American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT OF THE UNITED STATES
DALLAS, TEXAS 75222

Circular No. 76-154
November 9, 1976

TREASURY PROPOSAL FOR ISSUING 52-WEEK BILLS IN BOOK-ENTRY FORM ONLY BEGINNING IN DECEMBER

TO ALL BANKING INSTITUTIONS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Our Circular No. 76-122, dated August 31, 1976, indicated that the Department of the Treasury plans to phase out definitive Treasury bills, beginning with the 52-week bills to be issued in December 1976, and to issue such bills in book-entry form only. Following is the text of a further press statement on this subject, issued by the Treasury Department on November 3, 1976:

> An open meeting to discuss proposed Treasury regulations to accelerate a program to place all of its marketable securities on a book-entry system, eliminating issuance of engraved certificates, will be held at 2 p.m., Monday, November 15, in Room 4121, Main Treasury Building.
>
> Comment on the regulations, published in the FEDERAL REGISTER November 1, must be submitted on or before November 24, 1976, to the Bureau of the Public Debt, Washington, D.C., 20226.
>
> More than 80 percent of the marketable public debt is currently held in book-entry form under a system initiated in 1968 by the Treasury and the Federal Reserve Banks.
>
> Book-entry is a modern, efficient, safe, and expeditious method of dealing in securities that is compatible with the computer age. It is an answer to the paperwork crisis created by the mounting volume of public debt transactions; it protects the investor against loss, theft, and counterfeiting; and it substantially reduces the cost of issuing, storing, and delivering Treasury securities.
>
> The proposal to completely eliminate the use of definitive securities in public debt borrowings will begin next month with issuance of 52-week bills. Exceptions will be made only for a small number of institutional investors prevented by law or by regulation from holding securities in book-entry form. Definitive bills of $100,000 denomination will be available to such investors for a limited period of time.

This publication was digitized and made available by the Federal Reserve Bank of Dallas' Historical Library (FedHistory@dal.frb.org)

It is anticipated that offerings of 26-week bills and 13-week bills in book-entry form only will follow during the first nine months of 1977. Later, the program will be extended to marketable Treasury bonds and notes.

As part of its program for the discontinuance of definitive Treasury bills, the Treasury will offer direct book-entry custody accounts to those investors who prefer not to deal through commercial banks or other financial institutions. Tenders for such book-entry bills may be submitted to the Bureau of the Public Debt, either directly, through a Federal Reserve Bank or Branch, or through an institution dealing in Treasury securities. Investors may also arrange for the transfer of outstanding eligible issues to a book-entry account at the Treasury. While such accounts will be established and maintained without charge to the investor, there will be some limitations on the services the Treasury will provide.

The Treasury and Federal Reserve Banks are continuing their efforts of recent months to explain the operation of the proposed system to financial institutions, securities dealers, investors, and other interested parties. A special effort will be made to familiarize the general public with the system prior to its inception in December. Additional details concerning the system will be announced in advance of that time.

The new Treasury regulations published in the FEDERAL REGISTER are listed in Department Circular, Public Debt Series 26-76.

Printed on the following pages are the notice of Proposed Rulemaking and text of proposed regulation from the FEDERAL REGISTER of November 1, 1976. Comments on the proposal should be mailed no later than November 24, 1976, to the Bureau of the Public Debt, Washington, D.C. 20226.

We would again urge you to advise us of any legal or other impediments to the full use of the book-entry procedure, prior to the implementation of the first phase of the new procedure in December. Any such information (together with copies of any comments on the book-entry regulation you may wish to submit) should be sent to C. T. Pat Powell, Manager of our Securities Department, at (214) 651-6384.

Sincerely yours,

T. W. Plant

First Vice President

Extract From
FEDERAL REGISTER
VOL. 41, NO. 211,
Monday, November 1, 1976
pp. 47959 - 47963

DEPARTMENT OF THE TREASURY

Fiscal Service

[31 CFR Part 350]

REGULATIONS GOVERNING BOOK-ENTRY TREASURY BILLS

Notice of Proposed Rule Making

Notice is hereby given that the Department of the Treasury has under consideration new regulations (31 CFR, Part 350) to govern the issuance of, and transactions in, all 52-week, 26-week and 13-week Treasury bills, and any other Treasury bills which, after specified dates, will be issued only in book-entry form, with certain limited exceptions. The proposed new regulations are set forth at the end of this notice.

Purpose and Benefits of Book-Entry Treasury Bills

The purpose of these regulations is to promulgate rules that are to apply to Treasury bills which, after certain dates, will be issued only as book-entries, not in definitive (i.e., engraved) form. The elimination of physical securities will offer substantial benefits to investors, the financial community, and the Treasury by:

(1) protecting against loss, theft, mishandling and counterfeiting;

(2) reducing the cost of issuing, storing and delivering Treasury securities; and

(3) moderating the burden of paperwork created by the mounting volume of public debt transactions.

Federal Reserve Banks

Subpart B of the proposed regulations will govern book-entry Treasury bills to be maintained in accounts at Federal Reserve Banks. These regulations are practically the same as those now prescribed in Subpart O of Department of the Treasury Circular No. 300, 4th Rev., dated March 9, 1973 (31 CFR, Part 306), except that the new provisions would be mandatory with regard to Treasury bills issued after the effective dates provided for in the new regulations.

Provision has been made to permit investors to continue to submit tenders for Treasury bills direct to the Federal Reserve Banks, or through commercial banks and other entities. Treasury bills issued in response to such tenders will be maintained on the records of a Reserve Bank for the account of member banks, including those held by such banks for the account of customers. Related records would be maintained in accounts at member banks or at other institutions having accounts at member banks.

Treasury bills issued prior to the dates when they will be available only in book-entry form, which are maintained, pursuant to Subpart O, under the optional book-entry procedure at or through member banks, will continue to be convertible to definitive bills at the request of the party for whose account they are maintained.

Department of the Treasury

Subpart C of the proposed regulations will govern book-entry Treasury bills to be maintained in accounts at the Department of the Treasury, Washington, D.C. This separate custody service is designed primarily for, but not limited to, those who plan to retain Treasury bills until maturity. Investors desiring to place their bills with the Treasury may make their request on a special tender form, which may be submitted to the Department of the Treasury either directly or through a Federal Reserve Bank. Commercial banks may also submit tenders for such investors directly or through a Federal Reserve Bank.

Under Subpart C, book-entry Treasury bills would be redeemed at maturity, or, at an investor's request, reinvested (rolled-over) in other Treasury bills on which tenders are then being invited.

Book-entry Treasury bills maintained by the Treasury may be withdrawn prior to maturity upon the request of the investor, by means of a transfer to a book-entry account maintained at, or through, a member bank of the Federal Reserve System. In addition, Treasury bills maintained at, or through, member banks may be transferred to book-entry accounts maintained at the Treasury.

Subpart C does not permit book-entry Treasury bills maintained at the Treasury to be transferred from one account at the Treasury to another such account by sale or for any reason other than one of lawful succession, and it does not provide for the recording of pledges. Although the Treasury will handle transfers into and out of its book-entry accounts, it will not handle payments in connection with such transfers, and withdrawals will have to be for delivery to an account established under Subpart B at or through a member bank in the name of the Treasury depositor.

Definitive Treasury Bills

Subpart D of the proposed regulations will govern the definitive Treasury bills which will be available, in the $100,000 denomination only, until December 31, 1978, to those entities required to hold securities in definitive form by statute or other relevant authority.

Comments and Requests on Proposed Rules

Comments on the proposed rules or requests for additional information concerning them should be mailed to the Bureau of the Public Debt, Washington, D.C. 20226, no later than November 24, 1976.

(R.S. 3706; 40 Stat. 288, 502, 844, 1309; 42 Stat. 321; 46 Stat. 20; 48 Stat. 343; 49 Stat. 20; 50 Stat. 481; 52 Stat. 447; 53 Stat. 1359; 56 Stat. 189; 73 Stat. 622; and 85 Stat. 5, 74 (31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a, and 754b); 5 U.S.C. 301.)

Dated: October 29, 1976.

David Moss,
Fiscal Assistant Secretary.

It is therefore proposed to add Part 350 to 31 CFR to read as set forth below:

PART 350—REGULATIONS GOVERNING BOOK-ENTRY TREASURY BILLS

Subpart A—Applicability and Effect—Definitions

Sec.
350.0 Applicability and effect.
350.1 Definition of terms in this part.

Subpart B—Book-Entry Treasury Bills—Federal Reserve Banks

350.2 Authority of Reserve Banks.
350.3 Scope and effect of book-entry Treasury bill accounts maintained by Reserve Bank under this subpart.
350.4 Transfer or pledge.
350.5 Reserve Bank discharged by acting on instructions—delivery of Treasury securities.
350.6 Book-entry Treasury bill accounts.

Subpart C—Book-Entry Treasury Bills—Department of the Treasury

350.7 Establishing a book-entry Treasury bill account.
350.8 Transfer.
350.9 Attorney-in-fact.
350.10 Succeeding fiduciaries, partners, officers—succeeding corporations, unincorporated associations, partnerships.
350.11 Termination of trust, guardianship estate, life tenancy—dissolution of corporation, partnership, unincorporated association.
350.12 Death of individual (natural person in own right).
350.13 Reinvestment or payment at maturity.
350.14 Conclusive presumptions.
350.15 Transactions in regular course—notices not effective—unacceptable notices.

Subpart D—Definitive Treasury Bills

350.16 Definitive Treasury bills—available where holding of definitive securities required by law—termination date of December 31, 1978.
350.17 Sanctions for abuse of definitive Treasury bill privilege.

Authority: R.S. 3706; 40 Stat. 288, 502, 844, 1309; 42 Stat. 321; 46 Stat. 20; 48 Stat. 343; 49 Stat. 20; 50 Stat. 481; 52 Stat. 447; 53 Stat. 1359; 56 Stat. 189; 73 Stat. 622; and 85 Stat. 5, 74 (31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a, and 754b); 5 U.S.C. 301.

Subpart A—Applicability and Effect-Definitions

§ 350.0 Applicability and effect.

(a) *Applicability.* The regulations in this part govern the issuance of, and transactions in, the following Treasury bills:

(1) 52-week Treasury bills issued after December 1, 1976;

(2) 26-week Treasury bills issued after June 1, 1977;

(3) 13-week Treasury bills issued on or after September 1, 1977; and

(4) Any other Treasury bills issued after September 1, 1977, including, but not limited to, tax anticipation Treasury bills.

(b) *Effect.* The Treasury bills described in paragraph (a) shall, after the date specified therefor, be issued only in book-entry form, except as provided in Subpart D.

§ 350.1 Definition of terms in this part.

In this part, unless the context otherwise requires or indicates:

(a) "Treasury bill" means an obligation of the United States issued under Section 5 of the Second Liberty Bond Act, as amended (31 U.S.C. 754).

(b) "Book-entry Treasury bill" means any Treasury bill issued on or after the dates specified in § 350.0(a) in the form of an entry on the records of a Reserve Bank or the records of the Treasury. (See Department of the Treasury Circular, Public Debt Series No. 27–76, descriptive of the issue and sale of book-entry Treasury bills.)

(c) "Definitive Treasury bill", as used in Subpart D, means a Treasury bill of the $100,000 denomination issued in the form of an engraved certificate.

(d) "Certified request" or "certified statement", as used in Subpart C of this part, means a request or statement signed by or on behalf of a depositor and certified by an officer authorized to certify assignments of Treasury securities under Department of the Treasury Circular No. 300, current revision, the general regulations governing U.S. securities.

(e) "Bureau" means Bureau of the Public Debt, Washington, D.C. 20226.

(f) "Depositor", as used in Subpart C, means the individual, fiduciary or other entity in whose name (including, where appropriate, the title of an officer) an account is established and maintained on the books of the Treasury.

(g) "Fiduciary", as used in Subpart C, of this Part, means an executor, administrator, trustee; a legal guardian, committee, conservator or similar representative appointed by a court for the estate of a minor or incompetent; a custodian under a statute authorizing gifts to minors; a natural guardian of a minor; a voluntary guardian; or a life tenant under a will.

(h) "Member bank" means any national bank, or State bank or other bank or trust company, which is a member of a Reserve Bank.

(i) "Natural guardian", as used in Subpart C, means either parent of a minor or other person acting on the minor's behalf.

(j) "Pledge" includes a pledge of, or any other security interest in, book-entry Treasury bills as collateral for loans or advances, or to secure deposits of public moneys or the performance of an obligation.

(k) "Reserve Bank" means a Federal Reserve Bank and its branches, acting as Fiscal Agent of the United States and, where indicated, acting in its individual capacity.

(l) "Taxpayer identifying number" means the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service, i.e., an individual's social security number or an employer identification number. A social security account number is composed of nine digits separated by two hyphens, for example, 123–45–6789; an employer identification number is composed of nine digits separated by one hyphen, for example, 12–3456789. The hyphens are an essential part of the numbers and must be included.

(m) "Treasury" means Department of the Treasury.

(n) "Voluntary guardian", as used in Subpart C, means the person who is acting for an individual who is incapacitated by reason of age, infirmity, or mental disability.

Subpart B—Book-Entry Treasury Bills—Federal Reserve Banks

§ 350.2 Authority of Reserve Banks.

Each Reserve Bank is hereby authorized, in accordance with this subpart, to (a) Issue book-entry Treasury bills by means of entries on its records, which shall include the name of the Bank's depositor, the latter's employer identification number, where appropriate, and the amount and maturity date of the bills, including the CUSIP number of each loan; (b) issue a confirmation of transaction in the form of an advice (serially numbered or otherwise), which specifies the amount, maturity date and CUSIP number of the bills, as well as the date of the transaction; and (c) otherwise service and maintain book-entry Treasury bills.

§ 350.3 Scope and effect of book-entry Treasury bill accounts maintained by Reserve Bank under this subpart.

(a) *Scope and effect of accounts maintained by Reserve Bank.* Except as provided in Subpart D of this Part, each Reserve Bank, as Fiscal Agent of the United States, is authorized to maintain book-entry Treasury bills in accounts held in its individual capacity, under terms and conditions which indicate that the Reserve Bank will continue to maintain such deposit accounts in its individual capacity, notwithstanding application of the book-entry procedure to such bills. This paragraph is applicable, but not limited, to book-entry Treasury bills maintained:

(1) As collateral pledged to a Reserve Bank (in its individual capacity) for advances by it;

(2) For a member bank for its sole account;

(3) For a member bank held for the account of its customers (see § 350.6);

(4) In connection with deposits in a member bank of funds of States, municipalities, or other political subdivisions; or

(5) in connection with the performance of an obligation or duty under Federal, State, municipal, or local law, or judgments or decrees of courts.

The maintenance by a Reserve Bank of book-entry Treasury bills under this paragraph shall not derogate from or adversely affect the relationships that would otherwise exist between a Reserve Bank in its individual capacity and the entities for which accounts are maintained. The Reserve Bank is authorized to take all action necessary in respect of book-entry Treasury bills to enable such Reserve Bank in its individual capacity to perform its obligations as depositary with respect to such bills.

(b) *Use as collateral under Treasury circulars.* Each Reserve Bank, as Fiscal Agent of the United States, shall hold in book-entry form Treasury bills pledged as collateral to the United States under current revisions of Department of the Treasury Circulars No. 92 and No. 176 (Parts 203 and 202 of this chapter).

§ 350.4 Transfer or pledges.

(a) *Reserve Bank records.* A transfer or a pledge of book-entry Treasury bills to a Reserve Bank (in its individual capacity or as Fiscal Agent of the United States), or to the United States, or to any transferee or pledgee eligible to maintain an appropriate book-entry account in its name with a Reserve Bank under this subpart, is effected and perfected, notwithstanding any provision of law to the contrary, by a Reserve Bank making an appropriate entry in its records of the Treasury bills transferred or pledged. The making of such an entry in the records of a Reserve Bank shall (1) have the same effect as the delivery of Treasury bills in bearer definitive form; (2) have the effect of a taking of delivery by the transferee or pledgee; (3) constitute the transferee or pledgee a holder; and (4) if a pledge, effect a perfected security interest therein in favor of the pledgee. A transfer or pledge of Treasury bills effected under this paragraph shall have priority over any transfer, pledge, or other interest, theretofore or thereafter effected or perfected under paragraph (b) of this section or in any other manner.

(b) *Member banks and others.* A transfer of a pledge of book-entry Treasury bills, or any interest therein, maintained by a Reserve Bank (in its individual capacity or as Fiscal Agent of the United States) in a book-entry account under this subpart, including book-entry Treasury bills in accounts at the Reserve Bank maintained under § 350.3(a)(3) by mem-

ber banks for the account of their customers, is effected, and a pledge is perfected, by any means that would be effective under applicable law to effect a transfer or to effect and perfect a pledge of the Treasury bills, or any interest therein, if the Treasury bills were maintained by the Reserve Bank in bearer definitive form. For purposes of transfer or pledge hereunder, book-entry Treasury bills maintained by a Reserve Bank shall, notwithstanding any provision of law to the contrary, be deemed to be maintained in bearer definitive form. A Reserve Bank maintaining book-entry Treasury bills either in its individual capacity or as Fiscal Agent of the United States is not a bailee for purposes of notification of pledges of those bills under this paragraph or a third person in possession for purposes of acknowledgment of transfers thereof under this paragraph. A Reserve Bank will not accept notice or advice of a transfer or pledge effected or perfected under this paragraph, and any such notice or advice shall have no effect. A Reserve Bank may continue to deal with its depositor in accordance with the provisions of this subpart, notwithstanding any transfer or pledge effected or perfected under this paragraph.

(c) *Filing and recording unnecessary.* No filing or recording with a public recording office or officer shall be necessary or effective with respect to any transfer or pledge of book-entry Treasury bills or any interest therein

(d) *Transfer by Reserve Banks.* A transfer of book-entry Treasury bills within a Reserve Bank shall be made in accordance with procedures established by the Reserve Bank not inconsistent with this subpart. The transfer of book-entry Treasury bills by a Reserve Bank may be made through a telegraphic transfer procedure.

(e) *Timeliness of requests.* All requests for transfer or any authorized transaction must be received prior to the maturity of the bills.

§ 350.5 Reserve Bank discharged by action on instructions—delivery of Treasury securities.

A Reserve Bank which has received book-entry Treasury bills and effected pledges, made entries regarding them, or transferred or delivered them according to the instructions of its depositor is not liable for conversion or for participation in breach of fiduciary duty even though the depositor had no right to dispose of or take other action in respect of the securities. A Reserve Bank shall be fully discharged of its obligations under this subpart by the transfer or delivery of book-entry Treasury bills upon the order of its depositor.

§ 350.6 Book-entry Treasury bill accounts.

(a) *Scope and effect of book-entry Treasury bill accounts*—(1) *Classes of accounts.* Reserve Banks are authorized to maintain book-entry Treasury bills for member banks of the Federal Reserve System for bills the member banks hold for their own account, or hold for the account of their customers, and as otherwise specified in § 350.3. Purchasers of book-entry Treasury bills, on original issue or otherwise, may have such bills maintained at member banks, or in accounts maintained at entities providing securities safekeeping services for customers (e.g., nonmember banks or thrift institutions, or securities dealers) which have related accounts at member banks.

(2) *Identification of accounts.* Book-entry accounts may be established in such form or forms as customarily permitted by the entity (e.g., member bank, or other banking or thrift institution, or a securities dealer) maintaining them, provided identification of each customer account is possible by name, address and taxpayer identifying number, and includes appropriate loan and transaction data.

(3) *Pledges and transfers.* Where book-entry Treasury bills are maintained on the books of an entity for account of the pledgor or transferor thereof, such entity shall, for purposes of perfecting a pledge of such Treasury bills or effecting their delivery to a purchaser under applicable provisions of law, be the bailee to which notification of the pledge of the bills may be given or the third person in possession from which acknowledgment of the holding of the bills for the purchaser may be obtained.

(b) *Servicing book-entry Treasury bills—payment of book-entry Treasury bills at maturity.* Book-entry Treasury bills may be transferred between accounts prior to maturity through a wire transfer arrangement maintained by Reserve Banks. At maturity, the bills shall be redeemed and charged by a Reserve Bank in the account of the United States Treasury as of the date of maturity, and the redemption proceeds shall be disposed of in accordance with the instructions from the member bank or other Reserve Bank depositor for whose account the Treasury bills shall have been maintained

Subpart C—Book-Entry Treasury Bills—Department of the Treasury

§ 350.7 Establishing a book-entry Treasury bill account.

(a) *General*—Treasury bills may be held as book-entries in accounts maintained by the Treasury. Such accounts may be established, either upon the original issue of book-entry Treasury bills or upon the subsequent transfer of such bills to the Treasury, but no later than one month prior to their maturity date.

Each account shall consist of an entry showing the amount, maturity date and CUSIP number of the bills, the name of the individual, fiduciary or other entity (including, where appropriate, the title of an officer) for whom the account is held, the address, and the taxpayer identifying number. The records shall also include appropriate transaction data.

(b) *Recordation*—(1) *Individuals.* Accounts for book-entry Treasury bills may be held in the names of individuals in one of two forms: single name, i.e., "John A. Doe (123–45–6789) (address)"; or two names, i.e., "John A. Doe (123–45–6789) (address) or (Mrs.) Mary B. Doe (987–65–4321). No other form of recordation in two names, whether individuals or others, will be permitted, except in the case of co-fiduciaries.

(2) *Others.* Accounts for book-entry Treasury bills may be held in the names of fiduciaries and other entities in the forms indicated by the following examples:

John Smith and First National Bank, executors of the will of James Smith, deceased (12–3456789) (address).

Smith Manufacturing Company, Inc., James Brown, Treasurer (12–3456789) (address).

Grey and White (12–3456789), John Grey, General Partner (address).

John Doe, Secretary-Treasurer of Local 100, Brotherhood of Locomotive Engineers, an unincorporated association (12–3456789) (address).

John R. Greene, as natural guardian of Maxine Greene (123–45–6789) (address).

John A. Jones, as voluntary guardian of Henry M. Jones (123–45–6789) (address).

(c) *Confirmation of transaction*—The Treasury will issue to each account holder a confirmation of transaction in the form of an advice (serially numbered or otherwise) which shall describe the amount, maturity date and CUSIP number of the book-entry Treasury bills maintained under this subpart, and include pertinent transaction data.

§ 350.8 Transfer.

Book-entry Treasury bills maintained under this subpart may not be transferred from one account maintained by the Treasury to another such account, except in cases of lawful succession, as provided in this subpart. They may be withdrawn from an account maintained by the Treasury hereunder and transferred through a Reserve Bank to an account maintained by or through a member bank under Subpart B, which transfer shall be made in the name or names appearing in the account recorded on the books of the Treasury. Such withdrawal may be effected by a certified request therefor by or on behalf of the account holder, provided the request therefor is received no earlier than ten (10) business days after the issue date or the date the securities are transferred to the Treasury, whichever is later. The request must: (a) Identify the book-entry account by the name of the depositor and title, if any, the address, and the taxpayer identifying number; (b) specify by amount, maturity date and CUSIP number the book-entry Treasury bills to be withdrawn and transferred; and (c) specify the name of the member bank to or through which the transfer is to be effected and, where appropriate, the name of the institution or entity which is to maintain the book-entry account. In the case of book-entry Treasury bills held in the names of two individuals, a certified request by either will be accepted, but the transfer shall be made in the names of both.

§ 350.9 Attorney-in-fact.

A request by an attorney-in-fact for any transaction in book-entry Treasury

bills after their original issue will be recognized in accordance with this subpart if supported by an adequate power of attorney The original power or a photocopy showing the grantor's autograph signature, properly certified, must be submitted to the Bureau. A request for transfer for the apparent benefit of the attorney-in-fact will not be recognized unless expressly authorized.

§ 350.10 Succeeding fiduciaries, partners, officers—succeeding corporations, unincorporated associations, partnerships.

(a) *Death of fiduciary, partner or officer.*—In case of the death, removal or disqualification of a fiduciary, partner or officer of an organization in whose name book-entry Treasury bills have been recorded, the successor or other authorized person will be recognized as the depositor under this subpart. Proof of death, resignation, removal or disqualification, as the case may be, and evidence that the successor or such other person is fully authorized to act must be submitted to the Bureau. Proof of death shall be in the form of a death certificate or photocopy thereof showing the official seal. Evidence of authority should be in the form of a certified statement by: (1) The surviving fiduciary or fiduciaries, if any, stating that application for the appointment of a successor has not been made, is not contemplated and is not necessary under the terms of the trust instrument or otherwise, (2) a surviving partner or partners that the partnership is being continued in the same, or another name, which must be identified, or (3) the secretary or other authorized officer of the corporation or unincorporated association as to the name and title of the successor officer. If there is more than one surviving fiduciary, a request for transfer of the bills must be signed by all, unless evidence is submitted to the Bureau that one is authorized to act for the other or others. If there is more than one surviving partner, evidence should be submitted to the Bureau as to which survivor is authorized to act in behalf of the partnership; otherwise, the signatures of all surviving partners will be required for transfer of the bills.

(b) *Succeeding corporations, unincorporated associations or partnerships.*—If a corporation has been succeeded by another corporation, or if an unincorporated association or partnership has been succeeded by a corporation, and such succession is by operation of law or otherwise, as the result of merger, consolidation, reincorporation, conversion or reorganization, or if a lawful succession has occurred in any manner whereby the business or activities of the original organization are continued without substantial change, an authorized officer or partner, as the case may be, of the successor organization will be recognized as the depositor under this subpart upon submission to the Bureau of satisfactory evidence of such succession.

§ 350.11 Termination of trust, guardianship estate, life tenancy—dissolution of corporation, partnership, unincorporated association.

(a) *Termination of trust, life tenancy or guardianship estate.*—(1) *Trust or life estate.* Upon the termination of a trust or life estate, the beneficiary or remainderman will be recognized as the depositor under this subpart. The trustee will be required to submit to the Bureau a certified statement concerning the termination of the trust and the respective shares, if there is more than one beneficiary. In the case of a life estate, proof of death in the form of a death certificate or photocopy thereof showing the official seal will be required, together with a certified statement identifying the remainderman, and, if there is more than one, specifying the respective shares.

(2) *Guardianship.* A former minor or incompetent will be recognized as the depositor under this subpart upon submission to the Bureau of a certified statement, or other evidence showing, in the case of a minor, attainment of majority or other removal of the legal disability, and, in the case of an incompetent, his restoration to competency.

(b) *Dissolution of corporations, unincorporated associations and partnerships.*—The person or persons entitled (other than creditors) to the assets upon dissolution of a corporation, unincorporated association or partnership will be recognized under this subpart upon proof of dissolution. If there is more than one person entitled and the book-entry Treasury bills have not matured, no change in the book-entry account will be made pending transfer or redemption at maturity

§ 350.12 Death of individual (natural person in own right).

Upon the death of an individual in whose name an account is held and who was not acting as a fiduciary or in any other representative capacity, the following person(s), in the numerically indicated order of preference, will be recognized under this subpart as entitled to the book-entry Treasury bills:

(a) The surviving joint designee of an account in the names of two individuals, if any;

(b) Executor or administrator

(c) Widow or widower;

(d) Child or children of the decedent and descendants of deceased children by representation;

(e) Parents of the decendent or the survivor of them;

(f) Surviving brothers or sisters;

(g) Descendants of deceased brothers or sisters;

(h) Other next-of-kin as determined by the laws of the domicile at the time of death.

Any person or persons entitled in the above order of preference may request payment or other disposition to any person or persons related to the decedent by blood or marriage, but no payment will be made prior to maturity of the bills. The provisions of this section are for the convenience of the Treasury and do not purport to determine ownership of the bills or of their redemption proceeds.

§ 350.13 Reinvestment or payment at maturity.

(a) *Request for reinvestment.*—Upon the request of the individual, fiduciary or other entity in whose name the account is maintained, book-entry Treasury bills held therein will be reinvested at maturity, i.e., their proceeds at maturity will be applied to the purchase of new Treasury bills at the average price (in three decimals) of accepted competitive bids for such Treasury bills then being offered. The request for a reinvestment may be made on the tender form at the time of purchase; subsequent requests for reinvestment will be accepted if received by the Bureau no later than ten (10) business days prior to the maturity of the bills. The difference between the par value of the maturing bills and the issue price of the new bills will be remitted to the subscriber in the form of a Treasury check. Requests for the revocation of the reinvestment of bills will also be accepted if received no later than ten (10) business days prior to the maturity date.

(b) *Reinvestment in cases of delay.* Where a delay occurs in the submission or receipt of evidence to support a request for transfer, payment or other authorized transaction of book-entry Treasury bills, and such delay is likely to extend beyond the maturity dates of the bills, upon request or prior notice, the bills will be redeemed, at maturity or thereafter, and their proceeds reinvested in new book-entry Treasury bills. The bills purchased upon such reinvestment shall be those having the shortest term to maturity then being offered, and will be issued at the average price (in three decimals) of the accepted competitive bids therefor. The discount representing the difference between the par value of the maturing or matured bills and the issue price of the new bills will be remitted in the form of a Treasury check.

(c) *Payment.* If reinvestment is not effected pursuant to this section, book-entry Treasury bills will be paid as of maturity in regular course.

§ 350.14 Conclusive presumptions.

For the purposes of this subpart and not withstanding any State law or any regulation or any notice to the contrary, it shall be conclusively presumed (A) that any depositor in whose name, or name and title, book-entry Treasury bills are recorded is a competent adult, (b) that recordation in two names, as prescribed in § 350.7(b)(1), is intended, if

there is an attempt to create some other form of recordation in two names, (c) that recordation in the names of the first two is intended, if there is an attempt to name more than two individuals, and (d) that the first name is the depositor in any case (not authorized and not otherwise provided for in this subpart) wherein an attempt is made to have book-entry Treasury bills recorded in two or more names, e.g., two officers of an organization or two partners.

§ 350.15 Transactions in regular course—notices not effective—unacceptable notices.

(a) *Transactions in regular course—notices not effective.* Transfers of book-entry Treasury bills, payment thereof or reinvestment at maturity or any other transaction therein will be conducted in the regular course of business in accordance with this subpart, notwithstanding notice of the appointment of an attorney-in-fact, or a legal guardian or similar representative, or notice of successorship, the termination of an estate, the dissolution of an entity, or the death of an individual, unless the requisite request, proof, and the evidence necessary to establish entitlement under this subpart is received by the Bureau no later than ten (10) business days prior to the maturity date of the bills.

(b) *Unacceptable notices.* The Treasury will not under any conditions accept notices of pending judicial proceedings, or of judgments in favor of creditors or others, or of any claims whatsoever, for the purpose of suspending or modifying any book-entry account or any transaction in book-entry Treasury bills.

Subpart D—Definitive Treasury Bills

§ 350.16 Definitive Treasury bills—available where holding of definitive securities required by law—termination date December 31, 1978.

(a) *General.* Each Reserve Bank is authorized to issue definitive Treasury bills, in the $100,000 denomination only, upon original issue or otherwise (1) to any entity described in paragraph (b) of this section, and (2) for the account of any such entity described in paragraph (b) of this section, to a securities dealer or broker or any financial institution which in the regular course of its business purchases securities therefor.

(b) *Eligible entities.* Entities eligible to have definitive Treaury bills are those required by or pursuant to Federal, State, municipal or local law to hold or to pledge securities in definitive form, which may include, but are not limited to: a State, municipality, city, township, county or any other political subdivision, public corporation or other public body, an insurance company, a bank or other financial institution, and a fiduciary so required to hold securities in definitive form.

(c) *Conversion of book-entry Treasury bills.* Each Reserve Bank is hereby authorized to effect, upon the order of its depositor, conversions from and to book-entry Treasury bills of definitive bills issued pursuant to this subpart.

(d) *Evidence of eligibility.* In order to obtain a definitive Treasury bill on original issue or thereafter (1) an authorized officer on behalf of the entity must furnish to the Reserve Bank a certified statement that it is required by, or pursuant to, law to hold or pledge securities in definitive form; or (2) a financial institution, dealer, or broker purchasing definitive Treasury bills hereunder for the account of any such entity must submit to the Reserve Bank a certified statement that the entity has declared that it is required by or pursuant to law to hold or pledge securities in definitive form.

(e) *Redemption requirements.* Where a definitive Treasury bill issued pursuant to this subpart is presented for payment at or after maturity, it must be accompanied by a statement (1) by an authorized officer of the entity making the presentation that such entity is eligible under this subpart to hold definitive securities, or (2) by the institution making the presentation identifying the entity to whose account the redemption proceeds of the bill have been or are to be credited, and certifying that such entity had declared that it is eligible under this subpart to hold definitive securities.

(f) *Termination date.* The provisions of this subpart will apply only to definitive Treasury bills issued to, or for the account of, eligible entities prior to December 31, 1978.

§ 350.17 Sanctions for abuse of definitive Treasury bill privilege.

The Secretary of the Treasury reserves the right to disqualify any eligible entity described in paragraph (b) of § 350.16 from purchasing or holding definitive Treasury bills if he determines that such entity has disposed of such definitive Treasury bills solely for the purpose of accommodating another party, including a bank, broker, dealer, or other financial institution, or a customer of such institution.

[FR Doc.76-32111 Filed 10-29-76;10:18 am]