



[Laws & Regulations](#) / [Frauds, Phonies, & Scams](#) / How Treasury Marketable Securities Work

How Treasury Marketable Securities Work

On this page:

- [How Securities are Sold](#)
- [Types of Treasury Securities](#)
- [How Book-Entry Securities Are Held](#)
- [Further Reading](#)

To understand the fraudulent schemes and phony financial instruments involving what are claimed to be marketable U.S. Treasury securities, it's important for you to learn more about marketable U.S. Treasury bills, notes, and bonds.

How Securities are Sold

Marketable Treasury securities are sold at public auctions on a regular  [auction schedule](#)  well known to market participants. We announce the auctions far in advance to allow investors to prepare for the sale. We do not issue securities through private placements, nor do we license financial entities or individuals to act as intermediaries to sell marketable Treasury securities. Although we don't designate financial institutions to sell Treasury bills, notes, and bonds, they are available through banks and brokerages.

Types of Treasury Securities

Marketable Treasury securities exist in three forms:

Book-Entry: An overwhelming majority (over 99%) exist in book-entry form. Securities in book-entry form exist not as printed certificates but as computer records on our books and on the books of banks and government securities brokers and dealers. Book-entry securities first became available in 1968. Since 1986, we have issued Treasury marketable securities in book-entry form only.

Bearer: A small percentage (less than 1%) exist in bearer form. A bearer security is a printed certificate with interest coupons attached. A bearer security does not contain the name of the owner and we don't keep records of ownership. Title to a bearer security passes on delivery. We make interest and principal payments to the presenter of the interest coupons and certificate. We discontinued the issuance of bearer securities in 1982.

Registered: Less than 1% of outstanding Treasury marketable securities exist in registered form. A registered security is a printed certificate with the name of the owner stated on the face of the security. We maintain records of ownership and issue semiannual interest payments to the owner of record. Only the owner may submit the registered security at maturity for payment. The owner can transfer his or her registered security by filling out an assignment form on the back of the certificate. We adjust our ownership records to show transfers. We discontinued the issuance of registered securities in 1986.

How Book-Entry Securities Are Held

There are three systems in which investors can hold marketable book-entry Treasury bills, notes, and bonds:

TRADES, also called the [commercial book-entry system](#), is a tiered system of ownership accounts held at securities intermediaries such as banks, brokerage firms, and securities clearing organizations. We cannot identify individual owners in this system. The institutions acting as securities intermediaries or custodians for investors maintain ownership records. Holdings in TRADES amount to about 97.2 percent of the outstanding marketable debt.

[Legacy TreasuryDirect](#) and [TreasuryDirect](#) are two other systems for holding book-entry Treasury securities. The Treasury issues a statement of account, evidencing ownership, to the investor. So, unlike Treasury securities held in the commercial book-entry system, we know the identity of the ultimate holder of the Treasury securities held in Legacy TreasuryDirect and TreasuryDirect systems.