal Housing Administration.

Hypothecation
Hypothecation is the pledging of securities or other assets as collateral for a loan.

Indian Money Proceeds of Labor Fund
The money earned by Indian individuals and tribes through farming, ranching, or other pursuits is pooled together into the Indian Money Proceeds of Labor Fund held by the Treasury. The Secretary of the Treasury invests the collected money in special government securities. The individual accounts are maintained by the Bureau of Indian Affairs.

Indian Tribal Funds
Indian Tribal Funds are trust accounts held in the Treasury for the benefit of individual Indian tribes. Money in Indian Tribal Funds derives from the proceeds of government-managed leasing of Indian land for oil and gas production and other revenue-producing

activities. The Secretary of the Treasury is authorized to invest money held in Indian Tribal Funds in special government securities.

Individual Indian Money Fund
The money earned by Indian individuals through government-managed leasing of their land for oil and gas production and other revenue-producing activities is pooled together into the Individual Indian Money Fund held by the Treasury. The Secretary of the Treasury invests the collected money in special government securities. The individual accounts are maintained by the Bureau of Indian Affairs.

Informational Media Guaranty Fund
Created by the Economic Cooperation Act of 1948, this fund was used to finance the Informational Media Guaranty Program. The purpose of this program was to insure that books, films, and other media with a pro-United States message were successfully exported from the United States. The problem facing media companies in the post-war era was the weakness of foreign currencies. Profits from exports could dwindle as the value of a foreign currency fell. The Informational Media Guaranty Program guaranteed that the media companies could retrieve the full value of their earnings overseas by paying the exporters in dollars for the earned income. This subsidy was paid out of the Informational Media Guaranty Fund. Money for the fund was, in part, raised by the sale of securities to the Treasury. The director of the United States Information Agency, who oversaw the program, was authorized to issue securities as needed.

Instrument
An instrument is a legal document recording an obligation. Thus a financial instrument is a legal document representing a financial obligation.

Insular Debt
Insular debt is debt issued on behalf of the insular possessions of the United States. Insular possessions of the United States have included the Philippines and Puerto Rico. Insular debt is separate from and does not affect the public debt. The insular possession is ultimately liable for the debt.

Inter-American Development Bank
The Inter-American Development Bank was established in December 1959 by a number of Latin American and Caribbean countries and the United States. Its purpose is to provide funding for development projects in Latin American and Caribbean countries. The Bank's capital comes from member countries and international bond issues.

Interim
The term interim refers to an interim bond, interim note, or other interim certificate. See Interim Certificate.

Interim Certificate
An interim certificate is a temporary document of title to shares of a new debt issue when there is a delay in presenting the actual financial instrument. An interim

certificate, note, or bond is usually later exchanged for a coupon or registered form of the debt issue. This document bearing engraved text and images is often called the "definitive" instrument. Sometimes, as in the case of the Liberty Loan Bonds, interim certificates reflect the partial payment for bonds and the schedule for future payments. It may also refer to an anticipation note or a temporary bond. Interim securities usually do not have coupons attached. Also see Anticipation Note and Temporary Bond.

Interim Loan
An interim loan is a temporary loan often subject to call which is replaced by a permanent or definitive loan.

Interest-Bearing Debt
Interest-bearing debt is all public debt securities which have not matured.

International Bank for Reconstruction and Development
Created at the United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire in July 1944, the International Bank for Reconstruction and Development officially came into existence on December 27, 1945. Also created at the same conference was the International Monetary Fund. The International Bank for Reconstruction and Development's original purpose was to fund the rebuilding of Europe after World War II by providing capital and guaranteeing loans. During the 1950s, the mission shifted to funding large-scale projects in developing countries. The International Bank for Reconstruction and Development is now part of the World Bank Group. Membership in the World Bank requires membership in the International Monetary Fund.

International Cooperation Administration
The International Cooperation Administration was created in 1955, as part of the Department of State. It administered foreign aid for economic, political, and social development. In 1957, the Development Loan Fund was created to act as the ICA's lending institution. The International Cooperation Administration replaced the independent Foreign Operations Administration (created in 1953) which had been made from the combination of the Technical Cooperation Administration and the Mutual Security Agency. The International Cooperation Administration was succeeded in 1961 by the United States Agency for International Development. (Some literature refers to the International Cooperation Administration as the International Cooperation Agency.)

International Development Association
Part of the World Bank, the International Development Association provides zero interest loans to poor countries. It was created in 1960 with the articles of agreement being signed by all parties on August 9, 1960. Congress approved United States entry into the association and contributions to its funding in the International Development Association Act of June 30, 1960.

International Monetary Fund
Along with the International Bank for Reconstruction and Development, the International Monetary Fund grew from the United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire in July 1944. The International Monetary Fund officially came into existence on December 27, 1945. Its major roles are to stabilize exchange rates and to provide short-term loans to governments in emergencies. Membership in the World Bank requires membership in the International Monetary Fund.

Intragovernmental Holdings
See Government Account Series and Special Issue.

Investment Series
Beginning in fiscal year 1975, Investment Series was used as a category heading in the description of the nonmarketable public debt and used to refer to Treasury Bond, Investment Series. See Treasury Bond, Investment Series.

Issue
An issue is a security offered for sale. Also, it is the act of offering a security for sale.

Issuer
An issuer is the entity offering a security for sale. This entity is primarily responsible for the repayment of the debt and is not a broker or transfer agent facilitating the sale of a particular issue. See Transfer Agent.

Issuing Authority
An issuing authority is the entity with the power to allow a security to be sold.

Japan-U.S. Friendship Trust Fund
The Japan-U.S. Friendship Trust Fund was created by the Japan-United States Friendship Act passed on October 2, 1975. The fund is used to promote scholarly, cultural, and artistic activities between Japan and the United States. Money for the fund comes from a settlement on United States' Postwar Economic Assistance to Japan. Excess money in the fund is invested in government securities.

John F. Kennedy Center Parking Facilities Revenue Bonds
John F. Kennedy Center Parking Facilities revenue bonds were authorized by the act of January 23, 1964. As evident from their name, these revenue bonds were issued by the Smithsonian Institution to fund the building of parking facilities at The John F. Kennedy Center for the Performing Arts in Washington, DC. The Kennedy Center is an independently administered bureau of the Smithsonian Institution. Also see Revenue Bonds.

Judicial Survivors Annuity Fund
The Judicial Survivors Annuity Fund, established by the act of August 3, 1956, finances a program that pays the survivors of a federal judge or justice either a lump-sum death

benefit or an annual annuity. The official annually deposits a percentage of his regular and retirement income into the fund that earns a guaranteed rate of interest. Excess money in the fund is invested by the Secretary of the Treasury in government securities to further benefit the fund.

Junior Refunding/Junior Advance Refunding
See Advance Refunding.

Leap Frogging
Leap Frogging was a phrase coined in financial markets for the instance of a "junior" and "senior" advance refunding in a single fiscal year combined with a borrowing for cash in the short term. Secretary of the Treasury Dillon explained it this way in 1962: "What happens is that a 10-year issue, for example, is converted into a 36-year issue; then, following behind that, a 2-year issue is converted into a 10-year issue….After that, the third step is an easy one: borrow for cash at a two-year maturity" (*Annual Report of the Secretary of the Treasury, 1962*: 284). The effect is that the Treasury has borrowed cash with no increase in the short-term debt, or in the mid-term debt. The increase in the public debt has only occurred in the long-term debt. The impact of the borrowing has leapt from the short-term to the long-term area. See Advance Refunding.

Legal Tender
Legal tender is a feature attached to a debt issue that allows it to be used as money both in public and private transactions. In fact, it is against the law to not accept a legal tender security as a payment of a debt. The government guarantees that the security will always retain its par value. The legal tender feature was first authorized by the Act of February 25, 1862 (Love 96-100).

Liability
Basically, a liability is a financial obligation. The Treasury uses this term to describe who is legally obligated to pay the debt issued. The categories of liability used by the Treasury are public debt, contingent debt, insular debt, railroad debt, and District of Columbia debt.

Liberty Loan
Liberty Loan was a name given to a series of bond issues during World War I. There were four Liberty Loans issued during 1917 and 1918. These were followed by the issuance of Victory Liberty Loan Notes in 1918. Also see First Liberty Loan.

Library of Congress Trust Fund
Established by the Library of Congress Trust Fund Board Act, March 3, 1925, the Library of Congress Trust Fund holds money given as gifts or bequests to the Library of Congress. The money is used to supplement annual Congressional appropriations. The Secretary of the Treasury is authorized to invest the money held in the fund in government securities. The Library of Congress Trust Fund Board, which oversees the fund, may also permanently loan money to the Treasury at a guaranteed interest rate of 4% or higher.

Limited Circulation Privilege
The limited circulation privilege applied to certain debt issues that could be used by National Banks as security for the issue of National Bank Notes. "Under the provisions of sec. 29 of the Federal Home Loan Bank Act, approved July 22, 1932, for a period of 3 years from that date, all outstanding bonds of the United States theretofore issued, or issued during such period, bearing interest at a rate not exceeding 3⅜ per centum per annum, shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations" (*Annual Report of the Secretary of the Treasury, 1934*: 347).

Liquidity
A security is liquid if it can be easily bought and sold in the secondary market.

Loan
Loan is another name given to a note or bond. The term was used primarily in the nineteenth and early twentieth centuries.

Loan Certificate
Loan certificate is another name for a certificate of indebtedness issued in anticipation of income from a debt issue. Also see Certificate of Indebtedness.

Low-Rent Public Housing Fund
The Low-Rent Public Housing Fund was a revolving fund used to finance the construction of public housing through local public housing authorities. The program was originally run by the Federal Public Housing Authority until 1947 when it was replaced by the Public Housing Administration. In 1965, the fund came under the jurisdiction of the Department of Housing and Urban Development.

Magic Fives
This was the nickname given to Treasury Notes, Series B-1964. Paying 5%, they were massively oversubscribed when offered in October 1959.

Management and Liquidating Function
See Federal National Mortgage Association.

Market-Based Security
A market-based security is a nonmarketable bill, bond, or note that mimics a like marketable security. Also simply referred to as an MK, the market-based security has the price, interest rate, and maturity of a comparable security sold in the primary market. The features of MKs are taken from the results of the open-market sale of a companion security. Market-based securities were first issued in 1974 to allow government agencies that are limited by law to investing in nonmarketable Treasury securities to make investments and investment decisions based on market performance. These securities are part of the Government Account Series.

Maritime Administration
The Maritime Administration administers the United States Merchant Marine, controls United States shipping and shipping lanes, encourages shipbuilding, and maintains the Naval Defense Reserve Fleet. The Maritime Administration originated as the United States Maritime Commission, an agency established by the Merchant Marine Act of 1936. The Commission was abolished by Reorganization Plan No. 21 of May 24, 1950. At that time, its functions were transferred to the newly established Federal Maritime Board and the Maritime Administration, both of which were within the Department of Commerce. On August 6, 1981, the Maritime Administration was transferred to the Department of Transportation.

Marketable Security
Marketable securities are securities that can be easily bought and sold in the secondary market. The Treasury has used the term since World War II to describe public issues that are available to the general public in registered or bearer form without any condition of sale. See Public Issue and Nonmarketable Security.

"Marshall Plan"
The "Marshall Plan" is the popular name given the European Recovery Program and derives from Secretary of State George C. Marshall who proposed the program in June 1947. The program was initiated by the Economic Cooperation Act of 1948 and administered by the Economic Cooperation Administration. The Economic Cooperation Administration was abolished by the Mutual Security Act of October 10, 1951, which set up the Mutual Security Agency. See Economic Cooperation Administration.

Maturity
The maturity of a security is the date at which it becomes payable in full.

Military Housing Insurance Fund
The Military Housing Insurance Fund was established by Title VIII of the National Housing Act on August 8, 1949. It was to allow the Federal Housing Administration to provide mortgage insurance to builders of family housing at military installations (Baldwin 5-7).

MK
See Market-Based Security.

Mortgage Bond
A bond secured by a lien on specific real property.

Mortgage Guaranty Insurance Company Tax and Loss Bond
Mortgage Guaranty Insurance Company Tax and Loss Bonds were first issued in March 1968. Also called simply Tax and Loss Bonds, these securities could only be purchased by "companies organized and engaged in the business of writing mortgage guaranty insurance" (*Annual Report of the Secretary of the Treasury, 1968*: 222). The bonds sold at par, paid no interest, matured in 10 years, and were issued in registered

form only. The bonds had no set denominations and could be purchased at any amount. They were redeemable after 3 months from issue and were exempt from all state and federal taxes. The bonds were designed to help offset the cost to mortgage guaranty insurance companies of having a portion of their income from insurance premiums tied-up in state-run reserves designed to protect against defaults. Beginning in 1968, mortgage guaranty insurance companies were "permitted to take as deductions in determining taxable income up to 50 percent of annual premiums earned, provided that noninterest-bearing Federal bonds [Mortgage Guaranty Insurance Company Tax and Loss Bonds] equivalent to the amount of the deduction…[were] purchased" (*Annual Report of the Secretary of the Treasury, 1968*: 34).

Multiple-Price Auction
In a multiple-price auction, bids are arranged in descending order of price for a security with a fixed coupon rate. Awards are made at successively lower prices until the amount of securities allotted are sold. Each successful bidder pays the particular price he or she bid. See also Uniform-Price Auction.

Multiple-Yield Auction
In a multiple-yield auction, bids are arranged in ascending order of yield. Awards are made at successively higher yields until the amount of securities allotted are sold. Each successful bidder pays the particular yield he or she bid. See also Uniform-Yield Auction.

Mutual Mortgage Insurance Fund
The Mutual Mortgage Insurance Fund was established by the National Housing Act of June 27, 1934. Its purpose was to provide the money needed to insure single-family home mortgages under the program set up by the Federal Housing Administration.

Mutual Security Agency
The Mutual Security Agency was established by the Mutual Security Act of October 10, 1951, which abolished the Economic Cooperation Administration and acknowledged the end of the "Marshall Plan." The Mutual Security Agency united military and economic programs of foreign support. This agency was succeeded by the Foreign Operations Administration in 1953. (Some literature refers to the Mutual Security Agency as the Mutual Security Administration.)

National Archives Gift Fund
The National Archives Gift Fund holds money given as gifts or bequests to the National Archives for the purchase of reference materials and the microfilming of NARA records, usually relating to genealogical research, not provided for by annual Congressional appropriations. The Secretary of the Treasury is authorized to invest the money held in the fund and may issue special securities for this purpose.

National Archives Trust Fund
The National Archives Trust Fund, established by the Federal Reports Act, October 22, 1968, holds money given as gifts or bequests to the National Archives. The fund also

receives income derived from the sale of publications by the Archivist of the United States. The fund is used to supplement annual Congressional appropriations. The Secretary of the Treasury is authorized to invest the money held in the fund and may issue special securities for this purpose.

National Bank
National Banks, established by the National Bank Act of June 3, 1864, were authorized to issue money in the form of National Bank Notes.

National Bank Note
National Bank Notes were a form of currency issued by National Banks and were secured by United States securities deposited by a National Bank with the Treasurer of the United States. A National Bank was then authorized to issue currency equal to 90% of the value of the securities deposited. National Bank Notes were issued until 1935. Bonds that could be deposited as security by the National Banks were known as holding the circulation privilege. See Circulation Privilege, General Circulation Privilege, and Limited Circulation Privilege.

National Credit Union Share Insurance Fund
The National Credit Union Share Insurance Fund was created by an amendment to the Federal Credit Union Act on October 19, 1970. This revolving fund is used to insure deposits in credit unions up to $100,000 and is administered by the Board of the National Credit Union Administration. Excess money in the fund may be invested by the Secretary of the Treasury in government securities. Also, the fund may raise money by having the Treasury sell securities on its behalf. Such securities are part of the public debt and the Government Account Series.

National Defense Housing Insurance Fund
The National Defense Housing Insurance Fund was established by the National Housing Act (June 27, 1934, amended), Title IX to insure the mortgages of houses built in those areas vital to national defense. The program was run by the Federal Housing Administration.

National Flood Insurance Fund
The National Flood Insurance Fund was established by the National Flood Insurance Act of August 1, 1968. Its purpose is to fund the National Flood Insurance Program. This program provides flood insurance, promotes community floodplain management, and maps flood-prone areas. The fund is financed through insurance premiums and the issuance of securities. The program and the fund were initially run by the Federal Disaster Assistance Administration within the Department of Housing and Urban Development. The National Flood Insurance Fund and the National Flood Insurance Program became part of the Federal Emergence Management Agency upon the agency's formation by executive order in 1979.

National Insurance Development Fund

The National Insurance Development Fund was established by the Urban Property Protection and Reinsurance Act of 1968, August 1, 1968, and later extended by the National Insurance Development Act of 1975, April 8, 1975. The fund provided money to operate the Riot Reinsurance Program and the Federal Crime Insurance Program. The fund was originally administered by the Department of Housing and Urban Development but was later transferred to the Federal Management Agency upon its creation in 1979. The programs operated by the fund ended on April 30, 1983. The National Insurance Development Fund was financed by reinsurance premiums, interest earned on investments made on its behalf by the Treasury, appropriations, and loans from the Treasury made through the issue of securities.

National Service Life Insurance Fund

The National Service Life Insurance Fund financed the National Service Life Insurance program for military personnel. The program began on October 8, 1940 and ended April 25, 1951. It succeeded the United States Government Life Insurance program (1919-1940) and preceded the Servicemen's Indemnity Insurance program (1951-1956).

Naval Historical Center Fund

See Department of the Navy, U.S. Office of Naval Records and History Fund.

Navy General Gift Fund

See Department of the Navy General Gift Fund.

Negative Yield

A negative yield occurs when a security is bought at a price above its value or yield.

Negotiable

Generally, a negotiable instrument is any unregistered financial instrument. It can be sold or transferred to another holder. However, a registered financial instrument may become negotiable with the endorsement of the holder.

New Communities Guarantee Fund, Metropolitan Development (HUD)

The New Communities Guarantee Fund originated in the New Communities Act of 1968 that was part of Title IV of the Housing and Urban Development Act of 1968. The New Communities Act provided federal assistance in the creation of planned communities. The Housing and Urban Development Act was amended in 1970 to allow the federal government to provide loan guarantees to private and local government loans used in the planning and construction of new communities. The New Communities Guarantee Fund provided the money necessary for guaranteeing loans. The money was raised through the issuance of securities by the Secretary of the Treasury.

"New Money" Offering

A "new money" offering is a security issued for the purpose of raising money, not refunding an existing debt. These securities can only be purchased with cash.

Noncompetitive Bidder
A noncompetitive bidder is a participant in a uniform-type auction wherein securities are sold at one price or yield. The noncompetitive bidder makes no bid on the securities for sale but tenders an unconditional offer to buy securities at a price or yield set by the competitive bidders.

Nonmarketable Security
Nonmarketable securities are securities that cannot be easily bought and sold in the secondary market. In the case of government obligations, nonmarketable government securities may only be bought from or sold to the Treasury. Such securities are public issues that are available in registered form only and/or can be bought only by specific enterprises or individuals. In 1975, the Treasury expanded the definition to include special issue securities that were not available to the public. See Public Issue and Marketable Security.

Note
Generally, a note is an interest-bearing loan instrument that matures in 5 years or less. Also, it is a name given to an instrument that bears no interest and is redeemable by the government or the holder on short notice. Also see Treasury Note.

Note of Administrator/Director
A Note of Administrator or Note of Director is an interest-bearing security issued on the authority of an administrator or director of a government agency. First issued in 1951, the notes had varying maturities and interest rates and were purchased by the Treasury. The notes were authorized by the India Emergency Food Aid Act of 1951, June 15, 1951. These securities were considered contingent debt.

Obligation
An obligation is a document laying out the terms of a legal responsibility. Hence, a government obligation stipulates the responsibility of the government to perform some action or payment.

Old-Age Reserve Account
Established by the Social Security Act of 1933, the Old-Age Reserve Account held the money used to pay the monthly old age benefits of Social Security. In 1939, the Old-Age Account was replaced with a trust fund to which 100 percent of taxes collected under the Federal Insurance Contributions Act (FICA) were automatically appropriated to pay the benefits and expenses of the program.

On-the-run Security
An on-the-run security is the name given to the most recently issued security. Because of its novelty, the most recently issued security receives the most attention and is the most actively traded.

Optional Security

An optional security was a bond or note that was callable before maturity by the government. The government had the option to call and pay off the security before maturity. Optional bonds were introduced by the act of February 25, 1862. Optional securities were also called double-term securities, the terms being the call and maturity dates.

Overseas Private Investment Corporation

The Overseas Private Investment Corporation is an independent agency of the executive branch established by the Foreign Assistance Act of 1969, December 30, 1969. Its mission, since it began operations in 1971, is to aid the expansion of United States' businesses into foreign markets, especially in the developing world. The Overseas Private Investment Corporation provides political risk insurance, foreign investment guarantees, and project financing. To fund these activities, the Overseas Private Investment Corporation has two funds in the Treasury: the Direct Investment Fund to finance OPIC investments overseas and the Insurance and Guarantee Fund, consisting of the Insurance Reserve and the Guaranty Reserve, to finance insurance and guarantee programs. Money for these funds comes from fees charged by the Overseas Private Investment Corporation for its services, appropriations, and from securities issued to the Treasury.

Par

Par is the nominal dollar amount assigned to a security by the government. It is the security's face value.

Participation Certificate

A participation certificate (also called a certificate of participation) is a share of a pool of financial assets. These pools are often made up of direct loans and mortgages made by federal agencies. In 1964, the Federal National Mortgage Association (FNMA) was granted authority to pool mortgages set up by the FNMA and the Veteran's Administration and sell participation certificates to private investors (*Annual Report of the Secretary of the Treasury, 1966*: 344-45). The participation certificate entitled the bearer to a share of the loan or mortgage payments received from the pooled debts that continued to be administered by the issuing federal agency. The Participation Sales Act of 1966, extended this program of pooling to the assets of other federal lending programs within agencies such as the Farmers Home Administration and the Small Business Administration. The FNMA acted as the transfer agent for the participation certificates deriving from these pools. The participation certificates were also guaranteed by the FNMA and the agency whose loans were being pooled. For more information, see *Annual Report of the Secretary of the Treasury, 1966*: 308-10, 326-29 and *Annual Report of the Secretary of the Treasury, 1967*: 225-28.

Payable

The term payable refers to the date when or the manner in which (e.g., in gold or without interest) a security will be repaid. The Treasury uses this term interchangeably with redeemable.

Pension Benefit Guaranty Corporation

The Pension Benefit Guaranty Corporation was established by the Employee Retirement Income Security Act of 1974, September 4, 1974. It is a government corporation charged with regulating and guaranteeing private pension plans. The corporation maintains a number of revolving funds within the Treasury to provide pension benefits to retirees whose pension plans have defaulted or been terminated. Any excess money accumulated within a fund may be invested in government securities by the Secretary of the Treasury. To raise money, the corporation is authorized to issue securities to the Treasury.

Permanent Bond

This term was used in the 1920s to refer to a coupon bond issued to replace an interim certificate or a temporary bond that did not have a complete set of coupons. A Permanent Bond had all the coupons needed until the bond reached maturity. Such a bond was also sometimes called a Definitive Bond.

Pittman Act Certificates of Indebtedness

Pittman Act Certificates of Indebtedness were issued under authority of the Pittman Act authored by Senator Key Pittman and passed on September 24, 1917, and amended April 23, 1918. During World War I, the allies fighting Germany, especially Britain, found themselves increasingly in debt to India, which was supplying a vast amount of war materiel. India's economy was based on silver currency and needed to be paid for its goods in that metal. Not surprisingly, Britain soon found itself short of silver and asked the US for help. The US Treasury had lots of silver in the form on $1 coins that it held as security against the silver certificates it issued. In April 1918, the US agreed to melt down the $1 coins into silver bullion and sell it to the British. The problem was that for each $1 in coin melted down $1 in silver certificates had to be withdrawn from the US money supply. To prevent economic problems in the US, Federal Reserve Bank notes were issued as an emergency replacement for the silver certificates. As security for this issue, the issuing Federal Reserve Banks were required to deposit with the Treasurer either certificates of indebtedness created by the Pittman Act or one-year gold notes. These Pittman Act certificates had a maturity of 1 year and paid 2% in interest. The entire issue was bought by the Federal Reserve Banks. (See E.E. Cummins, "The Federal Reserve Bank Note," The Journal of Political Economy, 32, 5 (October 1924): 533-36 and *Annual Report of the Secretary of the Treasury, 1928*: 71-73.)

Post Office Department

The Post Office Department was created in 1789 to provide postal services, being elevated to the cabinet level in 1829. In 1872, it was officially recognized as a government department. The Post Office Department was replaced by the United States Postal Service through the Postal Reorganization Act of 1970, August 12, 1970. See Post Office Department Debt and Postal Savings System.

Post Office Department Debt

Securities issued by the Post Office Department were not part of the public debt or considered contingent debt. The Post Office Department Fund was ultimately liable for the debts of the Post Office Department. In 1970, the Post Office Department was dissolved and replaced with the United States Postal Service. Its obligations are considered part of the public debt. See Postal Service Fund.

Postal Savings Bond

Depositors in the Postal Savings System could exchange their deposits for Postal Savings Bonds that were issued in denominations of $20, $100, and $500 in both registered and bearer form. The bonds were established along with the Postal Savings System by the act of June 25, 1910. The bonds had a maturity of 20 years and paid 2.5% interest. Postal Savings Bonds ceased to be issued July 1, 1935, when United States Savings Bonds were first issued. Postal Savings Bonds were part of the public debt and were not an obligation of the Postal Savings System (United States Post Office Department 32).

Postal Savings System

The Postal Savings System was established by an act of Congress on June 25, 1910, and it was to provide a safe haven for the funds of small private savers, especially immigrants, after the bank panic of 1907. The minimum deposit was $1 and the maximum balance was $500 (raised to $2,500 in 1918). Deposits earned 2% interest which was almost half that paid by commercial banks. The low balance ceiling and interest rate were designed to prevent competition with banks (O'Hara and Easley 743-44). The system was abolished on July 1, 1967. Obligations of the Postal Savings System were not part of the public debt but Post Office Department debt. Also see Postal Savings Bond.

Postal Service Fund

The Postal Service Fund was established along with the United States Postal Service by the Postal Reorganization Act of 1970, August 12, 1970. The Postal Service Fund is a revolving fund meant to replace annual appropriations from Congress and the Post Office Department Fund. The main source of revenue for the fund is postal service charges. The Postal Service is also authorized to issue securities to fund operating expenses and capital improvements. These securities may be sold to the public or to the Treasury. Except for rare and special circumstances, Postal Service securities are considered part of the public debt. This liability derives from the United States Postal System's status as "an independent establishment of the executive branch" (84 Stat. 201). It is not a government agency (creating contingent debt) but a semi-independent government department.

Prerefunding

Prerefunding is the application of advanced refunding to Treasury securities with maturities of under one year. First used in September 1962, prerefunding usually involved the exchange of maturing Treasury bills for Treasury notes with maturities of 5 to 10 years. See Advance Refunding.

Price Auction

Beginning in January 1972, the Treasury began to sell some of its coupon securities through price auctions. In a price auction, securities with fixed maturities, par values, and interest rates are sold to the highest bidder, resulting in the security often being sold at a discount or premium to par. Usually price auctions for couponed securities were of the uniform type. In a uniform-price auction, "all successful bidders are awarded securities at the lowest accepted price" (*Annual Report of the Secretary of the Treasury, 1973*: 11-12). This type of auction allowed for the participation of noncompetitive bidders. Beginning in 1975, yield auctions were held for couponed securities. Non-couponed securities, e.g. Treasury Bills, were sold through an English-style price auction wherein bills, with a fixed maturities and par values, were awarded to the highest bidders. Treasury Bills always sell at a discount to par, the magnitude of the discount implies a corresponding yield at maturity. See Uniform Auction, English Auction, Noncompetitive Bidder, and Yield Auction.

Primary Market

The primary market is the arena in which initial public offerings of securities take place.

Public Debt

Public debt is debt for which the government of the United States is wholly liable unlike contingent debt, insular debt, District of Columbia debt, or railroad debt. The general public is ultimately responsible for such debt through taxation.

Public Facility Loan

Public Facility Loans were provided to cities by the Housing and Home Finance Agency and later the Department of Housing and Urban Development to pay for the construction of water and sewage systems, streets, and other public services. The loans were authorized by Title II of the Housing Amendments of 1955 Act of August 11, 1955. To fund the Public Facility Loans, the Administrator of the Housing and Home Finance Agency was permitted to issue interest-bearing securities to the Treasury. Public Facility Loans were replaced by the Community Development Block Grant Program through the Housing and Community Development Act of 1974, August 22, 1974. Outstanding loans were transferred to the Revolving Fund (Liquidating Programs) within HUD.

Public Health Service

The Public Health Service evolved from the Marine Hospital Service created in 1798 to look after the medical needs of seamen. By the turn of the twentieth century, the Marine Hospital Service had also taken on the duty of monitoring the health of immigrants; and, in 1902, it was renamed the Public Health and Marine Hospital Service. In 1912, the name was shortened to the Public Health Service. The Public Health Service and its predecessors were within the Department of the Treasury until 1939 when it was transferred to the newly created Federal Security Agency. In 1953, the FSA became the cabinet Department of Health, Education, and Welfare. The Public

Health Service is currently within the Department of Health and Human Services created in 1980.

Public Health Service Unconditional Gift Fund
The Public Health Service Unconditional Gift Fund was established by the Public Health Service Act, July 1, 1944. The purpose of the fund is to hold gifts of money or income derived from the sale of gifted property for use in Public Health Service programs. The Secretary of the Treasury acts as trustee of the fund and can invest the fund's money in government securities. At times special issues of government securities were made to benefit the fund.

Public Housing Administration
Public Housing Administration was the new name given to the Federal Public Housing Authority in 1947. It made loans and grants to public housing agencies to improve housing conditions and subsidize low-rent public housing. Its obligations were guaranteed both as to interest and principal by the United States and were considered contingent debt. This agency and its programs were subsumed under the Department of Housing and Urban Development in 1965.

Public Issue
Public issue is a term used by the Treasury to refer to any security available for purchase by the public at large. After World War II, the public debt was divided by the Treasury into public issues and special issues in its annual reports. This practice ended in 1975. See Special Issue.

Railroad Debt
Railroad debt refers to securities issued to pay for railroad construction in the nineteenth century. Ultimately liable for repaying the debt were the railroads.

Railroad Retirement Account
Established by the Railroad Retirement Act of June 24, 1937, and overseen by the Railroad Retirement Board, the Railroad Retirement Account is a fund used to finance retirement and other benefits to all railroad workers. The 1937 act also required the Treasury to issue special securities for the benefit of the Railroad Retirement Account with a guaranteed interest rate of 3%. This rule changed in 1963. See Railroad Retirement Supplemental Account.

Railroad Retirement Holding Account
Created in 1967, the Railroad Retirement Holding Account is used to finance the Medical Insurance program also known as Medicare B for railroad retirees. Securities to help finance the fund were first issued in 1967.

Railroad Retirement Supplemental Account
Created in 1967, the Railroad Retirement Supplemental Account funds supplemental retirement annuities to railroad workers with over 25 years of service. Eligible workers receive a cash annuity in addition to their regular retirement or disability annuity. The

program is run by the Railroad Retirement Board. The account was abolished in 2001 with funds now being drawn from the main Railroad Retirement Account.

R.E.A. Series
Rural Electrification Administration (R.E.A.) Series securities are public debt securities first issued by the Treasury in fiscal year 1961. They are sold to recipients of Rural Electrification Administration loans who have unplanned excess loan money. The yield on R.E.A. securities is equal to the interest rate on the loan held by the borrower. The rate on both was 2% until 1973 when the Rural Electrification Act was amended and the rates were increased to 5%. Instead of using the excess money to make prepayments on the loan, the borrower bought securities in denominations of $1,000. Holding on to excess funds in the form of bonds gave the borrower the capacity to cash in the bonds and retrieve the unused loan funds without the need for negotiating a new loan. In 1975, R.E.A. bonds began to be issued in book-entry form only. See Rural Electrification Administration.

Receivability
Receivability refers to the acceptance of a security as a form of payment. Often securities were receivable for taxes owed to the United States or for the purchase of a newly issued security (for examples see Love 89-93).

Reconstruction Finance Corporation
Created by an act of Congress in 1932, the Reconstruction Finance Corporation made loans to financial institutions to aid agriculture, commerce, and industry. Its fund was obtained by selling $500,000,000 in stock to the Treasury and issuing notes, bonds, and debentures to the public. During the first year of operation, all the debt issues of the Reconstruction Finance Corporation were bought by the Treasury (Ebersole 470). In 1939, the Reconstruction Finance Corporation was merged with the Federal Loan Agency and was moved to the Department of Commerce in 1940 where it remained until 1945. The Reconstruction Finance Corporation became a separate entity again in 1947. It was moved to the Department of the Treasury in 1953. The Reconstruction Finance Corporation ceased to exist in 1957. The interest and principal of the bonds it issued were guaranteed by the United States. This was contingent debt.

Redeemable
The term redeemable refers to the conditions under which a financial instrument becomes payable in whole or in part. Usually, a security is redeemable upon maturity. When a security is redeemable before maturity, it may be redeemable by either the issuer or holder of the security. In the former case, the security is actually the subject of a call. A callable security is only redeemable by the issuer, while a redeemable security is redeemable by either the issuer or the holder, depending upon the conditions under which the security was issued. The terms callable and redeemable, as well as payable, are often used interchangeably by the Treasury. Also see Callable and Payable.

Redemption-Exchange

A redemption-exchange "is any authorized redemption of securities for the purpose of applying the proceeds in payment for other securities offered in exchange" (*Annual Report of the Secretary of the Treasury, 1973:* 215).

Rediscount

Generally, a rediscount is the act of a bank selling a security or commercial paper to a central bank. Initially, a bank buys a security (notes, bonds, etc) or commercial paper (loans, etc) at a discount from another bank or a broker. This discounted security or commercial paper is then sold to a central bank at another discount. Hence, it is a rediscount. Rediscount has a different meaning when applied to the United States and the Federal Reserve System. One of the primary missions of the Federal Reserve is to rediscount the commercial paper of banks. Such a rediscount involves a commercial loan originated by a member bank of the Federal Reserve System. The commercial loan is put up as collateral by the member bank to the Federal Reserve in return for a Federal Reserve loan. The Federal Funds rate (also known as the Discount Rate) is usually lower than the commercial rate charged by the member bank on the collateralized loan. Thus, in effect, the member bank "sells" its commercial loan at a discount to the Federal Reserve. The Federal Reserve is then free to resell the loan on the open market. The price of sale would be below the rate originally charged to the customer taking out the loan. The resale creates a rediscount. However, it has increasingly become the policy of the Federal Reserve to accept only very short-term, self-liquidating commercial paper, making resale unnecessary.

Refunding Act

A refunding act is an act of Congress that authorizes the issue of a bond for the purpose of refinancing a specific, existing debt issue. This term was used primarily in the nineteenth century. Also see Cash Refunding and Exchange Refunding.

Refunding Certificates

Refunding certificates were certificates of deposit issued to refinance a specific, existing debt issue. This term was primarily used in the nineteenth century.

Register of the United States

The duty of the Register of the United States was to keep an account of all the receipts and expenditures of the Treasury and of all debts owed to or by the United States. Basically, the Register was to keep track of all the warrants and financial obligations issued by the Treasury. The office ceased to exist in 1956. Also see Warrant.

Registered Bond

A registered bond is one in which the owner of the bond is recorded by the transfer agent of the Treasury. Usually both the principal and interest are registered, making both non-negotiable. An unregistered bond is commonly known as a bearer bond.

Regular Delivery

In the sale of securities, a regular delivery provides for the delivery of the securities to the purchaser and payment for the securities by the purchaser on the following business day. Also see Cash Delivery.

Regular Loan Program

See Direct Loan Account.

Relief and Rehabilitation, District of Columbia Fund

The Relief and Rehabilitation, District of Columbia Fund financed workers' compensation benefits provided to workers in the District of Columbia. The fund and the benefits were established through an amendment to the Longshoreman and Harbor Workers Compensation Act of March 4, 1927, passed on May 17, 1928. This program for District of Columbia workers was run by the Department of Labor until July 26, 1982, when the act was repealed. Thereafter, a Workers' Compensation Program was established by the District of Columbia government.

Relief and Rehabilitation, Longshoreman and Harbor Workers Fund

The Longshoreman and Harbor Workers Compensation Act of March 4, 1927, provides workers' compensation benefits for maritime workers who are not seamen. These employees work on or around the navigable waters of the United States. Benefits are financed by the Relief and Rehabilitation, Longshoreman and Harbor Workers Fund. A 1984 amendment changed the name of the act to the Longshore and Harbor Workers' Compensation Act.

Relief for Indigent American Indians, BIA, Fund

The Relief for Indigent American Indians, BIA, Fund—later known as the Bequest of George C. Edgeter for the Relief of Indigent American Indians, BIA, Fund—funds a program that provides relief to poor Native Americans. (It appears that aid is limited to members of the Ute Mountain Tribe.) Money in the fund derived from a bequest by George C. Edgeter, the principal of which is invested in government securities. The interest earned provides the funds used in the program run by the Bureau of Indian Affairs.

Rental Housing Assistance Fund

The Rental Housing Assistance Fund was authorized by the Housing Act of 1970. It provided financing for the Experimental Housing Allowance Program which provided housing allowances to low-income families renting units from private owners. The program ran from 1971 to 1980.

Reorganization Plan No. 2 of 1954

The Reorganization Plan No. 2 of 1954 reassigned the functions of the Reconstruction Finance Corporation to other federal agencies effective June 30, 1954. (The Reconstruction Finance Corporation was to be terminated on July 1, 1954, by the Reconstruction Finance Corporation Liquidation Act of July 30, 1953.) The Export-Import Bank of Washington was to serve as liquidator of foreign loans, while the Small

Business Administration was to deal with disaster loans. The Federal National Mortgage Association was put in charge of remaining mortgages held by the Reconstruction Finance Corporation.

Reorganization Plan No. 22 of 1950
The Reorganization Plan No. 22 of 1950 (July 9, 1950) transferred the Federal National Mortgage Corporation from the Reconstruction Finance Corporation to the Housing and Home Finance Agency.

Resumption Act
A resumption act is an act of Congress that authorizes the issue of a bond for the purpose of retiring a specific, existing debt issue. This term was used primarily in the nineteenth century.

Retirement Plan Bond
See United States Retirement Plan Bond.

Revenue Bond
A revenue bond is issued to finance a specific construction or public works project such as a toll bridge. The bond will be repaid from the revenue derived from that project.

Reverse Auction
A reverse auction is the process of bond dealers offering securities for sale to the Treasury. It occurs when the Treasury announces a buy back of a non-callable issue. The dealers offering to sell the specified security at the lowest prices win the auction.

Revolving Fund
A revolving fund is one in which any receipts into the fund from a loan or other money-making activity can be reused to finance new activities of the same nature. See Fund.

Roosa Bonds
See Exchange Stabilization Fund.

Rural Electrification Administration
The Rural Electrification Administration was created by executive order in May 1935 and authorized by Congress through the Rural Electrification Act of 1936. In 1939, it became a division of the Department of Agriculture. The Rural Electrification Administration provided loans to companies, cooperatives, and public agencies to fund the extension of electrical service (and, after 1949, telephone service) to rural areas. The loans were fully guaranteed by the government and initially had an interest rate equal to the average rate paid on government obligations, but it was later fixed at 2% in 1944 (Malone). To fund these loans, the Rural Electrification Administration borrowed money from the Reconstruction Finance Corporation at 3% interest during fiscal year 1937. Later, the administrator was authorized to issue securities to the Treasury to raise needed funds. The Rural Electrification Administration was replaced by the Rural Utilities Service in 1994. Also see R.E.A. Series.

Rural Development Insurance Fund

The Rural Development Insurance Fund was established by the Rural Development Act of 1972 (August 30, 1972), replacing the Agricultural Credit Insurance Fund. The fund's purpose is to insure loans aimed at commercial, residential, and industrial development in rural areas. The program is run by the Farmers' Home Administration.

Rural Housing Direct Loan Account/Program

The Rural Housing Direct Loan Account was a fund authorized on July 15, 1949 within the Farmers Home Administration. Its purpose was to finance the Rural Housing Direct Loan Program (called the Farm Housing Loan Program until 1961) that made loans to build or repair a farmhouse. Securities were issued on the authority of the Secretary of Agriculture to help fund this program. In 1968, the functions of the Rural Housing Direct Loan Account were taken over by the Rural Housing Insurance Fund, and the account was abolished. Also see Direct Loan Account.

Rural Housing Insurance Fund

The Rural Housing Insurance Fund was a revolving fund established on August 10, 1965 within the Farmers Home Administration. Its original purpose was to insure loans on farm homes and buildings. Later, the fund was authorized to issue its own loans to farmers, replacing the Rural Housing Direct Loan Account. The Secretary of Agriculture financed the fund by issuing securities to the Treasury. See Rural Housing Direct Loan Account/Program.

Saint Lawrence Seaway Development Corporation

The Saint Lawrence Seaway Development Corporation was established on May 13, 1954 as a wholly owned government corporation. Its mission is "to construct, operate and maintain that part of the St. Lawrence Seaway between Montreal and Lake Erie, within the territorial limits of the United States" (Saint Lawrence Seaway Development Corporation 1). To finance construction, the Corporation issued revenue bonds to the Treasury. See Revenue Bonds.

Savings Bonds

See United States Savings Bonds.

Savings Certificate

See Treasury Savings Certificate and War-Savings Certificate.

Savings Note

See Treasury Savings Note, Treasury Tax Savings Note, and United States Savings Notes.

Savings Stamp

See Treasury Savings Stamp.

Second Liberty Bond Act

Passed on September 24, 1917, the Second Liberty Bond Act provided authorization for the Second Liberty Bond. More importantly, it would become the authorizing act for almost all Treasury issues after 1935. Before 1917 every loan had to be authorized by an act of Congress. The Second Liberty Bond Act gave the Treasury "revolving authority" to issue certificates of indebtedness. Such authority allowed the Treasury to issue certificates of indebtedness on its own. The only limitation set by Congress was the total amount authorized to be issued. In 1921, the Second Liberty Bond Act was amended to extend this revolving authority to Treasury notes. Treasury bills were included in a 1929 amendment, and Treasury bonds (including United States Savings Bonds) came under Treasury authority in 1935. Since that time, the Second Liberty Bond Act has been amended mainly for the purpose of setting debt limitation ceilings. The statutory authority of the Second Liberty Bond Act, as amended, was codified as Title 31 of the United States Code in 1982. (A chronology of amendments is presented in the *Annual Report of the Secretary of the Treasury, 1960*: 513-14.)

Second War Loan

World War II financing campaign conducted between April 12, 1943, and May 1, 1943. Components consisted of:

Certificate of Indebtedness, Series B-1944
Treasury Bond of 1950-1952 @ 2% [April 15, 1943]
Treasury Bond of 1964-1969
Treasury Bills: Fiscal Year 1943
Treasury Savings Note, Series C
United States Savings Bonds, War Bond Series E
United States Savings Bonds, War Bond Series F
United States Savings Bonds, War Bond Series G

Secondary Market

The secondary market is the arena in which stocks and bonds are traded after their initial offering. Initial offerings occur in the primary market.

Section 203 Home Improvement Account

The Section 203 Home Improvement Account was established by Section 203(k) of the National Housing Act amended on June 30, 1961. The account funds the Rehabilitation Mortgage Insurance program. This program, run by the Federal Housing Administration and later the Department of Housing and Urban Development, insures loans for the purchase and rehabilitation of single-family homes.

Section 220 Home Improvement Account

The Section 220 Home Improvement Account was established by Section 220(a) and (h) of the National Housing Act amended on June 30, 1961. The account funded the Mortgage and Major Home Improvement Loan Insurance for Urban Renewal Areas program. This program, run by the Federal Housing Administration and later the Department of Housing and Urban Development, insured loans for the purchase and rehabilitation of multi-unit dwellings in redevelopment areas.

Section 220 Housing Insurance Fund

The Section 220 Housing Insurance Fund provides money for mortgage insurance on loans to build multifamily housing projects in urban renewal areas and code enforcement areas. The program is administered by the Federal Housing Administration. The fund was authorized by Section 220(e) of the National Housing Act, as amended.

Section 221 Housing Insurance Fund

The Section 221 Housing Insurance Fund provides money for mortgage insurance on loans dealing with the construction and rehabilitation of multifamily rental or cooperative housing for moderate-income families, the elderly, and the handicapped. The program is administered by the Federal Housing Administration. The fund was authorized by Section 221 of the National Housing Act, as amended.

Security

A security is a document issued by a government or corporation as a pledge of debt or equity to the holder, excluding currency. The official definition of a security is given in the Securities Exchange Act of 1934. The text states:

> The term "security" means any note, stock, treasury stock, bond, debenture, certificate of interest or participation in any profit-sharing agreement or in any oil, gas, or other mineral royalty or lease, any collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or in general, any instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing; but shall not include currency or any note, draft, bill of exchange, or banker's acceptance which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited.

Senior Refunding/Senior Advance Refunding

See Advance Refunding.

Servicemen’s Group Life Insurance Fund

The Servicemen’s Group Life Insurance Fund was established on September 29, 1965 to fund Servicemen’s Group Life Insurance. This program provided funding for term life insurance coverage for servicemen and women during and after active service in the Vietnam War. The program was continued after the end of the war and was expanded in 2001 to provide coverage for spouses and dependents. The policies are run by the

Prudential Insurance Company through its Office of Servicemen's Group Life Insurance and are largely funded by the government. Policy holders pay nominal monthly premiums.

Servicemen's Mortgage Insurance Fund

The Servicemen's Mortgage Insurance Fund was used to insure mortgages held by members of the armed forces. The Federal Housing Administration administered the program.

Seven-Thirty

A Seven-Thirty is a bond or note paying 7.3% interest. This term was used primarily in the nineteenth century.

Seventh War Loan

World War II financing campaign conducted between April 9, 1945, and July 9, 1945. The components consisted of:

Certificate of Indebtedness, Series E-1946
Treasury Bond of 1950
Treasury Bond of 1959-1962
Treasury Bond of 1967-1972
Treasury Savings Note, Series C
United States Savings Bonds, War Bond Series E
United States Savings Bonds, War Bond Series F
United States Savings Bonds, War Bond Series G

Sinking Fund

A sinking fund is a fund used to pay off existing debt issues. The issuer of the debt makes periodic payments to the trustee of the sinking fund, who retires part of the issue by purchasing the bonds in the open market. See Cumulative Sinking Fund.

Sixth War Loan

World War II financing campaign conducted between November 1, 1944, and January 2, 1945. The components consisted of:

Certificate of Indebtedness, Series H-1945
Treasury Bond of 1952-1954 @ 2% [December 15, 1954]
Treasury Bond of 1966-1971
Treasury Note, Series C-1947
Treasury Savings Note, Series C
United States Savings Bonds, War Bond Series E
United States Savings Bonds, War Bond Series F
United States Savings Bonds, War Bond Series G

Soldiers' and Sailors' Civic Relief Insurance Bonds

Soldiers' and Sailors' Civic Relief Insurance Bonds were issued to insurance companies during World War I to guarantee the premiums of members of the military on active service, preventing their policies from lapsing.

Special Assistance Function
See Federal National Mortgage Association.

Special Series
See Treasury Bill, Special Series.

Special Bonds of the United States
Special Bonds of the United States were non-negotiable, non-interest-bearing notes payable on demand and first issued in fiscal year 1964 as part of the United State's subscription to United Nations' programs such as the Children's Fund.

Special Investment Account
The Special Investment Account is also known as the Gertrude M. Hubbard Special Investment Account and is part of the Permanent Loan Account held in the Treasury for the benefit of the Library of Congress. The account represents a bequest of money by Hubbard to benefit the Gardiner Greene Hubbard Collection at the Library of Congress.

Special Issue
The term special issue was used by the Treasury to define a security not sold to the public but to a government agency or the Treasury itself. Special issues were used for the investment of trust or other funds deposited in the Treasury. For example, the Foreign Service Retirement and Disability Fund resided in and was managed by the Treasury. Every year, for the benefit of the fund, the Treasury issued and bought an issue of 5-year Treasury notes paying 4% interest. After World War II, the public debt was divided by the Treasury into public issues and special issues in its annual reports. This practice ended in 1975. See Public Issue.

Special Notes of the United States
Special Notes of the United States were non-negotiable, non-interest-bearing notes first issued in November 1946 as part of the United State's subscription to the International Bank for Reconstruction and Development and the International Monetary Fund. The International Bank for Reconstruction and Development series was issued in denominations of $1 million, $5 million, and $10 million. Also, some certificates were left blank with the amount entered at time of issue. The certificates of the International Monetary Fund were issued in denominations of $1 million, $5 million, $10 million, $50 million, and $100 million.

Special Risk Insurance Fund
The Special Risk Insurance Fund was created in 1968 to finance Federal Housing Administration mortgage insurance programs involving high-risk mortgages such as in declining urban areas (Section 223(e) programs) or near military bases. It is a revolving fund closely tied to the General Insurance Fund. See General Insurance Fund.

Special Short-Term Issue Certificate of Indebtedness
Special short-term issue certificates of indebtedness were extremely short-term certificates of indebtedness issued to Federal Reserve Banks in order to borrow money until an impending deposit arrived at the Treasury. These instruments bore interest and usually had a maturity of less than seven days. Van Sant describes these instruments as "typewritten certificates, with maturities of from one to three days, issued to the Federal Reserve banks (usually the New York Bank) to cover overdrafts. These overdrafts were occasioned by the fact that the [Treasury issued tax] anticipatory certificates were due and payable on the tax payment dates, whereas a few days were sometimes necessary for the clearing and collection of checks given in payment of taxes" (Van Sant, 13). It further appears that the Treasury also used these certificates to move money between Treasury accounts to cover overdrafts. Many of the special short-term issue certificates of indebtedness were purchased by the Treasury. Lutz, 421; *Annual Report of the Secretary of the Treasury, 1943*: 57; *Annual Report of the Secretary of the Treasury, 1955*: 282

Speculative Rights Transaction
A speculative rights transaction is the purchase of a Treasury security, sometimes at a loss, in expectation that the security can be profitably exchanged for a future Treasury issue. This practice arose in the 1950s from the Treasury policy of offering some new issues only to holders of existing securities as a way to refund a debt issue. Sometimes these exchanges were executed at a discount, making the transaction more profitable. Also, when a new Treasury security was offered for either exchange or cash, preference was often given to exchange subscribers over cash subscribers. See Murphy 12.

Spot Market
The spot market is where commodities and currencies are bought and sold for immediate delivery. This is unlike the forward market wherein the product traded is delivered sometime in the future.

State and Local Government Series
Usually referred to simply as SLGS securities or SLuGS, State and Local Government Series securities were first issued in 1972 to help state and municipal governments meet federal arbitrage restrictions established by the Tax Reform Act of 1969. The restrictions applied to the refunding of an outstanding debt issue. Government bodies issuing tax-exempt bonds were not permitted to issue securities at a low market rate of interest (under the guise of using the proceeds to pay off a previous high-interest debt issue) and then invest the proceeds at a high (above market) rate of interest. Instead, state and local governments were required to invest proceeds in securities which did not pay a higher yield than the interest rate of their debt issue. To facilitate this action, the Treasury made available certificates of indebtedness, notes, and bonds. The interest rate paid on these securities was determined on a case-by-case basis, taking into consideration the interest rate of the government body's debt issue, the desired maturity length of the Treasury security to be purchased, and the prevailing SLGS interest rate determined by the Treasury.

Stock
In its more common usage, stock refers to a share of equity in a company. However, in the nineteenth-century, stock also referred to a perpetuity (perpetual annuity) or a debt instrument that has no maturity but pays interest on a regular basis. This debt stock was often divisible into smaller shares (exchangeable into smaller denominations).

Student Loan Insurance Fund
The Student Loan Insurance Fund was established by the Higher Education Act of 1965 (November 8, 1965). It is used to reimburse lenders in the case of a default on a student loan. The fund is financed through insurance premiums and securities sold by the Department of Health, Education, and Welfare to the Treasury and later, after 1979, the Department of Education.

Strip
A strip is a collection of securities of like type and sometimes serial maturities all offered for sale at the same time. The term first appears in 1961 when 18 Treasury bills with serial maturities were all sold on the same day. Such a strip should not be confused with a STRIP.

STRIPS
STRIPS is an acronym for Separate Trading of Registered Interest and Principal Securities. It involves the separation of interest payments and principal repayment elements of a bond (also known as "coupon stripping") and selling them separately as zero-coupon bonds at a discount. For example, a 20-year bond would create 41 STRIPS securities—40 coupons and 1 principal repayment. The Treasury began offering STRIPS in 1985. The elements of a STRIPS are often referred to as simply a STRIPS, a STRIP, or a strip. See Zero-Coupon Bond.

Subscription
An order to purchase securities from a new issue. Government securities are sold either through subscription or auction.

Swap Arrangement/Swap Line/Swap Network
Swap arrangements are reciprocal lines of credit (swap lines) between the central banks of various countries, including the Federal Reserve of the United States, allowing for the buying and selling of currencies in order to stabilize exchange values. The interlinking of these swap arrangements was established in March 1962 and called the "swap network" by the Treasury. See *Annual Report of the Secretary of the Treasury, 1964*: 328.

Tap Security
A tap security is one that is on sale continuously, such as United States Savings Bonds. The securities are considered to be "on tap" (Murphy 110-11).

Tax and Loss Bond
See Mortgage Guaranty Insurance Company Tax and Loss Bond.

Tax Anticipation Security
A tax anticipation security is a certificate of indebtedness or Treasury bill sold by the Treasury to moderate the levels of cash flow into the Treasury, providing a stream of income other than at quarterly tax-payment dates. "Tax issues generally bear a maturity date that falls a week or so after a quarterly tax date (e.g., March 22) and bear interest to that date, but they are acceptable at par, with interest to maturity, in payment of taxes on the tax date (Gaines 181-82)." The added bonus is provided as an incentive for corporate investors to purchase the securities for the purpose of paying taxes.

Tax Anticipation Series
See Treasury Bills, Tax Anticipation Series.

Tax Certificate
Tax certificate is another name for a certificate of indebtedness issued in anticipation of income from tax payments. Also see Certificate of Indebtedness and Tax Anticipation Security.

Tax Court Judges Survivors Annuity Fund
The Tax Court Judges Survivors Annuity Fund provides financing for a program that pays the survivors of a United States Tax Court judge either a lump-sum death benefit or an annual annuity. The fund was financed by regular deductions from a judge's salary, Congressional appropriations, and the interest from the investment of excess funds in government obligations by the Secretary of the Treasury.

Tax Savings Note
See Treasury Tax Savings Note.

Temporary Bond
A temporary bond or other type of security is a temporary document of title to shares of a new debt issue when there is a delay in presenting the actual financial instrument. A temporary certificate, note, or bond is usually later exchanged for a coupon or registered form of the debt issue. This document bearing engraved text and images is often called the "definitive" instrument. Sometimes, as in the case of the Liberty Loan Bonds, temporary bonds bore one or two years worth of coupons, but this appears to have been an unusual practice. Also see Interim Certificate.

Temporary Loan
The term temporary loan is another name given to an interest-bearing, short-term funding device that either matures in less than one year, is callable by the government in less than a year, or may be redeemed on short notice by the holder. The name was also given to other short-term financial instruments such as a certificate of deposit. This term was primarily used in the nineteenth century.

Ten-Forty
A Ten-Forty is a bond that matures in 40 years but is callable after 10 years. This term was used primarily in the nineteenth century.

Tennessee Valley Authority
The Tennessee Valley Authority is a government corporation created by the act of May 18, 1933. Its work includes the production of electric power, flood control, and managing the Tennessee River. The principal and interest of its bonds were sometimes guaranteed by the United States.

Third War Loan
World War II financing campaign conducted between September 9, 1943, and October 2, 1943. It was directed at only nonbank investors. Components consisted of:

- Certificate of Indebtedness, Series E-1944
- Treasury Bond of 1951-1953 @ 2%
- Treasury Bond of 1964-1969 @ 2.5%
- Treasury Savings Note, Series C
- United States Savings Bonds, War Bond Series E
- United States Savings Bonds, War Bond Series F
- United States Savings Bonds, War Bond Series G

Thrift Stamps
Issued by the Treasury during and immediately after World War I, Thrift Stamps sold for $.25 each and paid no interest. The stamps were attached to a free United States Thrift Card that held 16 stamps. When full, the card could be redeemed (with an extra $.12 to $.23) for a War-Savings Certificate Stamp. Thrift stamps were discontinued in December 1921. See War-Savings Certificate Stamp.

Title I Housing Insurance Fund
The Title I Housing Insurance Fund was established by Title I of the National Housing Act of June 27, 1934. Its purpose was to provide the money needed to insure the mortgages of public housing projects under the program set up by the Federal Housing Administration.

Title I Insurance Fund
The Title I Insurance Fund provides money for insurance on home improvement loans and is administered by the Federal Housing Administration. The fund was authorized by Title I of the National Housing Act, as amended.

Transfer Agent
A transfer agent is a person or organization that handles the everyday work relating to a debt issue, including maintaining accounts for every bond holder and handling coupon payments and requests for replacement bonds. Until 1861, the transfer agent of the Treasury was the Office of the Register. After this time, the Register's duties were increasingly taken over by the Division of Loans and Currency. In 1911, the Division of Loans and Currency was officially recognized as the Treasury's transfer agent. The

Division of Loans and Currency was subsumed under the Public Debt Service in 1919. In 1940, the Public Debt Service was later reorganized into the Bureau of the Public Debt, which is the current transfer agent of the Treasury.

Treasurer of the United States

The Treasurer of the United States is the officer of the Treasury charged with "the receipt, custody, and disbursement upon proper order of the public moneys….Specifically, the Treasurer maintains current accounts of all receipts and expenditures; pays the principal and interest on the public debt; provides checking account facilities for Government disbursing officers, corporations and agencies; pays checks drawn on the Treasurer of the United States…; acts as special agent for the payment of principal and interest on certain obligations of corporations of the United States Government, Puerto Rico, and the Philippine Islands; and maintains facilities in the Main Treasury building" (*Annual Report of the Secretary of the Treasury, 1955*: 109).

Treasury Bill

A Treasury bill is a short-term security issued on a discount basis rather than at par (which is its value at maturity). The discount price is determined by competitive bidding on price in an English-style auction. Treasury bills have a maturity of a year or less and are usually sold on a weekly basis with maturities of 13 weeks and 26 weeks. They were authorized by an amendment of the Second Liberty Bond Act (June 17, 1929) and first issued in December 1929. Until 1962, when the $50,000 denomination was added, Treasury bills were offered in $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 denominations. Each series is identified by its date of maturity. In 1967, Treasury bills began to be printed by the dry rather than wet process on high-speed equipment. The $1,000 and $5,000 denominations were eliminated on January 25, 1970 (*Annual Report of the Secretary of the Treasury, 1970*: 20). In September 1972, the Treasury began the transition from an end-of-the-month 1-year cycle of bill sales to a 52-week cycle with sales every four weeks. During this fiscal year, 9-month bills were phased out (*Annual Report of the Secretary of the Treasury, 1973*: 12). In 1976, Treasury Bills began to be offered in book-entry form only.

Treasury Bill, Special Series

A special series Treasury bill is issued when there is an unforeseen cash deficit that will not be covered by the regular cycle of bill issues.

Treasury Bill, Tax Anticipation Series

Tax Anticipation Series Treasury bills were first issued in October 1951 to provide the Treasury with funds at times of the year when tax collections were low and "to provide an investment medium for corporations accumulating funds to pay their taxes in March and June, the two months when the heaviest tax payments are due" (*Annual Report of the Secretary of the Treasury, 1952*: 72). They were sold at a discount and reached par at maturity. The bills had maturities longer than the regular weekly issues. Also see Tax Anticipation Securities.

Treasury Bond

A Treasury bond is an interest-bearing loan instrument that normally matures after 10 or more years. Treasury bonds were usually sold at par or occasionally sold at a predetermined discount or premium set by the Treasury. Treasury bonds were first sold through competitive bidding on January 8, 1963.

Treasury Bond, Investment Series

Investment Series Treasury bonds, first issued in October 1947, were non-callable, nonmarketable bonds for institutional investors. They sold at par, paid 2.5% interest, and were available in the following denominations: $5,000, $10,000, $100,000, and $1,000,000. The bond was redeemable by the holder before maturity at par minus paid interest. It matured in 18 years. Treasury Bonds, Investment Series B were also non-callable and nonmarketable but were not redeemable by the holder before maturity except in the form of 5-year Treasury notes.

Treasury Certificate

The Treasury Certificate was first issued in fiscal year 1963 and should not be confused with a United States Treasury Certificate, First Series issued in March 1932. It was actually a certificate of indebtedness but was commonly referred to in Treasury reports as simply a Treasury Certificate. (This may be the “Federal Reserve Bank Certificate” referred to in the production records of the Bureau of Engraving and Printing.) It was a public, nonmarketable issue that had a maturity of 3 months (except for two annual issues which had maturities of 6 months), and was dollar denominated but had an interest rate similar to that of a security denominated in a foreign currency such as a Roosa bond or a Foreign Currency Series certificate of indebtedness. In 1975, these certificates were categorized as Treasury Deposit Funds securities (certificates of indebtedness), part of the Government Account Series. Though not certain, it is highly likely that the specific government account was a Treasury Foreign Exchange Account involving foreign exchange operations with foreign governments. The title Treasury Certificate was also, at times, used interchangeably with Treasury Certificate of Indebtedness and Certificate of Indebtedness by the Treasury. Based on information from Tim Dulaney of the Treasury, Treasury Certificates were used in the swap operations of the Exchange Stabilization Fund wherein the foreign country borrowing dollars had to deposit some or all of its drawings at the Federal Reserve Bank of New York. These dollar deposits were then invested in Treasury Certificates at interest rates mimicking the performance of the foreign currency replaced by the swapped dollars. (The foreign country may well have been holding dollars it did not want in order to maintain the fixed exchange rates of the 1960s and early 1970s, and it wanted to be compensated as if it was holding its own currency.) See Treasury Certificate of Indebtedness and United States Treasury Certificate, First Series.

Treasury Certificate, Eurodollar Series

These certificates, also referred to as Treasury Certificates of Indebtedness, Eurodollar Series, were first issued on April 9, 1971, to foreign branches of United States' commercial banks. The purpose of these securities was to redirect Eurodollars held by United States' banks from European markets (which were borrowing Eurodollars

because of the relatively lower interest rates compared to rates in Europe) to the United States. The Eurodollar securities made it more profitable for the banks to invest in Treasury securities than to lend money in the Eurodollar market. Bringing these dollars back into the United States helped to offset balance-of-payments problems. The Treasury Certificate, Eurodollar Series replaced the temporary solution begun in January 1971 of the Export-Import Bank issuing 3-month notes. (*Annual Report of the Secretary of the Treasury, 1971*: 13, 44, 521.) See Eurodollar.

Treasury Certificate of Indebtedness, Eurodollar Series
See Treasury Certificate, Eurodollar Series.

Treasury Deposit Funds
Treasury Deposit Funds refer to a number of deposit accounts, including escrow and suspense accounts, used by the Treasury to hold money used in Treasury operations or in inter-governmental agreements. Securities are issued to Treasury Deposit Funds as investment vehicles for the money held on deposit. It is not revealed in the annual descriptions of the public debt exactly which Deposit Fund accounts are benefiting from these investments.

Treasury Note
A Treasury note is an interest-bearing loan instrument that generally matures in 2 to 5 years. The Second Liberty Bond Act was amended in June 1967 to allow the Treasury to issue 7-year notes, which it began to do in 1968. And, on March 15, 1976, the maximum maturity of Treasury notes was raised to 10 years (*Annual Report of the Secretary of the Treasury, 1977*: 276). Also, in 1968, Treasury notes began to be printed by the dry rather than wet process on high-speed equipment. In 1973, the Treasury began offering cycles of 2-year notes that would mature at the end of calendar quarters.

Treasury Savings Certificate
Treasury Savings Certificates evolved from War-Savings Certificates which, beginning in 1919, were offered in denominations of $100 and $1,000. In 1920, the Treasury changed the designation of War-Savings Certificates to Treasury Savings Certificates, but continued to use both names in its annual reports. In December 1921, War-Savings Certificates/Treasury Savings Certificates (sometimes referred to as Treasury (War) Savings Certificates by the Treasury) were altered to fit into the newly formed United States Government Savings System and the standard name for the issue became Treasury Savings Certificates. At that time, Treasury Savings Certificates gained a $25 denomination and a new pricing structure. Until December 1921, issues were sold at varying discount rates with a fixed maturity date. After December 1921, issues were sold at fixed discount rates with a maturity date of 5 years from date of sale. The discount price was raised in October 1922 to reflect changes in interest rates and lowered again in December 1923. The last issue of Treasury Savings Certificates was in December 1923. All sales were suspended on July 15, 1924 in response from pressure from banking interests which saw Treasury Savings Certificates as hurting their business (Lutz 451-52).

Treasury Savings Note

The Treasury Savings Note evolved from the Treasury Tax Savings Note. The first Treasury Savings Note was issued on September 14, 1942, and was originally designated Treasury Tax Savings Note, Series C. Its designation was changed to Treasury Savings Notes, Series C on June 23, 1943, when tax withholding took effect. At that time Treasury Tax Savings Notes were discontinued. The new notes came in higher denominations ($1,000 to $1,000,000) and were aimed at corporate investors who could still redeem the notes to pay federal taxes. Interest was paid on a graduated scale. Treasury Savings Notes were "zero coupon" and did not pay interest except with the principal, but they sold at par.

Treasury Savings Stamp

Treasury Savings Stamps replaced War-Savings Certificate Stamps and Thrift Stamps in December 1921. Treasury Savings Stamps were available in $1 denominations and paid no interest. They were to be pasted into a Treasury Savings Card which, when filled, could buy a $25 Treasury Savings Certificate. The stamps were considered part of the United States Government Savings System. The stamps were discontinued in October 1922.

Treasury Tax Savings Note

Treasury Tax Savings Notes were first issued in August 1941 to help people meet the burden of the increase in wartime federal taxes. In an age before tax withholding, it was hoped that taxpayers would buy Treasury Tax Savings Notes on a regular basis throughout the year for use in paying end of the year federal taxes. The notes were accepted as payment for taxes at par plus accrued interest. The notes were "zero coupon" and did not pay interest except with the principal, but they were sold at par. Interest was not compounded, giving Series A notes an effective interest rate if held to maturity of 1.92% and Series B a .48% rate. However, if the notes were redeemed for cash, no interest would be paid. Series A notes were intended for individuals with small or moderate incomes while Series B notes were meant for individuals with large incomes and for corporations (Murphy 43-44). The notes were discontinued on June 22, 1943, when tax withholding took effect.

Trust

A trust is a legal relationship in which one party holds and manages assets for the benefit of another, such as the Treasury managing the assets of the National Archives Gift Fund. Trust also refers to a combination of companies or corporations that act in concert for their mutual benefit.

Trust Fund

A trust fund is a sum of money or collection of assets held in trust. Money entering the fund come from taxes and other sources specifically earmarked for the trust fund. The Treasury is responsible for a number of trust funds. For an example, the Treasury is responsible for managing the Unemployment Trust Fund consisting of cash and Treasury securities, making regular investments on its behalf. Trust funds make up one

of the two major groups of funds composing the budget of the United States government. The other group of funds making up the budget is Federal funds. See Federal Funds.

Unemployment Trust Fund
Established by the Social Security Act of August 14, 1935, the Unemployment Trust Fund's purpose is to hold federal and state money used to pay unemployment insurance benefits. This includes money collected under the Railroad Unemployment Insurance Act of June 25, 1938.

UNICEF
See United Nations Children's Fund.

Uniform Auction
In this type of auction, "all successful bidders are awarded securities at the lowest accepted" bid (*Annual Report of the Secretary of the Treasury, 1973*: 11-12). This allows for the participation of noncompetitive bidders in a security auction. In January 1972, the Treasury began to sell some of its coupon securities through uniform-price auctions. Beginning in 1975, securities were also sold through uniform-yield auctions wherein bids were stated in yields instead of prices. See Uniform-Yield Auction, Uniform-Price Auction, and Noncompetitive Bidder.

Uniform-Price Auction
In a uniform-price auction, bids are arranged in descending order of price for a security with a fixed coupon rate. Awards are made at successively lower prices until the amount of securities allotted to competitive bidders are sold. The price paid by all bidders is averaged from all accepted bids. Noncompetitive bidders are then awarded securities at this average or uniform rate. See Uniform Auction and Noncompetitive Bidder.

Uniform-Yield Auction
In a uniform-yield auction, bids are arranged in "ascending order of yield, with the coupon later set close to the average [accepted yield bid] so as to avoid difficulties arising from the tax treatment of capital gains" (*Annual Report of the Secretary of the Treasury, 1975*: 18). Specifically, the "interest rate for the notes was established at the nearest ⅛ of 1 percent to make the average accepted price 100.000 or less" (*Annual Report of the Secretary of the Treasury, 1975*: 246n1). Noncompetitive bidders are then awarded securities at this average or uniform rate. See Uniform Auction and Noncompetitive Bidder.

United Nations Children's Fund
The United Nations Children's Fund was established on December 11, 1946 as the United Nations International Children's Emergency Fund (UNICEF). Its immediate mission was to help children in post-World War II Europe. In 1953, UNICEF became a permanent part of the United Nations and its name was shortened to the United Nations

Children's Fund. The organization's focus then became the education, feeding, and protection of children in developing countries.

United Nations Special Fund
The United Nations Special Fund was created in 1957 to provide economic, technical, and social assistance to "less developed" countries.

United States Agency for International Development
The United States Agency for International Development was established on November 3, 1961 to succeed the International Cooperation Administration within the Department of State. The United States Agency for International Development focuses on assistance programs promoting long-term economic development in foreign countries. Shorn of military and political agendas, the United States Agency for International Development "unified already existing U.S. aid efforts, combining the economic and technical assistance operations of the International Cooperation Agency, the loan activities of the Development Loan Fund, the local currency functions of the Export-Import Bank, and the agricultural surplus distribution activities of the Food for Peace program of the Department of Agriculture" (United States Agency for International Development 1).

United States Army General Gift Fund
See Department of the Army General Gift Fund.

United States Government Savings System
The United States Government Savings System was a short-lived plan to coordinate the savings activities of the Treasury and the Postal Service. In December 1921 the Savings Division of the Treasury was reorganized under the title of the United States Government Savings System. Further, the Director of the United States Government Savings System was made a trustee of the Postal Savings System. The duty of this new Treasury office was to "conduct…an intensive campaign to sell the Government's saving securities" with the Postal Service acting as the chief sales agency (*Annual Report of the Secretary of the Treasury, 1922*: 55). In a memorandum by the Secretary of the Treasury dated December 14, 1921, he stated that "the Government has a unified and effective savings system, with the 10-cent postal savings stamp, postal savings deposit from $1 upward, and $1 Treasury savings stamp and the $25, $100, and $1,000 Treasury savings certificates" (*Annual Report of the Secretary of the Treasury, 1922*: 53). The United States Government Savings System ceased to exist in 1924.

United States Housing Authority
The United States Housing Authority was created within the Department of the Interior on September 1, 1937, by an act of Congress. It made loans and grants to public housing agencies to improve housing conditions. Its obligations were guaranteed both as to interest and principal by the United States and were considered contingent debt. It was transferred to the National Housing Authority and redesignated the Federal Public Housing Authority by Executive Order 9070, February 24, 1942.

United States Information Agency

The United States Information Agency was created in 1953 as an independent foreign affairs agency. Its role was to explain and promote United States' foreign policy through programs that included the Fulbright exchange program and Voice of America. In 1978, the United States Information Agency was redesignated the International Communication Agency as it assumed the duties of the Bureau of Educational and Cultural Affairs. The old name was restored in 1982. The United States Information Agency became the Office of International Information Programs when it became part of the Department of State in October 1999.

United States Individual Retirement Bond

United States Individual Retirement Bonds were authorized by the Employee Retirement Income Security Act of 1974 and first issued on January 1, 1975. The bonds were sold at par and only to individuals in registered form. Interest was only paid upon maturity which was when the owner reached the age of 70 ½ years or 5 years after the owners death. The bonds came in denominations of $50, $75, $100, and $500.

United States Naval Academy General Gift Fund

The purpose of the United States Naval Academy General Gift Fund was to hold gifts and bequests given to the Department of the Navy on the condition that they be used for the benefit of the Naval Academy. Upon request, the Treasury could invest the contents of the fund in government securities. On October 30, 2000, the United States Naval Academy General Gift Fund was consolidated with the United States Naval Academy Museum Fund, creating the United States Naval Academy Gift and Museum Fund. See United States Naval Academy Museum Fund.

United States Naval Academy Museum Fund

The United States Naval Academy Museum Fund was established in legislation of March 26, 1938, that authorized the construction of a new building to house the United States Naval Academy Museum. The purpose of the fund was to hold gifts and bequests given to the Department of the Navy on the condition that they be used for the benefit of the museum. Upon request, the Treasury could invest the contents of the fund in government securities. On October 30, 2000, the United States Naval Academy Museum Fund was consolidated into the United States Naval Academy General Gift Fund, creating the United States Naval Academy Gift and Museum Fund. See United States Naval Academy General Gift Fund.

United States Postal Service

The United States Postal Service was established by the Postal Reorganization Act of 1970, August 12, 1970, replacing the Post Office Department. See Postal Service Fund.

United States Retirement Plan Bond

United States Retirement Plan Bonds were authorized by the Self-Employed Individuals Tax Retirement Act of 1962 also known as the Keogh Act. They were sold only to bond

purchase plans and pension and profit-sharing plans which acted as agents for the individual owners in denominations of $50, $100, $500, and $1,000. The bonds filled a need for investment instruments for the newly-established Keogh Plans. These retirement plans allowed the self-employed, sole proprietors, and partners to form pension plans that received the same tax breaks as pension plans run for regular employees. The bonds were first issued in January 1963 and were discontinued in April 1982.

<u>United States Savings Bonds</u>
First issued on March 1, 1935, United States Savings Bonds are sold at a discount reaching their par value on maturity. These are government savings securities and have held various designations and popular names. In 1954, $25 Series E bonds began to be printed by the offset process (see *Annual Report of the Secretary of the Treasury, 1954*: 202). Offset printing of the $50 and $100 Series E followed a year later (see *Report of the Secretary of the Treasury, 1955*: 88). See "Baby Bonds;" "G.I. Bonds;" United States Savings Bonds, Defense Savings Bonds Series; and United States Savings Bonds, War Savings Bond Series. A chronology of United States Savings Bonds issues follows:

1935-1941	Series A
1935-1941	Series B
1935-1941	Series C
1935-1941	Series D
1941	Defense Savings Bonds Series E
1941	Defense Savings Bonds Series F
1941	Defense Savings Bonds Series G
1942-1945	War Savings Bonds Series E
1942-1945	War Savings Bonds Series F
1942-1945	War Savings Bonds Series G
1946-1980	Series E
1946-1952	Series F
1946-1952	Series G
1952-1979	Series H
1952-1957	Series J
1952-1957	Series K
1980-present	Series EE
1979-2004	Series HH
1998-present	Series I

<u>United States Savings Bonds, Defense Savings Bonds</u>
Also known as "Defense Bonds" and "Defense Savings Bonds," these bonds were officially designated by the Treasury as United States Savings Bonds, Defense Savings Bonds in 1941 in response to the worsening situation in Europe. Defense Savings Bonds were issued in designations Series E, Series F, and Series G. The Series E bond was issued on the same terms as the "Baby Bonds," Series A-D. It sold at a discount with a 10-year maturity in denominations of $25, $50, $100, $500, and $1,000.

Series F was also sold at a discount while Series G was sold at par with an interest rate of 2.5%. Both these bonds had a maturity of 12 years and higher denominations: $100, $500, $1,000, $5,000, and $10,000.

United States Savings Bonds, War Savings Bond

Also known as "War Bonds" and "War Savings Bonds," these bonds were officially designated United States Savings Bonds, War Savings Bond in 1942 with the United States' entry into World War II. These bonds were issued between 1942 and 1945 and consisted of Series E, F (having a brown imprint), and G (having a blue imprint). The terms of these bonds corresponded to those of the Defense Series. In June 1944 a $10 denomination was added to the Series E Bond (see "G.I. Bond"). In July 1942 the seal of the Treasury became printed rather than embossed. In 1943 the size of the bonds was reduced.

United States Savings Note

United States Savings Notes were first issued on May 1, 1967. Also known as a "Freedom Share," the United States Savings Note was meant to "encourage additional savings and reduce the amount of marketable debt financing required" (*Report of the Secretary of the Treasury, 1967*: 14). It was redeemable after one year, paid 4.74% interest, and matured in 4.5 years. Individuals could only purchase United States Savings Notes with the purchase of Series E United States Savings Bonds. Denominations offered were $25, $50, $75, and $100 and sold at a discount. Sales were discontinued after June 30, 1970.

United States Savings Securities

United States Savings Securities refers to a group of securities consisting of government savings securities, United States Individual Retirement Plan Bonds, and United States Retirement Plan Bonds. This category was first used in reports of the public debt in fiscal year 1997. See Government Savings Securities.

United States Savings Stamps

In 1935, with the sale of United States Savings Bonds, Postal Savings Stamps were redesignated United States Savings Stamps but still considered an obligation of the Postal Service. Then in 1942, Post Office United States Savings Stamps became an obligation of the Treasury and the official designation given to Defense Savings Stamps and War Savings Stamps through the Public Debt Act of March 28, 1942. United States Savings Stamps were issued after World War II for the School Savings Program and through Post Offices. They were discontinued on June 30, 1970. See Defense Savings Stamps and War Savings Stamps.

United States Treasury Certificate, First Series

This Treasury Certificate was issued in March 1932 as part of the "put idle money to work" campaign. These were highly liquid, one-year certificates redeemable on 60 days notice. The certificates were issued as coupon, bearer securities in denominations of $50, $100, and $500 and were payable in gold. The government's goal in issuing these certificates was to get hoarded money back into the financial system by providing a safe

place to invest after the bank failures of the Great Depression. The Treasury also called these securities Treasury Certificates of Indebtedness and Certificates of Indebtedness, First Series. The later Treasury Certificates, first issued in 1963, had entirely different functions.

Urban Redevelopment Agency

The Urban Redevelopment Agency was created by the Housing Act of 1949, July 15, 1949, within the Housing and Home Finance Agency. The Urban Redevelopment Agency was charged with subsidizing slum clearance and the redevelopment of largely residential, inner-city areas.

Urban Renewal Fund

The Urban Renewal Fund was used to subsidize the cost of slum clearance and urban renewal. The money was allocated to localities by the Urban Redevelopment Agency.

Veterans' Administration/Veterans' Affairs

See Department of Veterans' Affairs.

Veterans' Direct Loan Program

The Veterans' Direct Loan Program was an outgrowth of the home loan guarantees extended to veterans by the Servicemen's Readjustment Act of 1944 and managed by the Veterans Administration (currently the Department of Veterans' Affairs). The Veterans' Direct Loan Program was begun by the Housing Act of 1950. The program provided direct loans to veterans living in areas where a mortgage that could simply be guaranteed by the Veterans' Administration could not be obtained because of a lack of private mortgage money. The loans could be used to purchase or build a home. To fund the program the Direct Loan Revolving Fund was established in 1951. Since 1981, direct loans have only been available to disabled veterans requiring special housing (Department of Veterans' Affairs 1-5).

Veterans' Reopened Insurance Fund

The Veterans' Reopened Insurance Fund was used to finance the payment of claims and administrative costs of non-participating disability insurance policies issued from May 1, 1965 to May 2, 1966.

Veterans' Special Life Insurance Fund

See Veterans' Special Term Insurance Fund.

Veterans' Special Life Insurance Fund, Trust Revolving Fund

See Veterans' Special Term Insurance Fund.

Veterans' Special Term Insurance Fund

The Veterans' Special Term Insurance Fund financed insurance issued to veterans between April 25, 1951, and December 31, 1956. During this period, newly discharged service members could apply for Veterans' Special Term Insurance, which was as a 5-year term life insurance policy. The policy could be renewed or converted into a

permanent plan. After 1971, the fund was referred to as the Veterans' Special Life Insurance Fund. In 1975, the fund was brought within the Government Account Series and renamed the Veterans' Special Life Insurance Fund, Trust Revolving Fund.

Victory Fund Drive

Victory Fund Drive was the original name of the First War Loan campaign of World War II. See First War Loan.

Victory Loan

World War II-era financing campaign conducted between October 29, 1945, and January 3, 1946. Components consisted of:

- Certificate of Indebtedness, Series K-1946
- Treasury Bond of 1959-1962 @ 2.25% [November 15, 1945]
- Treasury Bond of 1967-1972 @ 2.5% [November 15, 1945]
- Treasury Savings Note, Series C
- United States Savings Bonds, War Bond Series E
- United States Savings Bonds, War Bond Series F
- United States Savings Bonds, War Bond Series G

Virgin Islands Company/Virgin Islands Corporation

The Virgin Islands Company was in charge of administering the United States Virgin Islands. It was established within the Department of the Navy upon the formal transfer of the West Indies from Denmark to the United States on March 28, 1917. The Virgin Island Company was moved to the Department of the Interior in 1931. In 1947 it was authorized to issue its notes to the Secretary of the Treasury. The Virgin Islands Company was replaced with the independent government corporation, the Virgin Islands Corporation, in 1949.

"War Bonds"

See United States Savings Bonds, War Savings Bond.

War Finance Corporation

Created by act of Congress on April 5, 1918, the War Finance Corporation was designed as a temporary credit agency for extending financial assistance to essential war industries. After World War I, its powers were extended to cover agricultural products and exporters. The War Finance Corporation was dissolved in 1929.

War Housing Insurance Fund

The War Housing Insurance Fund was used to insure short-term loans for building and buying prefabricated housing and buying certain government housing. It was established by Title VI of the National Housing Act (June 27, 1934, amended).

Warrant

A warrant is a document used by the Treasury to authorize the expenditure and receipt of money. The issuing of financial obligations required a warrant, as it was a receipt of money into the Treasury. When used to authorize expenditure, a warrant can act like a

check or a draft as it directs a specified amount of money to be paid to a specific person from deposited funds. Warrants were the basis of the Treasury's bookkeeping system until 1950. In that year the Budget and Accounting Procedures Act was passed, allowing the Treasury to waive many of the outdated legal requirements regarding the use of warrants in the daily business of the Treasury. In the stock market, warrants are securities that entitle the holder to buy stock at a future time at a specified price.

War-Risk Insurance Revolving Fund

The War-Risk Insurance Revolving Fund was created by the Merchant Marine Act of 1936 as amended, September 7, 1950. The purpose of the fund is to finance the insurance or reinsurance of vessels and cargo against loss or damage in times of war or national emergency. Money for the fund comes from premiums, appropriations, and transfers from the Vessels Operations Fund. Excess money within the fund is invested in special government securities by the Secretary of the Treasury. The program is overseen by the Department of Transportation.

"War Savings Bonds"

See United States Savings Bonds, War Savings Bond.

War-Savings Certificate

The Government Printing Office first issued War-Savings Certificates in December 1917 as blank forms onto which 20 $5 War-Savings Certificate Stamps were affixed. Then in 1919 the Treasury issued War-Savings Certificates bearing monetary values of $100 and $1,000. These financial instruments served as larger denominations of the War-Savings Certificate Stamps and rendered unnecessary the collecting and pasting of $5 stamps. In 1920 the Treasury changed the designation of War-Savings Certificates to Treasury Savings Certificates, but continued to use both names in its annual reports. In December 1921 War-Savings Certificates/Treasury Savings Certificates were altered to fit into the newly formed United States Government Savings System. For this new financial instrument see the entry under Treasury Savings Certificates.

War-Savings Certificate Stamp

The War-Savings Certificate Stamp was issued during and for a short time after World War I (1918-1921). Bought at a discount, it matured in 5 years to a value of $5. The stamps matured on a fixed date and the discount price was pro-rated according to how long before that date the stamp was purchased. When newly issued in January of the year of issue the stamp cost $4.12. Each month thereafter the cost rose one cent until the end of the year after which sales on the issue would close. At that time the stamp would sell for $4.23. The stamps were attached to a War-Savings Certificate provided free by the Treasury. Advance sales of War-Savings Certificate Stamps began on December 3, 1917 but the stamps were dated January 2, 1918. The Treasury identified War-Savings Certificate Stamps by various names. These were War Savings Stamps, War-Savings Certificates, and War Savings Securities. The War-Savings Certificate Stamp was discontinued in 1921 and replaced by the Treasury Savings Stamp.

War Savings Securities
War savings securities was a catch-all term used by the Treasury in its annual reports during and immediately after World War I to refer to War-Savings Certificates, Treasury Savings Certificates, and War-Savings Certificate Stamps.

War Savings Stamp
The term war savings stamp was used by the Treasury to refer to War-Savings Certificate Stamps during World War I and War Savings Stamps during World War II.

War Savings Stamp: World War II
The War Savings Stamp of World War II succeeded the Defense Savings Stamp and was first issued in June 1942. The stamps did not pay interest and were available in denominations of $.10, $.25, $.50, $1.00, and $5.00. They were issued by the Treasury and were part of the public debt. The stamps were pasted into books which, when filled, could be used to buy United States Savings Bonds, War Savings Bonds. On September 30, 1942, the Postal Savings System discontinued the issuance of Postal Savings Stamps to direct public funds into the War Savings Stamps. War Savings Stamps and the earlier Defense Savings Stamps were technically designated as United States Savings Stamps by the Treasury beginning in fiscal year 1943.

Washington Metropolitan Area Transit Authority
The Washington Metropolitan Area Transit Authority was created on February 20, 1967 through an agreement between Virginia, Maryland, and the District of Columbia. Its purpose is to provide a bus and rail system for the metropolitan-DC area. Through the National Capital Transportation Act of 1972 (July 13, 1972), the Washington Metropolitan Area Transit Authority was authorized to issue securities which were guaranteed by the Department of Transportation.

When-Issued Market
The When-Issued (short for "when, as, and if issued") market is basically the futures market for Treasury securities. The trading of new Treasury securities begins with the announcement of a new issue. As soon as the securities are issued, they pass from the When-Issued market to the secondary market.

World Bank
The World Bank refers to the World Bank Group. The World Bank Group is the umbrella organization under which is the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes. Membership in the World Bank requires membership in the International Monetary Fund.

World Food Program
The World Food Program was established by the Food and Agriculture Organization of the United Nations in December 1961 and formally began operations in January 1963.

Its mission is to be the food aid arm of the United Nations, providing food to victims of natural disasters, to refugees, and to those in famine areas.

Yield

The yield of a security is its overall value or the sum of its principal plus any remaining interest to be earned until its maturity or call date.

Yield Auction

In a yield auction the bids are stated in yields instead of prices. This sales technique was first used on September 24, 1974 in the sale of couponed securities (*Annual Report of the Secretary of the Treasury, 1975*: 18-19). Securities with a fixed par value and maturity date are sold to the highest bidder or the bidder asking the lowest yield or interest rate. Usually, couponed securities were sold at a uniform style auction. Also see Uniform-Yield Auction and Multiple-Yield Auction.

Zero-Coupon Bond

A zero-coupon bond is a bond that does not pay interest on a periodic basis. (It has no redeemable coupons.) Interest is only paid on maturity along with the principal. Usually the bond is sold at a discount as in the case of United States Savings Bonds.