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January 18, 2013

Mr. Matthew Rutherford
Assistant Secretary for Financial Markets
Department of the Treasury
Bureau of the Public Debt
Government Securities Regulations Staff
799 9th Street NW
Washington, DC 20239-0001

Re: Docket No. BPD-2012-0002
Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds

Dear Mr. Rutherford:

DRW Trading Group ("DRW") appreciates the opportunity to submit comments on the Department of the Treasury ("Treasury") Advance Notice of Proposed Rulemaking regarding the design details, terms and conditions and other features of floating rate notes to be issued by Treasury.

The ANPR identifies two index rates that it is considering for Treasury's floating rate securities program: (i) the 13-week Treasury bill auction High Rate (stop out rate) converted into a simple ACT/360 interest rate (the "Treasury Bill Yield") and (ii) a Treasury general collateral overnight repurchase agreement rate (the "Treasury GC Rate"). We believe that a Treasury GC Rate is by far the more preferable index rate for the floating rate securities program.

As an initial matter, we note that there is significantly more data in the market regarding the Treasury GC Rate than the Treasury Bill Yield. The total nominal value of overnight GCF repurchase agreements (which are a subset of general collateral overnight repurchase agreements) traded on an annual basis greatly exceeds the amount of 13-week Treasury bills auctioned annually. Based upon information provided by the Federal Reserve Bank of New York, we estimate that $39.1 trillion of overnight GCF repurchase agreements traded in 2012[1] as compared to $1.625 trillion of 13-week Treasury bills issued in 2012.[2] In addition, data points regarding the Treasury GC Rate are available on a daily basis, while the same data points for the 13-week Treasury Bill Yield are only available weekly. Accordingly, a Treasury GC Rate is better representative of short term funding rates.

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[1] See http://www.newyorkfed.org/banking/tpr_infr_reform_data.html for detailed information on monthly FICC GCF Repo data for 2012.

[2] See http://www.treasurydirect.gov/instit/annceresult/press/preanre/2012/2012_13week.htm.

We believe that indexing the notes to a Treasury GC Rate will result in greater participation in the new FRN market. Because investors in the notes will be able to hedge their exposure through both DTCC GCF Repo Index Futures and trading in the overnight repo market, a broader segment of the investment community will likely trade these notes. This in turn will lead to greater liquidity and a greater potential for the success of the offering of floating rate notes.

In addition, the Treasury GC Rate is less susceptible to manipulation. A single market participant is permitted to purchase up to 35% of the 13-week Treasury bills offered at auction. Thus, an auction could be limited to three market participants. In the Treasury tri-party repurchase market, however, the top three dealers collectively represent around 30% of the market.[3] Relative to the investors in 13-Week Treasury bill auctions, participation in the market that determines the GCF Treasury Repo Index is robust and dynamic.

Of the various Treasury GC rates available, we believe that the GCF rate represented by DTCC's GCF Treasury Repo Index is the most appropriate. There are significant benefits to using an existing index that has broad market acceptance. This index has been published since November 2010, giving market participants access to a significant body of historic information regarding the GCF market. Market participants will also be able to track projected interest rates via GCF Repo Index Futures. In addition, the index is based on actual transactions, not rate estimates, and those transactions are highly representative of the overall Treasury GC market. Using this index also enables market participants to hedge floating rate notes with products that can directly offset their floating rate exposure.

DRW thanks Treasury for the opportunity to comment on the ANPR. Please contact the undersigned with any questions you may have on our comments.

Sincerely,

Donald R. Wilson, Jr.

[3] See http://www.newyorkfed.org/banking/tpr_infr_reform_data.html for detailed information on monthly tri-party repo statistical data.