

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 80-15  
January 28, 1980

REGULATIONS COVERING NEW  
SERIES EE AND HH SAVINGS BONDS

TO ALL ISSUING AND PAYING AGENTS IN THE  
ELEVENTH FEDERAL RESERVE DISTRICT:

Enclosed for your information are Department Circulars, Public Debt Series Numbers 1-80, 2-80, 3-80, and 4-67 First Revision covering new Series EE and HH bonds.

Special attention should be given to the supplementary information on page 72826 of Circular 1-80. The new Series EE savings bonds have been re-designated as United States Energy Savings Bonds, Series EE, and will receive a  $\frac{1}{2}$  percent bonus if held to maturity.

The interest rate on U. S. Energy Savings Bonds, Series EE, will be increased from 6.5 percent to 7 percent for bonds held for the full 11 years to maturity. Series E bonds that have not finally matured and U. S. Savings Notes (Freedom Shares) will also receive the  $\frac{1}{2}$  percent bonus if they are held for 11 years from the date of the first semiannual interest period that begins on or after January 1, 1980. Bonds and notes redeemed earlier will not receive the bonus. Series H and HH Savings Bonds will not be affected by these changes.

The redesignation of the bonds as Energy Savings Bonds is intended to help focus attention on the national goals of reducing energy consumption and increasing domestic supplies. The bonds were known as Defense Bonds before and after World War II and as War Bonds from 1941-1945 reflecting the national concerns of these times. The Energy Savings Bonds will assist in financing the large Federal energy expenditure required in the coming years.

After June 30, 1980, all U. S. Savings Bonds bought through payroll savings plans will be Energy Savings Bonds, Series EE.

Additional copies of the attached circulars are available upon request through the Fiscal Agency Department of this Bank, Ext. 6364.

Sincerely yours,

Robert H. Boykin

First Vice President

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Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

# **federal register**

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**Tuesday  
December 18, 1979**

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**Part VI**

## **Department of the Treasury**

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**Fiscal Service, Bureau of the Public Debt**

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**Regulations Governing Agencies for  
Issue of United States Savings Bonds**

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**Dept. Circular, Public Debt Series No. 4-67,  
First Revision**

## DEPARTMENT OF THE TREASURY

## Fiscal Service

## Bureau of the Public Debt

## 31 CFR Part 317

## Regulations Governing Agencies for Issue of United States Savings Bonds

**AGENCY:** Fiscal Service, Department of the Treasury.

**ACTION:** Final rule.

**SUMMARY:** Department of the Treasury Circular, Public Debt Series No. 4-67 (31 CFR, Part 317), contains the regulations governing agencies authorized to sell and issue accrual-type United States Savings Bonds and Notes. The Circular has previously referred specifically to United States Savings Bonds of Series E and to United States Savings Notes (Freedom Shares). This First Revision of the Circular is necessary because of the introduction in 1980 of Series EE savings bonds and the withdrawal from sale of Series E savings bonds. The sale of savings notes terminated on June 30, 1970.

**EFFECTIVE DATE:** January 1, 1980.

**FOR FURTHER INFORMATION CONTACT:**

Charles A. Guerin, Assistant Chief Counsel, Bureau of the Public Debt, Washington, D.C. 20226 (202-376-0243).

**SUPPLEMENTARY INFORMATION:**

The Secretary of the Treasury has announced that United States Savings Bonds of Series EE will be offered for sale as of January 1, 1980. Under the terms of the offering circular, the bonds will be sold and issued by organizations qualified as issuing agents. The Secretary has also announced that Series E savings bonds will be withdrawn from sale. Their over-the-counter sales will be terminated as of December 31, 1979, and sales on payroll deduction plans will be terminated no later than June 30, 1980.

In view of the changes in the Savings Bond Program, Department of the Treasury Circular, Public Debt Series No. 4-67, the regulations governing issuing agents, is being revised, effective January 1, 1980, to cover the issuance of Series EE bonds. The revised regulations also apply to Series E bonds until their sale and issue have been terminated and a final accounting has been made by each issuing agent for the Series E savings bond stock for which it is charged.

Other changes being made in the regulations are discussed below.

Some rearrangement and renumbering of the various sections in the circular have been made.

Section 317.3 is being revised to allow qualification of agents only on the basis of trust agreements. Under the regulations previously in effect, there have been three bases for qualification: trust agreement, prepayment agreement and collateral agreement. Since virtually all agents have qualified under trust agreements, the prepayment and collateral agencies are being eliminated. Agents which had qualified under these two latter classifications must requalify under trust agreements.

Section 317.4 provides that organizations currently qualified under trust agreements to issue Series E bonds may sell and issue Series EE bonds without the need for requalification. Issuing agents have been individually notified that their qualification will automatically be extended, but that they may requalify if they so desire.

A new provision of the circular, i.e., Section 317.8, stresses the importance the Department attaches to compliance with its instructions for the prompt remittance of the proceeds of savings bonds sales. These sales proceeds are funds belonging to the United States which are held in trust by issuing agents until properly remitted. The Department recently revised its rules to accelerate the remittance of these proceeds, in line with the President's objective of improving cash management operations within the Federal Government.

Section 317.9, which deals with the role of the Federal Reserve Banks, as fiscal agents, has been expanded.

The regulations in this Part involve the fiscal policy of the United States and do not meet the Department's criteria for significant regulations. Accordingly, it has been determined that notice and public procedures are unnecessary.

Dated: December 11, 1979.

Paul H. Taylor,  
Fiscal Assistant Secretary.

The regulations in Title 31, Code of Federal Regulations, Part 317, are revised as follows:

**PART 317—REGULATIONS GOVERNING AGENCIES FOR ISSUE OF UNITED STATES SAVINGS BONDS**

- Sec.
- 317.0 Purpose and effective date.
  - 317.1 Definitions.
  - 317.2 Organizations authorized to act.
  - 317.3 Procedure for qualifying and serving as issuing agent.
  - 317.4 Issuing agents currently qualified.
  - 317.5 Termination of qualification.
  - 317.6 Issuance of bonds.

Sec.

- 317.7 Accounting for bond stock and sales proceeds.
- 317.8 Remittance of sales proceeds.
- 317.9 Role of Federal Reserve Banks.
- 317.10 Reservation.

**Authority:** Sec. 22, 49 Stat. 21, as amended; 31 U.S.C. 757c.

**Source:** Department of the Treasury Circular, Public Debt Series No. 4-67, First Revision.

**§ 317.0 Purpose and effective date.**

The regulations in this Part govern the manner in which organizations may qualify and act as agents for the sale and issue of accrual-type United States Savings Bonds. They are effective as of January 1, 1980.

**§ 317.1 Definitions.**

(a) "Bond(s)" means United States Savings Bonds of Series EE, and, until their sale is terminated, savings bonds of Series E.

(b) "Federal Reserve Bank" refers to the Federal Reserve Bank of the district in which the issuing agent or the applicant organization is located, and includes the Branch(es) of the Reserve Bank, where appropriate.

(c) "Issuing agent" refers to an organization which has been granted a certificate of qualification by a Federal Reserve Bank to sell and issue savings bonds.

(d) "Offering circular" refers to Department of the Treasury Circular, Public Debt Series No. 1-80, and, until the sale of Series E bonds is terminated, Department of the Treasury Circular No. 653.

(e) "Organization" means any entity, as described in § 317.2, which may qualify as an issuing agent of bonds.

**§ 317.2 Organizations authorized to act.**

Organizations eligible to apply for qualification and serve as savings bond issuing agents include: (a) Banks, trust companies and savings institutions chartered by or incorporated under the laws of the United States, or those of any State or Territory of the United States, the District of Columbia, or the Commonwealth of Puerto Rico; (b) Agencies of the United States and of State and local governments; and (c) Employers operating payroll savings plans for the purchase of United States Savings Bonds.

**§ 317.3 Procedure for qualifying and serving as issuing agent.**

(a) *Execution of application-agreement.* The applicant-organization shall obtain from, duly execute, and file with a Federal Reserve Bank an application-agreement form. The terms of each application-agreement shall include the provisions prescribed by

Section 202 of Executive Order No. 11246, entitled "Equal Employment Opportunity" (3 CFR, Subchapter B, 42 U.S.C. 2000e note).

(b) *Certificate of qualification.* Upon approval of an application-agreement, the Federal Reserve Bank will issue a certificate of qualification to the organization. Until the receipt of such a certificate, an organization shall not perform any act as an issuing agent, or advertise in any manner that it is authorized to so act or that it has applied for qualification as an issuing agent.

(c) *Basis for obtaining stock and performing issue functions.* After receipt of a certificate of qualification, an organization may obtain bond stock and perform the functions of an issuing agent. Under the terms of the application-agreement, the stock of bonds, together with the proceeds of their sale, are at all times the property of the United States, for which the organization shall be fully accountable.

(d) *Adverse action or change in qualification.* An organization will be notified by the Federal Reserve Bank if its application-agreement to act as issuing agent is not approved, or if, after qualification, the certificate of qualification is terminated.

#### § 317.4 Issuing agents currently qualified.

Organizations qualified as issuing agents under trust agreements currently in effect are authorized to continue to act in that capacity without requalification. By so acting, they shall be subject to the terms and conditions of the previously executed application-agreements and these regulations in the same manner and to the same extent as though they had requalified hereunder.

#### § 317.5 Termination of qualification.

(a) *By the United States.* The Secretary of the Treasury or his delegate may terminate the qualification of an issuing agent at any time, upon due notice to the agent. If this action is taken, the agent will be required to make a final accounting for the balance of savings bond stock for which it is charged, based on the records of the Federal Reserve Bank. The agent must surrender all unissued bonds and remit the issue price of any remaining bonds included in its accountability.

(b) *At request of issuing agent.* A Federal Reserve Bank will terminate the qualification of an issuing agent upon its request, provided the agent is in full compliance with the terms of its agreement and the applicable regulations and instructions, and renders a final accounting.

#### § 317.6 Issuance of bonds.

(a) *General.* Issuing agents shall comply with all regulations and instructions issued by the Department of the Treasury directly, or through the Federal Reserve Bank, concerning the sale, inscription, dating, validation and issue of the bonds, and disposition of the registration stubs. No issuing agent shall have authority to sell bonds other than as provided in the offering circular.

(b) *Fees.* Issuing agents other than Federal agencies, which for the purpose of this section include Government corporations and independent establishments, will be paid a fee for each savings bond issued. A schedule reflecting the amount of the fees and the basis upon which they are computed will be published in the **Federal Register**.

(c) *No charge to customers.* Financial institutions accepting fees from the Treasury for issuing savings bonds shall not make any charge to customers for the same service.

#### § 317.7 Accounting for bond stock and sales proceeds.

Issuing agents must comply with all regulations and instructions issued by the Department of the Treasury governing the accounting for bond stock and for the proceeds of bond sales.

#### § 317.8 Remittance of sales proceeds.

Issuing agents shall remit bond sales proceeds promptly in accordance with instructions issued by the Department of the Treasury, either directly or through the Federal Reserve Banks. Failure to comply with these instructions may subject an agent to penalties, including termination of its qualification as an issuing agent.

#### § 317.9 Role of Federal Reserve Banks.

In their capacity as fiscal agents of the United States, the Federal Reserve Banks are authorized to perform such duties, including the issuance of instructions and forms, as may be necessary to fulfill the purposes and requirements of these regulations. The Reserve Banks qualify issuing agents; supply them with bond stock and maintain records of the agents' accountability; instruct them regarding the sale and issue of bonds, the custody and control of bond stock, and the accounting for and remittance of sales proceeds; and provide guidelines covering the amount of bond stock agents may ordinarily requisition and maintain.

#### § 317.10 Reservation.

The Secretary of the Treasury may at any time, or from time to time,

supplement or amend the terms of these regulations.

[FR Doc. 79-38691 Filed 12-17-79; 8:45 am]

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# **federal register**

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**Wednesday  
December 26, 1979**

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**Part II**

## **Department of the Treasury**

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**Fiscal Service, Bureau of the Public Debt**

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**Regulations Governing United States  
Savings Bonds, Series EE and HH**

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**Dept. Circular, Public Debt Series No. 3-  
80**

**DEPARTMENT OF THE TREASURY****Bureau of the Public Debt****31 CFR Part 353****Regulations Governing United States Savings Bonds, Series EE and HH**

**AGENCY:** Fiscal Service, Department of the Treasury.

**ACTION:** Final regulations.

**SUMMARY:** The Department of the Treasury issues final regulations governing United States Savings Bonds of Series EE and HH which are to be placed on sale January 2, 1980. The Department has determined that, for the sake of clarity, some minor modifications should be made in several provisions of the regulations as previously published for comment. The regulations which are now published as a final rule incorporate the clarifying changes which are explained below.

**EFFECTIVE DATE:** January 1, 1980.

**FOR FURTHER INFORMATION CONTACT:** Mr. Charles A. Guerin, Assistant Chief Counsel, Bureau of the Public Debt, 202-376-0243.

**SUPPLEMENTARY INFORMATION:** The Secretary of the Treasury announced earlier this year that the sale of savings bonds of Series E and H would be terminated. Beginning in January 1980, two new series of bonds, Series EE and HH, will be offered.

On June 28, 1979, the Department of the Treasury published in proposed form, the regulations that would govern the United States Savings Bonds of Series EE and HH. The public was invited to submit written comments on these regulations; the period for receiving comments ended on August 15, 1979. Only one response was received. It proposed that each year individuals be allowed to purchase up to \$2,000 (issue price) of Series EE bonds which would be exempt from the Federal income tax if held until the purchaser's retirement. This proposal would require Congressional action since it would involve an amendment of the Internal Revenue Code. Accordingly, it is beyond the scope of these regulations. The suggestion has been forwarded to the Treasury office responsible for tax policy.

The terms and conditions of the Series EE and HH bonds, such as their denominations, maturities, and investment yields, are found in the circulars offering the bonds for sale, i.e., Department of the Treasury Circulars, Public Debt Series Nos. 1-80 and 2-80 (31 CFR, Parts 351 and 352), respectively.

Department of the Treasury Circular, Public Debt Series No. 3-80, published below as Part 353 of Title 31, Code of Federal Regulations, contains the regulations governing the two new series of bonds.

All previous series of savings bonds continue to be subject to the regulations in Department of the Treasury Circular No. 530, as revised (31 CFR, Part 315). The differences between the two sets of regulations are briefly discussed below, and minor changes that have been adopted in this final rule are explained.

**Registration and Issue**

In addition to the forms of registration previously authorized for savings bonds by Circular No. 530, Series EE and HH bonds may be inscribed in the name of either parent as natural guardian of a minor. This form of registration allows someone who wants to buy savings bonds for a minor, to name one parent of the child as natural guardian and, hence, the person having responsibility for the bonds.

A specific prohibition on the issuance of bonds in the furtherance of chain letter schemes has been added to the regulations. This provision reflects Treasury policy as to the propriety of purchasing savings bonds for use in chain letter and similar schemes.

**Limitations on Purchases**

The general limit on purchases of Series EE and HH bonds is \$30,000 and \$20,000 (face amount), respectively, for each calendar year. The current annual limit on Series E and H bonds is \$10,000 (face amount) each. The following special annual limitations are established: \$4,000 (face amount) of Series EE bonds for eligible employee thrift, savings, vacation and similar plans, and \$200,000 (face amount) of Series HH bonds for gifts to tax-exempt organizations.

In the notice of proposed rulemaking published on June 28, 1979, the limitations for Series EE and HH bonds were stated in terms of the "issue price" of the bonds. In Circular No. 530, the limitations are stated in terms of "face amount." For clarity, the final regulations for Series EE and HH bonds use "face amount" as the measure for the limitations on purchases.

**Relief for Loss or Theft, et cetera**

Time limits have been established for servicing claims for relief that are not filed for a reasonable period after bonds have been redeemed or after the bonds have reached final maturity. If a claim is filed ten or more years after the recorded date of redemption, a copy of the paid bond will not be available for

examination by the claimant. A claim filed six or more years after the final maturity of a bond will be processed only if the bond serial number is provided. These limitations will enable the Treasury to realize substantial administrative savings in the costs of maintaining records and servicing claims.

**Payment**

Under the terms of its offering, a Series EE bond will not be eligible for payment for a period of six months from its issue date. Otherwise, the regulations governing the payment of savings bonds are not essentially changed.

Most banks, trust companies, savings and loan associations, savings banks and other financial institutions are qualified to act as paying agents for Series E or EE bonds. Agents are authorized to pay eligible bonds only to individuals named as owners or coowners. Cases involving payment to surviving beneficiaries or to fiduciaries, organizations, etc., may be processed only by a Federal Reserve Bank or Branch, or the Bureau of the Public Debt, as these transactions often require submission of supporting evidence. If the owner is deceased or disabled, and there is no other person named on the bond who can request payment, instructions should be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt.

Series H and HH bonds are redeemable only at a Federal Reserve Bank or Branch or the Bureau of the Public Debt.

**Powers of Attorney**

The new savings bond regulations permit limited recognition of powers of attorney to cash bonds where the grantor has specifically authorized the attorney-in-fact to sell or redeem Treasury securities and the power of attorney containing such authority has been executed before a certifying officer. The more common power of attorney will be recognized only in those cases where the grantor has become mentally incompetent or physically disabled, provided the power specifically provides for this contingency. These two provisions operate independently of one another.

**Reissue**

The new regulations governing reissue differ from those in Circular No. 530 in that the name of a beneficiary may be removed from a Series EE or HH bond upon the registered owner's request alone. The consent of the beneficiary is not required.

In the notice of proposed rulemaking governing reissues of Series EE and HH bonds, no provision was made covering the adoptive relationship. This has been remedied by qualifying the word "blood", as used in the regulations, to include legal adoption. In addition, the provisions for reissue of bonds registered in coownership form have been rewritten for clarity.

#### Certifying Officer

Circular No. 530 has not required that requests for reissue or for other types of transactions of savings bonds be signed before an authorized certifying officer as are requests for payment of the bonds. This requirement appears only in the instructions on the reissue applications. To remove any doubt as to whether requests on Public Debt forms must be executed before a certifying officer, a new provision has been added stating that transaction forms must be properly certified, whenever required in the instructions on the form.

#### Deceased Owners

The Bureau of the Public Debt has pioneered procedures for the disposition of savings bonds belonging to the estates of deceased owners without requiring probate court proceedings. These procedures are being expanded to provide for payment of Series EE and HH bonds to the surviving relatives of a decedent pursuant to a table of precedence.

The minor changes that have been made in the text of the regulations that were published for comment on June 28, 1979, do not affect substantive rights of bondowners. Accordingly, the Fiscal Service is issuing, with the changes described above, Department of the Treasury Circular, Public Debt Series No. 3-80 (31 CFR, Part 353) as a final rule, effective as of January 1, 1980.

Dated: December 14, 1979.

Paul H. Taylor,

*Fiscal Assistant Secretary.*

Accordingly, a new Part 353 is added to Title 31 CFR to read as follows:

### PART 353—REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS, SERIES EE AND HH

#### Subpart A—General Information

Sec.

- 353.0 Applicability.
- 353.1 Official agencies.
- 353.2 Definitions.

#### Subpart B—Registration

- 353.5 General rules.
- 353.6 Restrictions on registration.
- 353.7 Authorized forms of registration.
- 353.8 Chain letters prohibited.

#### Subpart C—Limitations on Annual Purchases

Sec.

- 353.10 Amounts which may be purchased.
- 353.11 Computation of amount.
- 353.12 Disposition of excess.
- 353.13 Employee plans—conditions of eligibility.

#### Subpart D—Limitations on Transfer or Pledge

- 353.15 Transfer.
- 353.16 Pledge.

#### Subpart E—Judicial Proceedings

- 353.20 General.
- 353.21 Payment to judgment creditors.
- 353.22 Payment or reissue pursuant to judgment.
- 353.23 Evidence.

#### Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds

- 353.25 General.
- 353.26 Application for relief—after receipt of bond.
- 353.27 Application for relief—nonreceipt of bond.
- 353.28 Recovery or receipt of bond before or after relief is granted.
- 353.29 Adjudication of claims.

#### Subpart G—Interest

- 353.30 Series EE bonds.
- 353.31 Series HH bonds.

#### Subpart H—General Provisions for Payment

- 353.35 Payment (redemption).
- 353.36 Payment during life of sole owner.
- 353.37 Payment during lives of both coowners.
- 353.38 Payment during lifetime of owner of beneficiary bond.
- 353.39 Surrender for payment.
- 353.40 Special provisions for payment.
- 353.41 Partial redemption.
- 353.42 Nonreceipt or loss of check issued in payment.
- 353.43 Effective date of request for payment.
- 353.44 Withdrawal of request for payment.

#### Subpart I—Reissue and Denominational Exchange

- 353.45 General.
- 353.46 Effective date of request for reissue.
- 353.47 Authorized reissue—during lifetime.
- 353.48 Restrictions on reissue.
- 353.49 Correction of errors.
- 353.50 Change of name.
- 353.51 Requests for reissue.

#### Subpart J—Certifying Officers

- 353.55 Individuals authorized to certify.
- 353.56 General instructions and liability.
- 353.57 When a certifying officer may not certify.
- 353.58 Forms to be certified.

#### Subpart K—Minors, Incompetents, Aged Persons, Absentees, et al.

- 353.60 Payment to representative of an estate.
- 353.61 Payment after death.
- 353.62 Payment to minors.
- 353.63 Payment to a parent or other person on behalf of a minor.

Sec.

- 353.64 Payment, reinvestment, or exchange—voluntary guardian of an incompetent.
- 353.65 Payment—attorney-in-fact of an incompetent or a physically disabled person.
- 353.66 Reissue.

#### Subpart L—Deceased Owner, Coowner or Beneficiary

- 353.70 General rules governing entitlement.
- 353.71 Estate administered.
- 353.72 Estate not administered.

#### Subpart M—Fiduciaries

- 353.75 Payment or reissue during the existence of the fiduciary estate.
- 353.76 Payment or reissue after termination of the fiduciary estate.
- 353.77 Exchanges by fiduciaries.

#### Subpart N—Private Organizations (Corporations, Associations, Partnerships, etc.) and Governmental Agencies, Units and Officers

- 353.80 Payment to corporations or unincorporated associations.
- 353.81 Payment to partnerships.
- 353.82 Reissue or payment to successors of corporations, unincorporated associations, or partnerships.
- 353.83 Reissue or payment on dissolution of corporation or partnership.
- 353.84 Payment to certain institutions.
- 353.85 Reissue in name of trustee or agent for reinvestment purposes.
- 353.86 Reissue upon termination of investment agency.
- 353.87 Payment to governmental agencies, units, or their officers.

#### Subpart O—Miscellaneous Provisions

- 353.90 Waiver of regulations.
- 353.91 Additional requirements; bond of indemnity.
- 353.92 Supplements, amendments, or revisions.

Authority: Sec. 22 of the Second Liberty Bond Act, as amended, 49 Stat. 21, as amended (31 U.S.C. 757c); Sec. 8 of Act of July 8, 1937, as amended, 50 Stat. 481, as amended (31 U.S.C. 738a); 5 U.S.C. 301.

#### Subpart A—General Information

##### § 353.0 Applicability.

The regulations in this circular, Department of the Treasury Circular, Public Debt Series No. 3-80, govern United States Savings Bonds of Series EE and Series HH. These bonds bear issue dates of January 1, 1980, or thereafter. The regulations in Department of the Treasury Circular No. 530, current revision (31 CFR Part 315), govern all other United States Savings Bonds and Savings Notes.

##### § 353.1 Official agencies.

(a) The Bureau of the Public Debt of the Department of the Treasury is responsible for administering the Savings Bonds Program. Authority to process transactions has been delegated

to Federal Reserve Banks and Branches, as fiscal agents of the United States.

(b) Communications concerning transactions and requests for forms should be addressed to (1) a Federal Reserve Bank or Branch; (2) the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101; or (3) the Bureau of the Public Debt, Washington, D.C. 20226. The names and addresses of the Federal Reserve Banks and Branches are:

Federal Reserve Bank of Boston, Boston, Massachusetts 02106.

Federal Reserve Bank of New York, Federal Reserve Post Office Station, New York, New York 10045. Buffalo Branch, Federal Reserve Bank, Box 961, Buffalo, New York 14240.

Federal Reserve Bank of Philadelphia, Box 66, Philadelphia, Pennsylvania 19105.

Federal Reserve Bank of Cleveland, Box 6387, Cleveland, Ohio 44101. Cincinnati Branch, Federal Reserve Bank, Box 999, Cincinnati, Ohio 45201. Pittsburgh Branch, Federal Reserve Bank, Box 867, Pittsburgh, Pennsylvania 15230.

Federal Reserve Bank of Richmond, Box 27622, Richmond, Virginia 23261. Baltimore Branch, Federal Reserve Bank, Box 1378, Baltimore, Maryland 21203. Charlotte Branch, Federal Reserve Bank, Box 300, Charlotte, North Carolina 28230.

Federal Reserve Bank of Atlanta, Atlanta, Georgia, 30303. Birmingham Branch, Federal Reserve Bank, Box 10447, Birmingham, Alabama 35202. Jacksonville Branch, Federal Reserve Bank, Jacksonville, Florida 32203. Miami Branch, Federal Reserve Bank, Box 520847, Miami, Florida 33152. Nashville Branch, Federal Reserve Bank, Nashville, Tennessee 37203. New Orleans Branch, Federal Reserve Bank, Box 61630, New Orleans, Louisiana 70161.

Federal Reserve Bank of Chicago, Box 834, Chicago, Illinois 60690. Detroit Branch, Federal Reserve Bank, Box 1059, Detroit, Michigan 48231.

Federal Reserve Bank of St. Louis, Box 442, St. Louis, Missouri 63166. Little Rock Branch, Federal Reserve Bank, Box 1261, Little Rock, Arkansas 72203. Louisville Branch, Federal Reserve Bank, Box 32710, Louisville, Kentucky 40232. Memphis Branch, Federal Reserve Bank, Box 407, Memphis, Tennessee 38101.

Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota 55480. Helena Branch, Federal Reserve Bank, Helena, Montana 59601.

Federal Reserve Bank of Kansas City, Federal Reserve Station, Kansas City, Missouri 64198. Denver Branch, Federal Reserve Bank, Box 5228, Terminal Annex, Denver, Colorado 80217. Oklahoma City Branch, Federal Reserve Bank, Box 25129, Oklahoma City, Oklahoma 73125. Omaha Branch, Federal Reserve Bank, Omaha, Nebraska 68102.

Federal Reserve Bank of Dallas, Station K, Dallas, Texas 75222. El Paso Branch, Federal Reserve Bank, Box 100, El Paso, Texas 79999. Houston Branch, Federal Reserve Bank, Box 2578, Houston, Texas 77001. San Antonio

Branch, Federal Reserve Bank, Box 1471, San Antonio, Texas 78295.

Federal Reserve Bank of San Francisco, Box 7702, San Francisco, California 94120. Los Angeles Branch, Federal Reserve Bank, Box 2077, Terminal Annex, Los Angeles, California 90051. Portland Branch, Federal Reserve Bank, Box 3436, Portland, Oregon 97208. Salt Lake City Branch, Federal Reserve Bank, Box 30780, Salt Lake City, Utah 84125. Seattle Branch, Federal Reserve Bank, Box 3567, Seattle, Washington 98124.

(c) Notices and documents must be filed with the agencies referred to above and as indicated in these regulations.

### § 353.2 Definitions.

(a) "Bond" means a United States Savings Bond of Series EE or HH, unless the context indicates otherwise.

(b) "Incompetent" means an individual who is incapable of handling his or her business affairs because of a legal, mental or medical disability, except that a minor is not an incompetent solely because of age.

(c) "Issuing agent" means an organization that has been qualified under the provisions of Department of the Treasury Circular, Public Debt Series No. 4-67, current revision (31 CFR Part 317), to issue savings bonds.

(d) "Paying agent" means a financial institution that has been qualified under the provisions of Department of the Treasury Circular No. 750, current revision (31 CFR Part 321), to make payment of savings bonds.

(e) "Payment" means redemption, unless otherwise indicated by context.

(f) "Person" means any legal entity including, but without limitation, an individual, corporation (public or private), partnership, unincorporated association, or fiduciary estate.

(g) "Personal trust estates" means trust estates established by natural persons in their own right for the benefit of themselves or other natural persons in whole or in part, and common trust funds comprised in whole or in part of such trust estates.

(h) "Reissue" means the cancellation and retirement of a bond and the issuance of a new bond or bonds of the same series, same issue date, and same total face amount.

(i) "Representative of the estate of a minor, incompetent, aged person, absentee, et al." means the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the individual. The term does not include parents in their own right, voluntary or natural guardians, or the executors or administrators of decedents' estates.

(j) "Surrender" means the actual receipt of a bond with an appropriate request for payment or reissue by either

a Federal Reserve Bank or Branch, the Bureau of the Public Debt, or, if a paying agent is authorized to handle the transaction, the actual receipt of the bond and the request for payment by the paying agent.

(k) "Taxpayer identifying number" means a social security account number or an employer identification number.

(1) "Voluntary guardian" means an individual who is recognized as authorized to act for an incompetent, as provided by § 353.64.

## Subpart B—Registration

### § 353.5 General rules.

(a) *Registration is conclusive of ownership.* Savings bonds are issued only in registered form. The registration must express the actual ownership of, and interest in, the bond. The registration is conclusive of ownership, except as provided in Sec. 353.49.

(b) *Requests for registration.* Registrations requested must be clear, accurate and complete, conform substantially with one of the forms set forth in this Subpart, and include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable. The registration of all bonds owned by the same person, organization, or fiduciary should be uniform with respect to the name of the owner and any description of the fiduciary capacity. An individual should be designated by the name he or she is ordinarily known by or uses in business, including at least one full given name. The name may be preceded or followed by any applicable title, such as "Miss", "Mr.", "Mrs.", "Ms.", "Dr.", "Rev.", "M.D.", or "D.D.". A suffix, such as "Sr." or "Jr.", must be included when ordinarily used or when necessary to distinguish the owner from another member of his family. A married woman's own given name, not that of her husband, must be used; for example, "Mary A. Jones" or "Mrs. Mary A. Jones", NOT "Mrs. Frank B. Jones". The address must include, where appropriate, the number and street, route, or any other local feature, city, State, and ZIP Code.

(c) *Inscription of bonds purchased as gifts.* If the bonds are purchased as gifts, awards, prizes, etc., and the taxpayer identifying number of the intended owner is not known, the purchaser's number must be furnished. In this event, the issuing agent will inscribe the word "GIFT" and the purchaser's number on the bond. Bonds so inscribed will not be associated with the purchaser's own



holdings. The registration of a bond in the name of a purchaser with another as coowner or in the purchaser's name with another as beneficiary is not considered a gift or an award.

#### § 353.6 Restrictions on registration.

(a) *Natural persons.* Only an individual in his or her own right may be designated as coowner or beneficiary along with any other individual, whether on original issue or reissue, except as provided in § 353.7(f).

(b) *Residence.* The designation of an owner or first-named coowner is restricted, on original issue only, to persons (whether individuals or others) who are:

(1) Residents of the United States, its territories or possessions, or the Commonwealth of Puerto Rico;

(2) Citizens of the United States residing abroad;

(3) Civilian employees of the United States or members of its armed forces, regardless of their residence or citizenship; and

(4) Residents of Canada or Mexico who work in the United States but only if the bonds are purchased on a payroll deduction plan and the owner provides a taxpayer identifying number.

A nonresident alien may be designated coowner or beneficiary or, on authorized reissue, owner, unless the nonresident alien is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211). Registration is not permitted in any form which includes the name of any alien who is a resident of any restricted area.

(c) *Minors.* (1) Minors may purchase with their wages, earnings, or other funds belonging to them and under their control bonds registered in their names alone or with a coowner or beneficiary.

(2) Bonds purchased by another person with funds belonging to a minor not under legal guardianship or similar fiduciary estate must be registered, without a coowner or beneficiary, in the name of the minor or a natural guardian on behalf of a minor.

(3) Bonds purchased with funds of another may be registered to name the minor as owner, coowner, or beneficiary. If the minor is under legal guardianship or similar fiduciary estate, the registration must include an appropriate reference to it.

(4) Bonds purchased as a gift to a minor under a gift-to-minors statute must be registered as prescribed by the

statute and no coowner or beneficiary may be named.

(5) Bonds purchased by a representative of a minor's estate must be registered in the name of the minor and must include in the registration an appropriate reference to the guardianship or similar fiduciary estate. Bonds purchased by a representative of the estates of two or more minors, even though appointed in a single proceeding, must be registered in the name of each minor separately with appropriate reference to the guardianship or similar fiduciary estate.

(d) *Incompetents.* Bonds may be registered to name as owner, coowner, or beneficiary an incompetent for whose estate a guardian or similar representative has been appointed, except that a coowner or beneficiary may not be named on bonds purchased with funds belonging to the incompetent. The registration must include appropriate reference to the guardianship or similar fiduciary estate. Bonds should not be registered in the name of an incompetent unless there is a representative for his or her estate, except as provided in § 353.64.

#### § 353.7 Authorized forms of registration.

Subject to any limitations or restrictions contained in these regulations on the right of any person to be named as owner, coowner, or beneficiary, bonds should be registered as indicated below. A savings bond inscribed in the form not substantially in agreement with one of the forms authorized by this Subpart is not considered validly issued.

(a) *Natural persons.* A bond may be registered in the names of individuals in their own right, but only in one of the forms authorized by this paragraph.

(1) *Single ownership form.* A bond may be registered in the name of one individual. Example:

John A. Jones 123-45-6789.

(2) *Coownership form.* A bond may be registered in the names of two individuals in the alternative as coowners. The form of registration "A and B" is not authorized. Examples:

John A. Jones 123-45-6789 or Ella S. Jones 987-65-4321.

John A. Jones 123-45-6789 or (Miss, Ms. or Mrs.) Ella S. Jones.  
Ella S. Jones 987-65-4321 or John A. Jones.

(3) *Beneficiary form.* A bond may be registered in the name of one individual payable on death to another. "Payable on death to" may be abbreviated to "P.O.D." Examples:

John A. Jones 123-45-6789 payable on death to Mrs. Ella S. Jones.

John A. Jones 123-45-6789 P.O.D. Ella S. Jones 987-65-4321.

(b) *Fiduciaries (including legal guardians and similar representatives, certain custodians, natural guardians, executors, administrators, and trustees).*

(1) *General.* A bond may be registered in the name of any person or persons or any organization acting as fiduciary of a single fiduciary estate, but not where the fiduciary will hold the bond merely or principally as security for the performance of a duty, obligation, or service. Registration should conform to a form authorized by this paragraph. A coowner or beneficiary may be named only in accordance with the applicable provisions of § 353.6 (c) and (d). A common trust fund established and maintained by a financial institution authorized to act as a fiduciary will be considered a single fiduciary estate within the meaning of these regulations.

(2) *Legal guardians, conservators, similar representatives, certain custodians.* A bond may be registered in the name and title or capacity of the legally appointed or authorized representative of the estate of a minor, incompetent, aged or infirm person, absentee, et al., or in the name of that individual followed by an appropriate reference to the estate. Examples:

Tenth National Bank, guardian (or conservator, trustee, etc.) of the estate of George N. Brown 123-45-6789, a minor (or an incompetent, aged person, infirm person, or absentee).

Henry C. Smith, conservator of the estate of John R. White 123-45-6789, an adult, pursuant to Sec. 633.572 of the Iowa Code.

John F. Green 123-45-6789, a minor (or an incompetent) under custodianship by designation of the Veterans Administration.

Frank M. Redd 123-45-6789, an incompetent for whom Eric A. Redd has been designated trustee by the Department of the Army pursuant to 37 U.S.C. 602.

Arnold A. Ames, as custodian for Barry B. Bryan 123-45-6789, under the California Uniform Gifts to Minors Act.

Thomas J. Reed, as custodian for Lawrence W. Reed 123-45-6789, a minor, under the laws of Georgia.

Richard A. Rowe 123-45-6789, for whom Reba L. Rowe is representative payee for social security benefits (or black lung benefits, as the case may be). (If the beneficiary is a minor, the words "a minor" should appear immediately after the social security number.)

Henry L. Green 123-45-6789 or George M. Brown, a minor under legal guardianship of the Tenth National Bank.

Henry L. Green 123-45-6789 P.O.D. George M. Brown, a minor under legal guardianship of the Tenth National Bank.

Redd State Hospital and School, selected payee for John A. Jones 123-45-6789, a Civil Service annuitant, pursuant to 5 U.S.C. 8345(e).

(3) *Natural guardians.* A bond may be registered in the name of either parent (natural and adoptive) of a minor, as natural guardian. The registration of a bond in this form is considered as establishing a fiduciary relationship. A coowner or beneficiary may be named but only if the funds used to purchase the bonds do not belong to the minor. Examples:

John A. Jones, as natural guardian for Henry M. Jones 123-45-6789.

Melba Smith, as natural guardian for Thelma Smith 123-45-6789 P.O.D. Bartholomew Smith.

(4) *Executors and administrators.* A bond may be registered in the name of the representative appointed by a court to act for an estate of a decedent, or in the name of an executor authorized to administer a trust under the terms of a will although not named trustee. The name and capacity of all the representatives as shown in the letters of appointment must be included in the registration and be followed by an adequate identifying reference to the estate. Examples:

John H. Smith and Calvin N. Jones, executors of the will (or administrators of the estate) of Robert J. Smith, deceased, 12-3456789.

John H. Smith, executor of the will of Robert J. Smith, deceased, in trust for Mrs. Jane L. Smith, with remainder over, 12-3456789.

(5) *Trustees or life tenants under wills, deeds of trust, agreements, or similar instruments.* A bond may be registered in the name and title of the trustee of a trust estate, or in the name of a life tenant, followed by an adequate identifying reference to the authority governing the trust or life tenancy. Examples:

Thomas J. White and Tenth National Bank, trustees under the will of Robert J. Smith, deceased, 12-3456789.

Jane N. Black 123-45-6789, life tenant under the will of Robert J. Black, deceased.

Tenth National Bank, trustee under agreement with Paul E. White, dated 2/1/80, 12-3456789.

Carl A. Black and Henry B. Green, trustees under agreement with Paul E. White, dated 2/1/80, 12-3456789.

Paul E. White, trustee under declaration of trust dated 2/1/80, 12-3456789.

(i) If the trust instrument designates by title only an officer of a board or an organization as trustee, only the title of the officer should be used. Example:

Chairman, Board of Trustees, First Church of Christ, Scientist, of Chicago, Illinois, in trust under the will of Robert J. Smith, deceased, 12-3456789.

(ii) The names of all trustees, in the form used in the trust instrument, must

be included in the registration, except as follows:

(A) If there are several trustees designated as a board or they are required to act as a unit, their names may be omitted and the words "Board of Trustees" substituted for the word "trustee". Example:

Board of Trustees of Immediate Relief Trust of Federal Aid Association, under trust indenture dated 2/1/80, 12-3456789.

(B) If the trustees do not constitute a board or are not required to act as a unit, and are too numerous to be designated in the registration by names and title, some or all the names may be omitted. Examples:

John A. Smith, Henry B. Jones, et al., trustees under the will of Edwin O. Mann, deceased, 12-3456789.

Trustees under the will of Edwin O. Mann, deceased, 12-3456789.

(6) *Employee thrift, savings, vacation and similar plans.* A bond may be registered in the name and title, or title alone, of the trustee of an eligible employee thrift, savings, vacation or similar plan, as defined in § 353.13(a). If the instrument creating the trust provides that the trustees shall serve for a limited term, their names may be omitted. Examples:

Tenth National Bank, trustee of Pension Fund of Safety Manufacturing Company, U/A with the company, dated March 31, 1980, 12-3456789.

Trustees of Retirement Fund of Safety Manufacturing Company, under directors' resolution adopted March 31, 1980, 12-3456789.

County Trust company, trustee of the Employee Savings Plan of Jones Company, Inc., U/A dated January 17, 1980, 12-3456789.

Trustee of the Employee Savings Plan of Brown Brothers, Inc., U/A dated January 20, 1980, 12-3456789.

(7) *Funds of lodges, churches, societies, or similar organizations.* A bond may be registered in the title of the trustees, or a board of trustees, holding funds in trust for a lodge, church, or society, or similar organization, whether or not incorporated. Examples:

Trustees of the First Baptist Church, Akron, Ohio, acting as a Board under Section 15 of its bylaws, 12-3456789.

Trustees of Jamestown Lodge No. 1000, Benevolent and Protective Order of Elks, under Section 10 of its bylaws, 12-3456789.

Board of Trustees of Lotus Club, Washington, Indiana, under Article 10 of its constitution, 12-3456789.

(8) *Investment agents for religious, educational, charitable and non-profit organizations.* A bond may be registered in the name of a bank, trust company, or other financial institution, or an individual, as agent under an agreement with a religious, educational, charitable

or non-profit organization, whether or not incorporated, if the agent holds funds for the sole purpose of investing them and paying the income to the organization. The name and designation of the agent must be followed by an adequate reference to the agreement. Examples:

Tenth National Bank, fiscal agent U/A with the Evangelical Lutheran Church of the Holy Trinity, dated 12/28/80, 12-3456789.

Sixth Trust Company, Investment Agent U/A dated September 16, 1980, with Central City Post, Department of Illinois, American Legion, 12-3456789.

John Jones, Investment Agent U/A dated September 16, 1980, with Central City Post, Department of Illinois, American Legion, 12-3456789.

(9) *Funds of school groups or activities.* A bond may be registered in the title of the principal or other officer of a public, private, or parochial school holding funds in trust for a student body fund or for a class, group, or activity. If the amount purchased for any one fund does not exceed \$2,500 (face amount), no reference need be made to a trust instrument. Examples:

Principal, Western High School, in trust for the Class of 1980 Library Fund, 12-3456789.

Director of Athletics, Western High School, in trust for Student Activities Association, under resolution adopted 5/12/80, 12-3456789.

(10) *Public corporations, bodies, or officers as trustees.* A bond may be registered in the name of a public corporation or a public body, or in the title of a public officer, acting as trustee under express authority of law, followed by an appropriate reference to the statute creating the trust. Examples:

Rhode Island Investment Commission, trustee of the General Sinking Fund under Title 35, Ch. 8, Gen. Laws of Rhode Island.

Superintendent of the Austin State Hospital Annex, in trust for the Benefit Fund under Article 3183C, Vernon's Civ. Stat. of Texas Ann.

(c) *Private organizations (corporations, associations, partnerships).* (1) *General.* A bond may be registered in the name of any private organization in its own right. The full legal name of the organization as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other authority from which its powers are derived, must be included in the registration and may be followed by a parenthetical reference to a particular account other than a trust account.

(2) *Corporations.* A bond may be registered in the name of a business, fraternal, religious, non-profit, or other private corporation. The words "a corporation" must be included in the

registration unless the fact of incorporation is shown in the name. Examples:

Smith Manufacturing Company, a corporation, 12-3456789.  
Green and Redd, Inc., 12-3456789 (Depreciation Acct.)

(3) *Unincorporated associations.* A bond may be registered in the name of a club, lodge, society, or a similar self-governing association which is unincorporated. The words "an unincorporated association" must be included in the registration. This form of registration must not be used for a trust fund, board of trustees, a partnership, or a sole proprietorship. If the association is chartered by or affiliated with a parent organization, the name or designation of the subordinate or local organization must be given first, followed by the name of the parent organization. The name of the parent organization may be placed in parentheses and, if well known, may be abbreviated. Examples:

The Lotus Club, an unincorporated association, 12-3456789.  
Local 447, Brotherhood of Railroad Trainmen, an unincorporated association, 12-3456789.  
Eureka Lodge 317 (A.F. and A.M.), an unincorporated association, 12-3456789.

(4) *Partnerships.* A bond may be registered in the name of a partnership. The words "a partnership" must be included in the registration. Examples:

Smith & Jones, a partnership, 12-3456789.  
Acme Novelty Company, a partnership, 12-3456789.

(5) *Sole Proprietorships.* A bond may be registered in the name of an individual who is doing business as a sole proprietor. A reference may be made to the trade name under which the business is conducted. Example:

John Jones DBA Jones Roofing Company 123-45-6789.

(d) *Institutions (churches, hospitals, homes, schools, etc.).* A bond may be registered in the name of a church, hospital, home, school, or similar institution conducted by a private organization or by private trustees, regardless of the manner in which it is organized or governed or title to its property is held. Descriptive words, such as "a corporation" or "an unincorporated association", must not be included in the registration. Examples:

Shriners' Hospital for Crippled Children, St. Louis, Missouri, 12-3456789.  
St. Mary's Roman Catholic Church, Albany, New York, 12-3456789.  
Rodeph Shalom Sunday School, Philadelphia, Pennsylvania, 12-3456789.

(e) *States, public bodies and corporations, and public officers.* A bond may be registered in the name of a State, county, city, town, village, school district, or other political entity, public body, or corporation established by law (including a board, commission, administration, authority, or agency) which is the owner or official custodian of public funds, other than trust funds, or in the full legal title of the public officer having custody of the funds. Examples:

State of Maine.  
Town of Rye, New York (Street Improvement Fund).  
Maryland State Highway Administration.  
Treasurer, City of Chicago.

(f) *The United States Treasury.* A person who desires to have a bond become the property of the United States upon his or her death may designate the United States Treasury as coowner or beneficiary. Examples:

George T. Jones 123-45-6789 or the United States Treasury.  
George T. Jones 123-45-6789 P.O.D. the United States Treasury.

#### § 353.8 Chain letters prohibited.

The issuance of bonds in the furtherance of a chain letter or pyramid scheme is considered to be against the public interest and is prohibited.

#### Subpart C—Limitations on Annual Purchases

##### § 353.10 Amounts which may be purchased.

The amount of savings bonds of Series EE and HH which may be purchased and held, in the name of any one person in any one calendar year, is computed according to the provisions of § 353.11 and is limited as follows:

###### (a) *Series EE.*

(1) *General annual limitation.*  
\$30,000 (face amount).

(2) *Special limitation.*

\$4,000 (face amount) multiplied by the highest number of employees participating in an eligible employee plan, as defined in § 353.13, at any time during the calendar year in which the bonds are issued.

###### (b) *Series HH.*

(1) *General annual limitation.*  
\$20,000 (face amount).

(2) *Special limitation.*

\$200,000 (face amount) for bonds received in a calendar year as gifts by an organization which at the time of purchase was an exempt organization under the terms of 26 CFR 1.501(c)(3)-1.

##### § 353.11 Computation of amount.

(a) *General.* The purchases of bonds in the name of any person in an

individual capacity are computed separately from purchases in a fiduciary capacity. A pension or retirement fund, or an investment, insurance, annuity, or similar fund or trust is regarded as an entity, regardless of the number of beneficiaries or the manner in which their shares or interests are established, determined, or segregated.

(b) *Bonds included in computation.* In computing the purchases for each person, the following outstanding bonds are included:

- (1) All bonds registered in the name of that person alone;
- (2) All bonds registered in the name of the representative of the estate of that person; and
- (3) All bonds registered in the name of that person as coowner. However, in computing the amount of bonds of each series held in coownership form, the limitation may be applied to the holdings of either of the coowners or apportioned between them.

(c) *Bonds excluded from computation.* In computing the purchases for each person, the following are excluded:

- (1) Bonds on which that person is named beneficiary;
- (2) Bonds to which that person has become entitled—
  - (i) Under § 353.70 as surviving beneficiary upon the death of the registered owner;
  - (ii) As an heir or a legatee of the deceased owner;
  - (iii) By virtue of the termination of a trust or the happening of a similar event;
- (3) Bonds issued in an authorized exchange or reinvestment; and
- (4) Bonds that are purchased and redeemed within the same calendar year.

##### § 353.12 Disposition of excess.

If any person at any time has savings bonds issued during any one calendar year in excess of the prescribed amount, instructions should be obtained from the Bureau of the Public Debt, Parkersburg, West Virginia 26101, for appropriate adjustment of the excess. Under the conditions specified in § 353.90, the Commissioner of the Public Debt may permit excess purchases to stand in any particular case or class of cases.

##### § 353.13 Employee plans—Conditions of eligibility.

(a) *Definition of plan.* Employee thrift, savings, vacation and similar plans are contributory plans established by the employer for the exclusive and irrevocable benefit of its employees or their beneficiaries. Each plan must afford employees the means of making regular savings from their wages through payroll deductions and provide for

employer contributions to be added to these savings.

(b) *Definition of terms used in this section.* (1) The term "assets" means all the employees' contributions and assets purchased with them and the employer's contributions and assets purchased with them, as well as accretions, such as dividends on stock, the increment in value on bonds and all other income; but, notwithstanding any other provision of this section, the right to demand and receive "all assets" credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such a distribution; for example, Series EE bonds may not be reissued in unauthorized denominations.

(2) The word "beneficiary" means (i) the person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the plan upon the employee's death or (ii) the estate of the employee.

(c) *Conditions of eligibility.* An employee plan must conform to the following rules in order to be eligible for the special limitation provided in § 353.10.

(1) *Crediting of assets.* All assets of a plan must be credited to the individual accounts of participating employees and may be distributed only to them or their beneficiaries, except as provided in subparagraph (3).

(2) *Purchase of bonds.* Bonds may be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose is equal to the purchase price of a bond or bonds in an authorized denomination or denominations, and shares in the bonds are credited to the accounts of the individuals from which the purchase price was derived, in amounts corresponding with their shares. For example, if \$50 credited to the account of John Jones is commingled with funds credited to the accounts of other employees to make a total of \$5,000 with which a Series EE bond in the denomination of \$10,000 (face amount) is purchased in December 1980 and registered in the name and title of the trustee, the plan must provide, in effect, that John Jones' account be credited to show that he is the owner of a Series EE bond in the denomination of \$100 (face amount) bearing an issue date of December 1, 1980.

(3) *Irrevocable right of withdrawal.* Each participating employee has an irrevocable right to request and receive from the trustee all assets credited to the employee's account or their value, if he or she prefers, without regard to any

condition other than the loss or suspension of the privilege of participating further in the plan. However, a plan may limit or modify the exercise of any such right by providing that the employer's contribution does not vest absolutely until the employee shall have made contributions under the plan in each of not more than 60 calendar months succeeding the month for which the employer's contribution is made.

(4) *Rights of beneficiary.* Upon the death of an employee, his or her beneficiary shall have the absolute and unconditional right to demand and receive from the trustee all assets credited to the account of the employee or their value, if he or she so prefers.

(5) *Reissue or payment upon distribution.* When settlement is made with an employee or his or her beneficiary with respect to any bond registered in the name and title of the plan trustee in which the employee has a share, the bond must be paid or reissued to the extent of the share. If an employee or the beneficiary is to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the employee or the employee's beneficiary to the extent entitled, in authorized denominations, in any authorized form of registration, upon the request and certification of the trustee.

(d) *Application for special limitation.* A trustee of an employee plan who desires to purchase bonds under the special limitation should submit to the Federal Reserve Bank of the district a copy of (i) the plan, (ii) any instructions issued under the plan that concern Series EE bonds, and (iii) the trust agreement, in order to establish the plan's eligibility.

(e) *Vacation plans.* Savings bonds may be purchased under certain vacation plans. Questions concerning the eligibility of these plans to purchase bonds in excess of the general limitation should be addressed to the Bureau of the Public Debt, Parkersburg, West Virginia 26101.

#### Subpart D—Limitations on Transfer or Pledge

##### § 353.15 Transfer.

Savings bonds are not transferable and are payable only to the owners named on the bonds, except as specifically provided in these regulations and then only in the manner and to the extent so provided.

##### § 353.16 Pledge.

A savings bond may not be hypothecated, pledged, or used as security for the performance of an obligation.

#### Subpart E—Judicial Proceedings

##### § 353.20 General.

(a) The Department of the Treasury will not recognize a judicial determination that gives effect to an attempted voluntary transfer inter vivos of a bond, or a judicial determination that impairs the rights of survivorship conferred by these regulations upon a coowner or beneficiary. All provisions of this Subpart are subject to these restrictions.

(b) The Department of the Treasury will recognize a claim against an owner of a savings bond and conflicting claims of ownership of, or interest in, a bond between coowners or between the registered owner and the beneficiary, if established by valid judicial proceedings, but only as specifically provided in this Subpart. Section 353.23 specifies the evidence required to establish the validity of the judicial proceedings.

(c) The Department of the Treasury and the agencies that issue, reissue, or redeem savings bonds will not accept a notice of an adverse claim or notice of pending judicial proceedings, nor undertake to protect the interests of a litigant not in possession of a savings bond.

##### § 353.21 Payment to judgment creditors.

(a) *Purchaser or officer under levy.* The Department of the Treasury will pay (but not reissue) a savings bond to the purchaser at a sale under a levy or to the officer authorized under appropriate process to levy upon property of the registered owner or coowner to satisfy a money judgment. Payment will be made only to the extent necessary to satisfy the money judgment. The amount paid is limited to the redemption value 60 days after the termination of the judicial proceedings. Payment of a bond registered in coownership form pursuant to a judgment or a levy against only one coowner is limited to the extent of that coowner's interest in the bond. That interest must be established by an agreement between the coowners or by a judgment, decree, or order of a court in a proceeding to which both coowners are parties.

(b) *Trustee in bankruptcy, receiver, or similar court officer.* The Department of the Treasury will pay, at current redemption value, a savings bond to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity,

or a similar court officer under the provisions of paragraph (a) of this section.

**§ 353.22 Payment or reissue pursuant to judgment.**

(a) *Divorce.* The Department of the Treasury will recognize a divorce decree that ratifies or confirms a property settlement agreement disposing of bonds or that otherwise settles the interests of the parties in a bond. Reissue of a savings bond may be made to eliminate the name of one spouse as owner, coowner, or beneficiary or to substitute the name of one spouse for that of the other spouse as owner, coowner, or beneficiary pursuant to the decree. However, if the bond is registered in the name of one spouse with another person as coowner, there must be submitted either (1) a request for reissue by the other person or (2) a certified copy of a judgment, decree, or court order entered in proceedings to which the other person and the spouse named on the bond are parties, determining the extent of the interest of that spouse in the bond. Reissue will be permitted only to the extent of that spouse's interest. The evidence required under § 353.23 must be submitted in every case. When the divorce decree does not set out the terms of the property settlement agreement, a certified copy of the agreement must be submitted. Payment, rather than reissue, will be made if requested.

(b) *Gift causa mortis.* A savings bond belonging solely to one individual will be paid or reissued at the request of the person found by a court to be entitled by reason of a gift causa mortis from the sole owner.

(c) *Date for determining rights.* When payment or reissue under this section is to be made, the rights of the parties will be those existing under the regulations current at the time of the entry of the final judgment, decree, or court order.

**§ 353.23 Evidence.**

(a) *General.* To establish the validity of judicial proceedings, certified copies of the final judgment, decree, or court order, and of any necessary supplementary proceedings, must be submitted. If the judgment, decree, or court order was rendered more than six months prior to the presentation of the bond, there must also be submitted a certification from the clerk of the court, under court seal, dated within six months of the presentation of the bond, showing that the judgment, decree, or court order is in full force.

(b) *Trustee in bankruptcy or receiver of an insolvent's estate.* A request for payment by a trustee in bankruptcy or a

receiver of an insolvent's estate must be supported by appropriate evidence of appointment and qualification. The evidence must be certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

(c) *Receiver in equity or similar court officer.* A request for payment by a receiver in equity or a similar court officer, other than a receiver of an insolvent's estate, must be supported by a copy of an order that authorizes the presentation of the bond for redemption, certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

**Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds**

**§ 353.25 General.**

Relief, by the issue of a substitute bond or by payment, is authorized for the loss, theft, destruction, mutilation, or defacement of a bond after receipt by the owner or his or her representative. As a condition for granting relief, the Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require a bond of indemnity, in the form, and with the surety, or security, he considers necessary to protect the interests of the United States. In all cases the savings bond must be identified by serial number and the applicant must submit satisfactory evidence of the loss, theft, or destruction, or a satisfactory explanation of the mutilation or defacement.

**§ 353.26 Application for relief—After receipt of bond.**

(a) If the serial numbers of the lost, stolen, or destroyed bonds are known, the claimant should execute an application for relief on the appropriate form and submit it to the Bureau of the Public Debt, Parkersburg, West Virginia 26101.

(b) If the bond serial number is not known, the claimant must provide sufficient information to enable the Bureau of the Public Debt to identify the bond by serial number. See § 353.29(c). The Bureau will furnish the proper application form and instructions.

(c) If applicable, a defaced bond and all available fragments of a mutilated bond should be submitted to the Bureau.

(d) The application must be made by the person or persons (including both coowners, if living) authorized under these regulations to request payment of the bond. In addition:

(1) If the bond is in beneficiary form and the owner and beneficiary are both living, both will ordinarily be required to join in the application.

(2) If a minor named on a bond as owner, coowner, or beneficiary is not of sufficient competency and understanding to request payment, both parents will ordinarily be required to join in the application.

(e) If the application is approved, relief will be granted either by the issuance of a bond bearing the same issue date as the bond for which the claim was filed or by the issuance of a check in payment.

**§ 353.27 Application for relief—Nonreceipt of bond.**

If a bond issued on any transaction is not received, the issuing agent must be notified as promptly as possible and given all information available about the nonreceipt. An appropriate form and instructions will be provided. If the application is approved, relief will be granted by the issuance of a bond bearing the same issue date as the bond that was not received.

**§ 353.28 Recovery or receipt of bond before or after relief is granted.**

(a) If a bond reported lost, stolen, destroyed, or not received, is recovered or received before relief is granted, the Bureau of the Public Debt, Parkersburg, West Virginia 26101, must be notified promptly.

(b) A bond for which relief has been granted is the property of the United States and, if recovered, must be promptly submitted to the Bureau of the Public Debt, Parkersburg, West Virginia 26101, for cancellation.

**§ 353.29 Adjudication of claims.**

(a) *General.* The Bureau of the Public Debt will adjudicate claims for lost, stolen or destroyed bonds on the basis of records created and regularly maintained in the ordinary course of business.

(b) *Claims filed 10 years after payment.* A bond for which no claim has been filed within 10 years of the recorded date of redemption will be presumed to have been properly paid. If a claim is subsequently filed, a photographic copy of the bond will not be available to support the disallowance.

(c) *Claims filed six years after final maturity.* No claim filed six years or more after the final maturity of a savings bond will be entertained unless the claimant supplies the serial number of the bond.

**Subpart G—Interest****§ 353.30 Series EE bonds.**

Series EE bonds are issued at a discount. The accrued interest is added to the issue price at stated intervals and is payable only at redemption as part of the redemption value. Information regarding interest rates and redemption values is found in Department of the Treasury Circular, Public Debt Series No. 1-80 (31 CFR Part 351).

**§ 353.31 Series HH bonds.**

(a) *General.* Series HH bonds are current-income bonds issued at par (face amount). Interest on a Series HH bond is paid semiannually by check, beginning six months from issue date. Interest ceases at maturity, or, if a bond is redeemed before maturity, as of the end of the preceding interest payment period. For example, if a bond on which interest is payable on January 1 and July 1 is redeemed on September 1, interest ceases as of the preceding July 1, and no adjustment of interest will be made for the period from July 1 to September 1. However, if the date of redemption falls on an interest payment date, interest ceases on that date. Information regarding interest rates is found in Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352).

(b) *Redemption value.* Series HH bonds acquired in an authorized exchange or reinvestment are redeemable at face amount. An interest adjustment will be made upon redemption of Series HH bonds purchased for cash, if redeemed within a limited period of time after issue; if held beyond this period, they are redeemable at face amount. Information as to the amount of the interest adjustment and the time period to which it applies is found in Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352).

(c) *Payment of interest.* Series HH bond interest accounts are maintained by the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Interest will be paid on each interest payment date by check mailed to the address specified for the delivery of checks in the purchase application, exchange subscription, notification of change of address or request for reissue. If no instruction is given as to the delivery of interest checks, the address inscribed on the bond for the owner or the first-named coowner will be used.

(d) *Delivery of interest.* (1) *Notices affecting delivery of interest checks.* To insure appropriate action, notices affecting the delivery of interest checks on Series HH bonds, including changes

of addresses, must be received by the Bureau of the Public Debt, Parkersburg, West Virginia 26101, at least one month prior to the interest payment date. Each notice must identify the bonds by the name and taxpayer identifying number of the bondowner. The notice must be signed by the owner or coowner, or, in the case of a minor or incompetent, as provided in paragraph (e) or (f) of this section.

(2) *Owner or coowner deceased.* (i) *Sole owner.* Upon receipt of notice of the death of the owner of a bond, payment of interest on the bond will be suspended until satisfactory evidence is submitted as to who is authorized to endorse and collect interest checks on behalf of the estate of the decedent, in accordance with the provisions of Subpart L.

(ii) *Coowner.* Upon receipt of notice of the death of the coowner to whom interest is being mailed, payment of interest will be suspended until a request for change of address is received from the other coowner, if living, or, if not, until satisfactory evidence is submitted as to the individual who is authorized to endorse and collect interest checks on behalf of the estate of the last deceased coowner, in accordance with the provisions of Subpart L.

(iii) *Owner with beneficiary.* In the case of a bond registered in the form "A payable on death to B", the check will be drawn to the order of "A" alone unless the Bureau of the Public Debt, Parkersburg, West Virginia 26101, receives notice of A's death. In that event, the payment of interest will be suspended until the bond is presented for payment or reissue. Interest so withheld will be paid to the person entitled to the bond.

(e) *Representative appointed for the estate of a minor, incompetent, absentee, et al.* Interest on Series HH bonds is paid in accordance with the provisions of § 353.60 to the representative appointed for the estate of an owner who is a minor, incompetent, absentee, et al. If the registration of the bonds does not include reference to the owner's status, the bonds should be submitted for reissue to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Parkersburg, West Virginia 26101, so that interest checks may be properly drawn and delivered. They must be accompanied by the proof of appointment required by § 353.60.

(f) *Adult incompetent's estate having no representative.* If an adult owner of a Series HH bond is incompetent to endorse and collect the interest checks and no legal guardian or similar

representative has been appointed to act for him or her, the relative, or other person, responsible for his or her care and support, may apply to the Bureau of the Public Debt for recognition as voluntary guardian for the purpose of receiving, endorsing, and collecting the checks.

(g) *Reissue during interest period.* Physical reissue of a Series HH bond will be made without regard to interest payment dates. The Series HH interest accounts maintained by the Bureau of the Public Debt will be closed in the first week of the month preceding each interest payment date. Interest checks will be drawn to the order of the persons shown to be entitled on these accounts as of the date the accounts are closed.

(h) *Endorsement of checks.* Interest checks must be endorsed in accordance with the regulations governing the endorsement and payment of Government warrants and checks, which are contained in Department of the Treasury Circular No. 21, current revision (31 CFR Part 240).

(i) *Nonreceipt or loss of check.* If an interest check is not received or is lost after receipt, the Bureau of the Public Debt, Parkersburg, West Virginia 26101, should be notified and advised of the bond serial number, the inscription on the bond, including the taxpayer identifying number of the bondowner, and the interest payment date.

**Subpart H—General Provisions for Payment****§ 353.35 Payment (redemption).**

(a) *General.* Payment of a savings bond will be made to the person or persons entitled under the provisions of these regulations, except that checks in payment will not be delivered to addresses in areas with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211). Payment will be made without regard to any notice of adverse claims to a bond and no stoppage or caveat against payment of a bond will be entered.

(b) *Series EE.* A Series EE bond will be paid at any time after six months from issue date at the current redemption value shown in Department of the Treasury Circular, Public Debt Series No. 1-80 (31 CFR Part 351).

(c) *Series HH.* A Series HH bond will be paid at any time after six months from issue date. A Series HH bond issued in an authorized exchange or reinvestment transaction will be paid at face amount. A Series HH bond issued

for cash will be paid at the current redemption value shown in Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352). If the bond is redeemed at less than face value, the difference represents an adjustment of interest. A Series HH bond received during the month preceding an interest payment date will not be paid until that date.

**§ 353.36 Payment during life of sole owner.**

A savings bond registered in single ownership form (i.e., without a coowner or beneficiary) will be paid to the owner during his or her lifetime upon surrender with an appropriate request.

**§ 353.37 Payment during lives of both coowners.**

A savings bond registered in coownership form will be paid to either coowner upon surrender with an appropriate request, and upon payment (as determined in § 353.43), the other coowner will cease to have any interest in the bond. If both coowners request payment, payment will be made by check drawn in the form, "John A. Jones AND Mary C. Jones".

**§ 353.38 Payment during lifetime of owner of beneficiary bond.**

A savings bond registered in beneficiary form will be paid to the registered owner during his or her lifetime upon surrender with an appropriate request. Upon payment (as determined in § 353.43) the beneficiary will cease to have any interest in the bond.

**§ 353.39 Surrender for payment.**

(a) *Procedure for bonds of Series EE, in the names of individual owners or coowners only.* An individual who is the owner or coowner of a Series EE bond may present the bond to an authorized paying agent for redemption. The presenter must be prepared to establish his or her identity in accordance with Treasury instructions and identification guidelines. The owner or coowner must sign the request for payment on the bond or, if authorized, on a separate detached request, and add his or her address. If the request for payment has been signed, or signed and certified, before presentation of the bond, the paying agent must be satisfied that the person presenting the bond for payment is the owner or coowner and may require the person to sign the request for payment again. If the bond is in order for payment, the paying agent will make immediate payment at the current redemption value without charge to the presenter. Paying agents are not authorized to process any case involving

partial redemption or any case in which supporting evidence is required.

(b) *Procedure for all other cases.* In the case of bonds to which the procedure in paragraph (a) does not apply, or if otherwise preferred, the owner or coowner, or other person entitled to payment, should appear before an officer authorized to certify requests for payment, establish his or her identity, sign the request for payment, and provide information as to the address to which the check in payment is to be mailed. The bond must be forwarded to a Federal Reserve Bank or Branch or the Bureau of the Public Debt. Usually, payment will be expedited by submission to a Federal Reserve Bank or Branch. In all cases, the cost and risk of presentation of a bond will be borne by the owner. Payment will be made by check drawn to the order of the registered owner or other person entitled and will be mailed to the address requested.

(c) *Date of request.* Requests executed more than six months before the date of receipt of a bond for payment will not be accepted. Neither will a bond be accepted if payment is requested as of a date more than three months in the future.

**§ 353.40 Special provisions for payment**

(a) *Owner's signature not required.* A bond may be paid by a paying agent or Federal Reserve Bank without the owner's signature to the request for payment, if the bond bears the special endorsement of a paying agent specifically qualified to place such an endorsement on savings bonds.

(b) *Signature by mark.* A signature by mark (X) must be witnessed by at least one disinterested person and a certifying officer. See Subpart J. The witness must attest to the signature by mark substantially as follows: "Witness to signature by mark", followed by his or her signature and address.

(c) *Name change.* If the name of the owner, coowner, or other person entitled to payment, as it appears in the registration or in evidence on file in the Bureau of the Public Debt, has been changed in any legal manner, the signature to the request for payment must show both names and the manner in which the change was made; for example, "Mary T. Jones Smith (Mary T. J. Smith or Mary T. Smith) changed by marriage from Mary T. Jones", or "John R. Young, changed by order of court from Hans R. Jung". See § 353.50.

(d) *Attorneys-in-fact.* A request for payment signed by an attorney-in-fact will be recongized if it is accompanied by a copy of a power of attorney, executed before a certifying officer, that

authorizes the attorney-in-fact to sell or redeem the grantor's Treasury securities. See § 353.65 for separate rules relating to the use of powers of attorney for incompetent or physically disabled individuals.

**§ 353.41 Partial redemption.**

A bond of Series EE or HH may be redeemed in part at current redemption value, but only in amounts corresponding to authorized denominations, upon surrender of the bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt in accordance with § 353.39(b). In any case in which partial redemption is requested, the phrase "to the extent of \$— (face amount) and reissue of the remainder" should be added to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date, as provided in Subpart I.

**§ 353.42 Nonreceipt or loss of check issued in payment.**

If a check in payment of a bond surrendered for redemption is not received within a reasonable time or is lost after receipt, notice should be given to the same agency to which the bond was surrendered for payment. The notice should give the date the bond was surrendered for payment and describe the bond by series, denomination, serial number, and registration, including the taxpayer identifying number of the owner.

**§ 353.43 Effective date of request for payment.**

The Department of the Treasury will treat the receipt of a bond with an appropriate request for payment by (a) a Federal Reserve Bank or Branch, (b) the Bureau of the Public Debt, or (c) a paying agent authorized to pay that bond, as the date upon which the rights of the parties are fixed for the purpose of payment.

**§ 353.44 Withdrawal of request for payment.**

(a) *Withdrawal by owner or coowner.* An owner or coowner, who has surrendered a bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt or to an authorized paying agent with an appropriate request for payment, may withdraw the request if notice of intent to withdraw is received by the same agency prior to payment either in cash or through the issuance of the redemption check.

(b) *Withdrawal on behalf of deceased owner or incompetent.*

A request for payment may be withdrawn under the same conditions as in paragraph (a) of this section by the

executor or administrator of the estate of a deceased owner or by the person or persons who could have been entitled to the bond under Subpart L, or by the legal representative of the estate of a person under legal disability, unless surrender of the bond for payment has eliminated the interest of a surviving coowner or beneficiary. See § 353.70(b) and (c).

#### Subpart I—Reissue and Denominational Exchange

##### § 353.45 General.

Reissue of a bond may be made only under the conditions specified in these regulations, and only at (a) a Federal Reserve Bank or Branch, or (b) the Bureau of the Public Debt. Reissue will not be made if the request is received less than one full calendar month before the final maturity date of a bond. The request, however, will be effective to establish ownership as though the requested reissue had been made.

##### § 353.46 Effective date of request for reissue.

The Department of the Treasury will treat the receipt by (a) a Federal Reserve Bank or Branch or (b) the Bureau of the Public Debt of a bond and an acceptable request for reissue as determining the date upon which the rights of the parties are fixed for the purpose of reissue. For example, if the owner or either coowner of a bond dies after the bond has been surrendered for reissue, the bond will be regarded as having been reissued in the decedent's lifetime.

##### § 353.47 Authorized reissue—During lifetime.

A bond belonging to an individual may be reissued in any authorized form of registration upon an appropriate request for the purposes outlined below.

(a) *Single ownership.* A bond registered in single ownership form may be reissued—

- (1) To add a coowner or beneficiary; or
- (2) To name a new owner, with or without a coowner or beneficiary, but only if (i) the new owner is related to the previous owner by blood (including legal adoption) or marriage; (ii) the previous owner and the new owner are parties to a divorce or annulment; or (iii) the new sole owner is the trustee of a personal trust estate which was created by the previous owner or which designates as beneficiary either the previous owner or a person related to him or her by blood (including legal adoption) or marriage.

(b) *Coownership.* (1) *Reissue—to name a related individual as owner or coowner.* During the lifetime of both

coowners, a coownership bond may be reissued in the name of another individual related by blood (including legal adoption) or marriage to either coowner:

- (i) As single owner,
- (ii) As owner with one of the original coowners as beneficiary, or
- (iii) As a new coowner with one of the original coowners.

(2) *Reissue—to name either coowner alone or with another individual as coowner or beneficiary.* During the lifetime of both coowners, a coownership bond may be reissued in the name of either coowner alone or with another individual as coowner or beneficiary if:

- (i) After issue of the submitted bond, either coowner named thereon marries, or the coowners are divorced or legally separated from each other, or their marriage is annulled; or
- (ii) Both coowners on the submitted bond are related by blood (including legal adoption) or marriage to each other.

(3) *Reissue—to name the trustee of a personal trust estate.* A bond registered in coownership form may be reissued to name a trustee of a personal trust estate created by either coowner or by some other person if (i) either coowner is a beneficiary of the trust, or (ii) a beneficiary of the trust is related by blood or marriage to either coowner.

(c) *Beneficiary.* A bond registered in beneficiary form may be reissued:

- (1) To name the beneficiary as coowner;
- (2) To substitute another individual as beneficiary; or
- (3) To eliminate the beneficiary, and, if the beneficiary is eliminated, to effect any of the reissues authorized by paragraph (a) of this section.

##### § 353.48 Restrictions on reissue.

(a) *Denominational exchange.* Reissue is not permitted solely to change denominations.

(b) *United States Treasury.* Reissue may not be made to eliminate the United States Treasury as coowner.

##### § 353.49 Correction of errors.

A bond may be reissued to correct an error in registration upon appropriate request supported by satisfactory proof of the error.

##### § 353.50 Change of name.

An owner, coowner, or beneficiary whose name is changed by marriage, divorce, annulment, order of court, or in any other legal manner after the issue of the bond should submit the bond with a request for reissue to substitute the new name for the name inscribed on the

bond. Documentary evidence may be required in any appropriate case.

##### § 353.51 Requests for reissue.

A request for reissue of bonds in coownership form must be signed by both coowners, except that a request solely to eliminate the name of one coowner may be signed by that coowner only. A bond registered in beneficiary form may be reissued upon the request of the owner, without the consent of the beneficiary. Public Debt forms are available for requesting reissue.

#### Subpart J—Certifying Officers

##### § 353.55 Individuals authorized to certify.

The following individuals are authorized to act as certifying officers for the purpose of certifying a request for payment, reissue, or a signature to a Public Debt form:

(a) *Officers generally authorized.* (1) *At banks, trust companies, and member organizations of the Federal Home Loan Bank System.*

(i) Any officer of a bank incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(ii) Any officer of a trust company incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(iii) Any officer of an organization that is a member of the Federal Home Loan Bank System. This includes Federal savings and loan associations.

(iv) Any officer of a foreign branch or a domestic branch of an institution indicated in (i) through (iii).

(v) Any officer of a Federal Reserve Bank, a Federal Land Bank, or a Federal Home Loan Bank.

(vi) Any employee of an institution in (i) through (v), who is expressly authorized to certify by the institution. Certification by these officers or designated employees must be authenticated by a legible imprint of either the corporate seal of the institution or of the issuing or paying agent's stamp. The employee expressly authorized to certify by an institution must sign his or her name over the title "Designated Employee".

(2) *At issuing agents that are not banks or trust companies.* Any officer of an organization, not a bank or a trust company, that is qualified as an issuing agent for bonds of Series EE. The agent's stamp must be imprinted in the certification.

(3) *By United States officials.* Any judge, clerk, or deputy clerk of a United States court, including United States courts for the territories and possessions



of the United States and the Commonwealth of Puerto Rico; any United States Commissioner, United States Attorney, or United States Collector of Customs, including their deputies; in the Internal Revenue Service, any Regional Commissioner, District Director, Service Center Director, or Internal Revenue agent.

(b) *Officers with limited authority.* (1) *In the Armed Forces.* Any commissioned officer or warrant officer of the Armed Forces of the United States, but only for members of the respective services, their families, and civilian employees at posts, bases, or stations. The certifying officer must indicate his or her rank and state that the individual signing the request is one of the class whose request the certifying officer is authorized to certify.

(2) *At the Veterans Administration, Federal penal institutions, and United States Public Health Service hospitals.* Any officer in charge of a home, hospital, or other facility of the Veterans Administration, but only for the patients, or employees of the facility; any officer of a Federal penal institution or a United States Public Health Service hospital expressly authorized to certify by the Secretary of the Treasury or his designee, but only for the inmates, patients or employees of the institution involved. Officers of Veterans Administration facilities, Federal penal institutions, and Public Health Service hospitals must use the stamp or seal of the particular institution or service.

(c) *Authorized officers in foreign countries.* Any United States diplomatic or consular representative, or the officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Department of the Treasury. If none of these individuals is available, a notary public or other officer authorized to administer oaths may certify, but his or her official character and jurisdiction must be certified by a United States diplomatic or consular officer under seal of his or her office.

(d) *Authorized officers in particular localities.* The Governor and the Treasurer of Puerto Rico; the Governor and the Commissioner of Finance of the Virgin Islands; the Governor and the Director of Finance of Guam; the Governor and the Director of Administrative Services of American Samoa; or designated officers of the Panama Canal Commission.

(e) *Special provisions.* If no certifying officer is readily accessible, the Commissioner of the Public Debt, Deputy Commissioner, any Assistant

Commissioner, or other designated official of the Bureau or of a Federal Reserve Bank or Branch is authorized to make special provision for any particular case.

#### § 353.56 General instructions and liability.

(a) The certifying officer must:

(1) Require the person presenting a bond, or an appropriate Public Debt transaction form, to establish his or her identity in accordance with Department of the Treasury instructions and identification guidelines;

(2) Place a notation on the back of the bond or on the appropriate Public Debt transaction form, or in a separate record, showing exactly how identification was established; and

(3) Affix, as part of the certification, his or her official signature, title, seal or issuing or paying agent's stamp, address, and the date of execution.

(b) The certifying officer and, if such person is an officer or an employee of an organization, the organization will be held fully responsible for the adequacy of the identification.

#### § 353.57 When a certifying officer may not certify.

Certifying officers may not certify the requests for payment of bonds, or appropriate Public Debt transaction forms if, in their own right or in a representative capacity, they—

(a) Have an interest in the bonds, or

(b) Will, by virtue of the requests being certified, acquire an interest in the bonds.

#### § 353.58 Forms to be certified.

When required in the instructions on a Public Debt transaction form, the form must be signed before an authorized certifying officer.

#### Subpart K—Minors, Incompetents, Aged Persons, Absentees, et al.

#### § 353.60 Payment to representative of an estate.

(a) The representative of an estate of an owner who is a minor, an aged person, incompetent, absentee, et al., may receive payment upon request:

(1) If the registration shows the name and capacity of the representative;

(2) If the registration shows the capacity but not the name of the representative and the request is accompanied by appropriate evidence; or

(3) If the registration includes neither the name of the representative nor his or her capacity but the request is accompanied by appropriate evidence.

(b) Appropriate evidence for paragraphs (a)(2) and (a)(3) of this section includes a certified copy of the

letters of appointment or, if the representative is not appointed by a court, other proof of qualification. Except in the case of corporate fiduciaries, the evidence must show that the appointment is in full force and be dated not more than one year prior to the presentation of the bond for payment. The request for payment appearing on the back of a bond must be signed by the representative as such, for example, "John S. Jones, guardian (committee) of the estate of Henry W. Smith, a minor (an incompetent)".

#### § 353.61 Payment after death.

After the death of the ward, and at any time prior to the representative's discharge, the representative of the estate will be entitled to obtain payment of a bond to which the ward was solely entitled.

#### § 353.62 Payment to minors.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of the minor's estate, payment will be made to the minor upon his or her request, provided the minor is of sufficient competency to sign the request for payment and to understand the nature of the transaction. In general, the fact that the request for payment has been signed by a minor and certified will be accepted as sufficient proof of competency and understanding.

#### § 353.63 Payment to a parent or other person on behalf of a minor.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of his or her estate, and if the minor is not of sufficient competency to sign the request for payment and to understand the nature of the transaction, payment will be made to either parent with whom the minor resides or to whom legal custody has been granted. If the minor does not reside with either parent, payment will be made to the person who furnishes the chief support for the minor. The request must appear on the back of the bond in one of the following forms:

(a) *Request by parent.*

I certify that I am the mother of John C. Jones (with whom he resides) (to whom legal custody has been granted). He is \_\_\_\_\_ years of age and is not of sufficient understanding to make this request.

Mary Jones on behalf of  
John C. Jones

(b) *Request by other person.*

I certify that John C. Jones does not reside with either parent and that I furnish his chief support. He is \_\_\_\_\_ years of age and is not

of sufficient understanding to make this request.

Alice Brown, grandmother,  
On behalf of John C. Jones

**§ 353.64 Payment, reinvestment, or exchange—Voluntary guardian of an incompetent.**

When an adult owner of bonds is incapable of requesting payment and there is no other person legally qualified to do so, the relative or other person responsible for the owner's care and support may submit an application for recognition as voluntary guardian for the purpose of redeeming the bonds in the following situations:

(a) The proceeds of the bonds are needed to pay expenses already incurred, or to be incurred during a 90-day period, for the support of the incompetent or his or her legal dependents.

(b) If the bonds have finally matured and it is desired to redeem them and reinvest the proceeds in other savings bonds, the new bonds must be registered in the name of the incompetent, followed by words showing he or she is under voluntary guardianship; for example, "John Jones 123-45-6789, under voluntary guardianship". A living coowner or beneficiary named on the matured bonds must be designated on the new bonds unless the named person furnishes a certified statement consenting to omission of his or her name. If an amount insufficient to purchase an additional bond of any authorized denomination of either series remains after the reinvestment, the voluntary guardian may furnish additional funds sufficient to purchase another bond of either series in the lowest available denomination. If additional funds are not furnished, the remaining amount will be paid to the voluntary guardian for the use and benefit of the incompetent. The provisions for reinvestment of the proceeds of matured bonds are equally applicable to any authorized exchange of bonds of one series for those of another.

**§ 353.65 Payment—Attorney-in-fact of an incompetent or a physically disabled person.**

A request for payment by an individual as attorney-in-fact of an incompetent or a physically disabled owner will be honored if the power of attorney grants the attorney-in-fact authority to sell or redeem the grantor's securities, sell his or her personal property, or otherwise grants similar authority. The power of attorney must provide that the grantor's subsequent

incapacity will not affect the authority granted. The request must be supported by a copy of the power of attorney and evidence of the incapacity of the grantor.

**§ 353.66 Reissue.**

A bond on which a minor or other person under legal disability is named as the owner or coowner, or in which he or she has an interest, may be reissued under the following conditions:

(a) A minor for whose estate no representative has been appointed may request reissue if the minor is of sufficient competency to sign his or her name to the request and to understand the nature of the transaction.

(b) A bond on which a minor is named as beneficiary or coowner may be reissued in the name of a custodian for the minor under a statute authorizing gifts to minor upon the request of the adult whose name appears on the bond as owner or coowner.

(c) A minor coowner for whose estate no representative has been appointed, may be named sole owner upon the request of the competent coowner.

(d) Reissue to eliminate the name of a minor or incompetent for whose estate a legal representative has been appointed is permitted only if supported by evidence that a court has authorized the representative of the minor's or incompetent's estate to request the reissue. See § 353.23.

Except to the extent provided in paragraphs (a) through (d), above, reissue will be restricted to a form of registration which does not adversely affect the existing ownership or interest of a minor who is not of sufficient understanding to make a request, or other person under legal disability. Requests for reissue should be executed by the person authorized to request payment under §§ 353.60 and 353.63, or the person who may request recognition as voluntary guardian under § 353.64.

**Subpart L—Deceased Owner, Coowner or Beneficiary**

**§ 353.70 General rules governing entitlement.**

The following rules govern ownership or entitlement where one or both of the persons named on a bond have died without the bond having been surrendered for payment or reissue:

(a) *Single owner bond.* If the owner of a bond registered in single ownership form has died, the bond becomes the property of that decedent's estate, and payment or reissue will be made as provided in this Subpart.

(b) *Coowner bond.* (1) *One coowner deceased.* If one of the coowners named on a bond has died, the surviving coowner will be recognized as the sole and absolute owner, and payment or reissue will be made as though the bond were registered in the name of the survivor alone. Any request for reissue by the surviving coowner must be supported by proof of death of the other coowner.

(2) *Both coowners deceased.* If both coowners named on a bond have died, the bond becomes the property of the estate of the coowner who died last, and payment or reissue will be made as if the bond were registered in the name of the last deceased coowner alone. Proof of death of both coowners will be required to establish the order of death.

(3) *Simultaneously death of both coowners.* If both coowners die under conditions where it cannot be established, either by presumption of law or otherwise, which coowner died first, the bond becomes the property of both equally, and payment or reissue will be made accordingly.

(c) *Beneficiary bond.* (1) *Owner deceased.* If the owner of a bond registered in beneficiary form has died and is survived by the beneficiary, upon proof of death of the owner, the beneficiary will be recognized as the sole and absolute owner of the bond. Payment or reissue will be made as though the bond were registered in the survivor's name alone. A request for payment or reissue by the beneficiary must be supported by proof of death of the owner.

(2) *Beneficiary deceased.* If the beneficiary's death occurs before, or simultaneously with, that of the registered owner, payment or reissue will be made as though the bond were registered in the owner's name alone. Proof of death of the owner and beneficiary is required to establish the order of death.

(d) *Nonresident aliens.* If the person who becomes entitled to a bond because of the death of an owner is an alien who is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities, delivery of the redemption check will not be made so long as the restriction applies. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211).

**§ 353.71 Estate administered.**

(a) *During administration.* The legal representative of an estate may request payment of bonds, including interest or redemption checks, belonging to the

estate or may have the bonds reissued in the names of the persons entitled to share in the estate under the following conditions:

(1) When there is more than one legal representative, all must join in the request for payment or reissue, unless § 353.76(a)(1) or (b) applies.

(2) The request for payment or reissue must be signed in the form: "John A. Jones, administrator of the estate (or executor of the will) of Henry M. Jones, deceased". The request must be supported by evidence of the legal representative's authority in the form of a court certificate or a certified copy of the legal representative's letters of appointment which must be dated within six months of the date of presentation of the bond, unless the evidence shows that the appointment was made within one year prior to the presentation of the bond.

(3) For reissue, the legal representative must certify that each person in whose name reissue is requested is entitled to the extent specified and must certify that each person has consented to the reissue. If a person in whose name reissue is requested desires to name a coowner or beneficiary, the person must execute an additional request for reissue on the appropriate form.

(b) *After administration.* If the estate of the decedent has been settled through judicial proceedings, the bond and interest and redemption checks will be paid, or the bond will be reissued, upon the request of the person shown to be entitled by the court order. The request must be supported by a certified copy of the legal representative's court-approved final account, the decree of distribution, or other pertinent court records. If two or more persons have an interest in the bond, they must enter into an agreement concerning the bond's disposition. If the person entitled desires to name a coowner or beneficiary, a separate request must be made on an appropriate form.

(c) *Special provisions for small amounts.* Special procedures are available for establishing entitlement to, or effecting disposition of, savings bonds and interest and redemption checks if the aggregate face amount, excluding interest checks, does not exceed \$1,000.

#### § 353.72 Estate not administered.

(a) *Special State law provisions.* A request for payment or reissue of a bond by the person who has qualified under State law to receive or distribute the assets of a decedent's estate will be accepted, provided evidence of the person's authority is submitted.

(b) *Agreement of persons entitled.* If there is no legal representative for the estate of a decedent, the bonds will be paid to, or reissued in the name of, the persons entitled, pursuant to an agreement and request executed by all persons entitled to share in the decedent's personal estate. If the persons entitled to share in the decedent's personal estate include minors or incompetents, payment or reissue of the bonds must be made to them or in their names unless their interest in the bonds is otherwise protected.

(c) *Creditors.* An institutional creditor of a deceased owner's estate is entitled to payment only to the extent of its claim.

(d) *Special provisions for payment of small amounts—survivors of the decedent.* (1) If the face amount of the bond does not exceed \$500 and there is no legal representative of the deceased owner's estate, the bond will be paid upon the request of the person who paid the burial expenses and who has not been reimbursed.

(2) If there is no legal representative of the estate of a decedent who died without a will, and the total face amount of bonds in the estate does not exceed \$1,000 (face amount), the bonds may be paid to the decedent's survivors upon request in the following order of precedence:

- (i) Surviving spouse;
- (ii) If no surviving spouse, to the child or children of the decedent, and the descendants of deceased children by representation;
- (iii) If none of the above, to the parents of the decedent, or the survivor;
- (iv) If none of the above, to the brothers and sisters, and the descendants of deceased brothers or sisters by representation;
- (v) If none of the above, to other next-of-kin, as determined by the laws of the owner's domicile at death;
- (vi) If none of the above, to persons related to the decedent by marriage.

The payment pursuant to this subsection shall be made upon the request and agreement of the survivors to receive the redemption proceeds individually and for the account of any persons entitled. Interest checks held for the estate of a decedent will be distributed with the bonds.

#### Subpart M—Fiduciaries

##### § 353.75 Payment or reissue during the existence of the fiduciary estate.

(a) *Payment or reissue before maturity.* (1) *Request from the fiduciary named in the registration.* A request for reissue or payment prior to maturity

must be signed by all of the fiduciaries unless by statute, decree of court, or the terms of the governing instrument, any lesser number may properly execute the request. If the fiduciaries named in the registration are still acting, no further evidence will be required. In other cases, evidence to support the request will be required, as specified:

(i) *Fiduciaries by title only.* If the bond is registered only in the titles, without the names, of fiduciaries not acting as a board, satisfactory evidence of their incumbency must be furnished, except in the case of bonds registered in the title of public officers as trustees.

(ii) *Boards, committees, commission, etc.* If a bond is registered in the name of a governing body which is empowered to act as a unit, and which holds title to the property of a religious, educational, charitable or nonprofit organization or a public corporation, the request should be signed in the name of the body by an authorized person. Ordinarily, a signed and certified request will be accepted without further evidence.

(iii) *Corporate fiduciaries.* If a bond is registered in the name of a public or private corporation or a governmental body as fiduciary, the request must be signed by an authorized officer in the name of the organization as fiduciary. Ordinarily, a signed and certified request will be accepted without further evidence.

(2) *Trustee of a common trust fund.* A bond held by a financial institution in a fiduciary capacity may be reissued in the name of the institution as trustee of its common trust fund to the extent that participation in the common trust fund is authorized by law or regulation. The request for reissue should be executed by the institution and any cofiduciary.

(3) *Successor fiduciary.* If the fiduciary in whose name the bond is registered has been replaced by another fiduciary, satisfactory evidence of successorship must be furnished.

(b) *Payment at or after final maturity.* At or after final maturity, a request for payment signed by any one or more of the fiduciaries will be accepted. Payment will be made by check drawn as the bond is registered.

##### § 353.76 Payment or reissue after termination of the fiduciary estate.

A bond registered in the name or title of a fiduciary may be paid or reissued to the person who has become entitled by reason of the termination of a fiduciary estate. Requests for reissue made by a fiduciary pursuant to the termination of a fiduciary estate should be made on the appropriate form. Requests for payment or reissue by other than the fiduciary must be accompanied by evidence to

show that the person has become entitled in accordance with applicable State law or otherwise. When two or more persons have become entitled, the request for payment or reissue must be signed by each of them.

**§ 353.77 Exchanges by fiduciaries.**

Fiduciaries are authorized to request an exchange of bonds of one series for those of another, pursuant to any applicable Department of the Treasury offering. A living coowner of beneficiary named on the bonds submitted in exchange may be retained in the same capacity on the new bonds.

**Subpart N—Private Organizations (Corporations, Associations, Partnerships, et cetera) and Governmental Agencies, Units and Officers**

**§ 353.80 Payment to corporations or unincorporated associations.**

A bond registered in the name of a private corporation or an unincorporated association will be paid to the corporation or unincorporated association upon a request for payment on its behalf by an authorized officer. The signature to the request should be in the form, for example, "The Jones Coal Company, a corporation, by John Jones, President", or "The Lotus Club, an unincorporated association, by William A. Smith, Treasurer". A request for payment so signed and certified will ordinarily be accepted without further evidence of the officer's authority.

**§ 353.81 Payment to partnerships.**

A bond registered in the name of an existing partnership will be paid upon a request for payment signed by a general partner. The signature to the request should be in the form, for example, "Smith and Jones, a partnership, by John Jones, a general partner". A request for payment so signed and certified will ordinarily be accepted as sufficient evidence that the partnership is still in existence and that the person signing the request is authorized.

**§ 353.82 Reissue or payment to successors of corporations, unincorporated associations, or partnerships.**

A bond registered in the name of a private corporation, an unincorporated association, or a partnership which has been succeeded by another corporation, unincorporated association, or partnership by operation of law or otherwise, in any manner whereby the business or activities of the original organization are continued without substantial change, will be paid to or reissued in the name of the succeeding

organization upon appropriate request on its behalf, supported by satisfactory evidence of successorship. The appropriate form should be used.

**§ 353.83 Reissue or payment on dissolution of corporation or partnership.**

(a) *Corporations.* A bond registered in the name of a private corporation which is in the process of dissolution will be paid to the authorized representative of the corporation upon a request for payment, supported by satisfactory evidence of the representative's authority. At the termination of dissolution proceedings, the bond may be reissued upon the request of the authorized representative in the names of those persons, other than creditors, entitled to the assets of the corporation, to the extent of their respective interests. Proof will be required that all statutory provisions governing the dissolution of the corporation have been complied with and that the persons in whose names reissue is requested are entitled and have agreed to the reissue. If the dissolution proceedings are under the direction of a court, a certified copy of an order of the court, showing the authority of the representative to make the distribution requested must be furnished.

(b) *Partnerships.* A bond registered in the name of a partnership which has been dissolved by death or withdrawal of a partner, or in any other manner:

(1) Will be paid upon a request for payment by any partner or partners authorized by law to act on behalf of the dissolved partnership, or

(2) Will be paid to or reissued in the names of the persons entitled as the result of such dissolution to the extent of their respective interests, except that reissue will not be made in the names of creditors. The request must be supported by satisfactory evidence of entitlement, including proof that the debts of the partnership have been paid or properly provided for. The appropriate form should be used.

**§ 353.84 Payment to certain institutions.**

A bond registered in the name of a church, hospital, home, school, or similar institution, without reference in the registration to the manner in which it is organized or governed or to the manner in which title to its property is held, will be paid upon a request for payment signed on behalf of such institution by an authorized representative. A request for payment signed by a pastor of a church, superintendent of a hospital, president of a college, or by any official generally recognized as having authority to conduct the financial affairs of the

particular institution will ordinarily be accepted without further proof of authority. The signature to the request should be in the form, for example, "Shriners' Hospital for Crippled Children, St. Louis, Missouri, by William A. Smith, Superintendent", or "St. Mary's Roman Catholic Church, Albany, New York, by the Rev. John Smyth, Pastor".

**§ 353.85 Reissue in name of trustee or agent for reinvestment purposes.**

A bond registered in the name of a religious, educational, charitable or nonprofit organization, whether or not incorporated, may be reissued in the name of a financial institution, or an individual, as trustee or agent. There must be an agreement between the organization and the trustee or agent holding funds of the organization, in whole or in part, for the purpose of investing and reinvesting the principal and paying the income to the organization. Reissue should be requested on behalf of the organization by an authorized officer using the appropriate form.

**§ 353.86 Reissue upon termination of investment agency.**

A bond registered in the name of a financial institution, or individual, as agent for investment purposes only, under an agreement with a religious, an educational, a charitable, or a nonprofit organization, may be reissued in the name of the organization upon termination of the agency. The former agent should request such reissue and should certify that the organization is entitled by reason of the termination of the agency. If such request and certification are not obtainable, the bond will be reissued in the name of the organization upon its own request, supported by satisfactory evidence of the termination of the agency. The appropriate form should be used.

**§ 353.87 Payment to governmental agencies, units, or their officers.**

(a) *Agencies and units.* A bond registered in the name of a State, county, city, town, village, or in the name of a Federal, State, or local governmental agency, such as a board, commission, or corporation, will be paid upon a request signed in the name of the governmental agency or unit or by an authorized officer. A request for payment so signed and certified will ordinarily be accepted without further proof of the officer's authority.

(b) *Officers.* A bond registered in the official title of an officer of a governmental agency or unit will be paid upon a request for payment signed

by the officer. The request for payment so signed and certified will ordinarily be accepted as proof that the person signing is the incumbent of the office.

**Subpart O—Miscellaneous Provisions**

**§ 353.90 Waiver of regulations.**

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify any provision or provisions of these regulations. He may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship, (a) if such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

**§ 353.91 Additional requirements; bond of indemnity.**

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require (a) such additional evidence as he may consider necessary or advisable, or (b) a bond of indemnity, with or without surety, in any case in which he may consider such a bond necessary for the protection of the interests of the United States.

**§ 353.92 Supplements, amendments, or revisions.**

The Secretary of the Treasury may at any time, or from time to time, prescribe additional, supplemental, amendatory, or revised rules and regulations governing United States Savings Bonds of Series EE and HH.

[FR Doc. 79-39046 Filed 12-21-79; 6:45 am]

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# **federal register**

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**Friday  
December 14, 1979**

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**Part V**

## **Department of the Treasury**

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**Fiscal Service, Bureau of Public Debt**

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**Offering of United States Savings Bonds;  
Series HH**

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**Dept. Circular, Public Debt Series No. 2-80**

## DEPARTMENT OF THE TREASURY

## Fiscal Service

## 31 CFR Part 352

## Offering of U.S. Savings Bonds, Series HH

AGENCY: Fiscal Service, Department of the Treasury.

ACTION: Final rule.

**SUMMARY:** This Part, which contains the terms and conditions of the offering of United States Savings Bonds of Series HH, is being published in final form. These bonds will be offered for sale, as of January 1, 1980. United States Savings Bonds of Series H are being withdrawn from sale as of December 31, 1979.

**EFFECTIVE DATE:** January 1, 1980.

**FOR FURTHER INFORMATION CONTACT:**

Mr. Charles A. Guerin, Assistant Chief Counsel, Bureau of the Public Debt, 202-376-0243.

**SUPPLEMENTARY INFORMATION:** For the most part, Series HH bonds resemble and are patterned after Series H bonds. There are, however, several significant differences between the two series.

As with Series H bonds, Series HH bonds can be purchased for cash and in exchange for accrual-type savings bonds and notes. Provision is also made for purchasing Series HH bonds through the reinvestment of certain matured Series H bonds. There will be two separate, distinguishable types of Series HH bonds, one to identify bonds sold for cash and the other to identify bonds issued on exchange or through reinvestment.

Under the offering, securities eligible for exchange for Series HH bonds are: Series E bonds, until one year after their final maturities; Series EE bonds, beginning six months after their issue; and United States Savings Notes (Freedom Shares). The exchange offer is made a part of the offering circular, rather than being set out in a separate document.

Semiannual interest payments on Series HH bonds are set at uniform amounts for the term to maturity, to eliminate the confusion created by the graduated scale of payments on Series H bonds.

The redemption value of Series HH bonds purchased for cash will be less than the face amount, if the bonds are redeemed within five years of issue. The difference between the face amount and redemption value represents an interest adjustment. The yield is consistent with that of the companion Series EE bonds, which must be held for at least five years to provide a return of 6½ percent.

Series HH bonds issued on exchange constitute a continuation of long-term holdings of savings bonds and notes;

they are not subject to any interest adjustment.

The registration requirements for a tax-deferred exchange will be the same for Series HH bonds as for Series H bonds. The rules are designed to prevent the shifting of tax liability incident to an exchange. The same requirements apply to non-tax-deferred exchanges for Series HH bonds, even though no tax liability is involved, since the new bonds are not subject to an interest adjustment for early redemption.

As Series H bonds purchased for cash reach final maturity, their proceeds may be reinvested in Series HH bonds. Final maturity dates have been announced for the Series H bonds issued from June 1952 through May 1959, which will become eligible for reinvestment as they mature. All of these bonds were purchased for cash. The reinvestment option will not be available for any Series H bond issued on exchange. The Series HH bonds acquired through reinvestment will not be subject to an interest adjustment.

The annual limitation on cash purchases of Series HH bonds is \$20,000 (face amount), an increase over the \$10,000 limitation for Series H bonds. Bonds issued on exchange or reinvestment are not subject to the annual limitation.

The regulations (Department of the Treasury Circular, Public Debt series No. 3-80 (31 CFR Part 353)) provide that the consent of the beneficiary is not required for the reissue of Series HH bonds in beneficiary form.

The Secretary of the Treasury hereby makes the following offering of United States Savings Bonds of Series HH, which is Part 352 of Title 31, Code of Federal Regulations.

Since this offering involves the fiscal policy of the United States and does not meet the Department's criteria for significant regulations, it has been determined that notice and public procedures are unnecessary.

Dated: December 7, 1979.

Paul H. Taylor,

Fiscal Assistant Secretary.

A new part 352 is added to read as follows:

**PART 352—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES HH**

## Sec.

- 352.0 Offering of bonds.
- 352.1 Governing regulations.
- 352.2 Description of bonds.
- 352.3 Registration and issue.
- 352.4 Limitation on purchases.
- 352.5 Authorized issuing and paying agents.
- 352.6 Cash purchases.
- 352.7 Issues on exchange.

## Sec.

- 352.8 Reinvestment of matured Series H bonds.
- 352.9 Delivery of bonds.
- 352.10 Taxation.
- 352.11 Reservation as to issue of bonds.
- 352.12 Waiver.
- 352.13 Fiscal agents.
- 352.14 Reservation as to terms of offer.

**Authority:** Sec. 22, Second Liberty Bond Act, as amended, 49 Stat. 21, as amended (31 U.S.C. 757c); sec. 18, 40 Stat. 1309, as amended; sec. 20, 48 Stat. 343, as amended (31 U.S.C. 753, 754b); (5 U.S.C. 301).

**Source:** Department of the Treasury Circular, Public Debt Series No. 2-80.

**PART 352—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES HH****§ 352.0 Offering of bonds.**

(a) *Cash offering.* The Secretary of the Treasury offers for sale to the people of the United States, United States Savings Bonds of Series HH, hereinafter referred to as "Series HH bonds" or "bonds." This offer will continue until terminated by the Secretary of the Treasury.

(b) *Exchange offering.* The Secretary of the Treasury also offers to the people of the United States, United States Savings Bonds of Series HH in exchange for outstanding United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares). This offer will continue until terminated by the Secretary of the Treasury.

(c) *Effective date.* These offers are effective as of January 1, 1980. They supersede previous offers of United States Savings Bonds of Series H, contained in Department of the Treasury Circular No. 905 (31 CFR Part 332) and Department of the Treasury Circular No. 1036 (31 CFR Part 339).

**§ 352.1 Governing regulations.**

Series HH bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series EE and HH, contained in Department of the Treasury Circular, Public Debt Series No. 3-80 (31 CFR Part 353), hereinafter referred to as Circular No. 3-80.

**§ 352.2 Description of bonds.**

(a) *General.* Series HH bonds are issued only in registered form and are nontransferable. Bonds sold for cash and bonds issued on exchange are distinguishable by: (1) The portraits, color and border design; (2) the tax-deferral legend on the bonds issued on exchange; (3) the word "CASH" or "EXCHANGE," as appropriate, on the back of the bond; and (4) the text material.

(b) *Denominations and prices.* Series HH bonds are issued at face amount



and are in denominations of \$500, \$1,000, \$5,000 and \$10,000.

(c) *Term.* Each bond bears an issue date, which is the date from which interest is earned. The date is established, as provided in § 352.7(d) for cash purchases and in § 352.8(e) for exchange issues. The bond matures 10 years from its issue date.

(d) *Redemption*—(1) *General.* A Series HH bond may be redeemed after six months from its issue date. The Secretary of the Treasury may not call Series HH bonds for redemption prior to maturity. A bond received for redemption by an agent during the calendar month preceding any interest payment date will not ordinarily be paid until that date.

(2) *Bonds purchased for cash.* During the first five years from issue, the redemption value of a bond purchased for cash is less than its face amount. See Table 1. The difference between the face amount and redemption value represents an adjustment of interest. After five years, the bond will be paid at face amount.

(3) *Bonds issued on exchange.* Bonds issued on exchange, including authorized reinvestment, are not subject to an interest adjustment and will be redeemed at face amount at any time after six months from their issue dates.

(e) *Interest (investment yield).* The interest on a Series HH bond is paid semiannually by check drawn to the order of the registered owner or co-owners, beginning six months from the issue date. The level interest payments will produce a yield of 6½ percent per annum, compounded semiannually, on all bonds issued on exchange and on bonds sold for cash that are held for at least five years from their issue. Interest ceases at final maturity or, if the bond is redeemed before final maturity, as of the end of the interest period next preceding the date of redemption. However, if the date of redemption falls on an interest payment date, interest ceases on that date.

#### § 352.3 Registration and issue.

(a) *Registration.* Bonds may be registered in the names of natural persons in single ownership, coownership or beneficiary forms. Bonds may also be registered in the names of organizations and fiduciaries. Specific rules and examples are contained in Subpart B of Circular No. 3-80.

(b) *Validity of issue.* A bond is validly issued when it (1) is registered as provided in Circular No. 3-80 and in this circular; and (2) bears an issue date and the validation indicia of an authorized issuing agent.

(c) *Taxpayer identifying number.* The inscription of a bond must include the taxpayer identifying number of the owner or first-named co-owner. The taxpayer identifying number of the second-named co-owner or beneficiary is not required but its inclusion is desirable.

#### § 352.4 Limitation on purchases.

The amount of Series HH bonds that may be purchased for cash and held in the name of any one person in any one calendar year is limited to \$20,000 (face amount). Bonds issued on authorized exchange or reinvestment are not subject to this limitation. Subpart C of Circular No. 3-80 contains the rules governing the computation of amounts and the special limitation for exempt organizations.

#### § 352.5 Authorized issuing and paying agents.

Series HH bonds may be issued or redeemed only by (a) a Federal Reserve Bank or Branch, (b) the Bureau of the Public Debt, Washington, D.C. 20226, or (c) the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101.

#### § 352.6 Cash purchases.

(a) *Basis for issue.* Series HH bonds will be issued by an authorized issuing agent upon receipt of a properly executed application and payment in the form of (1) cash; (2) a check drawn to the order of the Federal Reserve Bank or Branch or the Bureau of the Public Debt; or (3) savings stamps.

(b) *Role of financial institutions.* Financial institutions may submit purchase applications and payment to a Federal Reserve Bank or Branch on behalf of customers.

(c) *Registration.* Bonds may be registered in any authorized form in accordance with Subpart B of Circular No. 3-80.

(d) *Dating.* Bonds will be dated as of the first day of the month in which an authorized issuing agent receives a properly executed purchase application and payment in immediately available funds, or, if payment is made by a financial institution through the Treasury tax and loan account, the first day of the month in which that account is credited.

#### § 352.7 Issues on exchange.

(a) *Securities eligible for exchange.* Owners may exchange United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares) at their current redemption values for Series HH bonds. Series E bonds are eligible for exchange until one year after their final maturity dates. Series EE bonds become eligible for

exchange six months after their issue dates.

(b) *Basis for issue.* Series HH bonds will be issued on exchange by an authorized issuing agent upon receipt of a properly executed exchange subscription with eligible securities and additional cash, if any, and any supporting evidence that may be required under the regulations. If eligible securities are submitted directly to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, each must bear a properly signed and certified request for payment. Checks in payment of any cash difference (see paragraph (d) of this section) must be drawn to the order of the Federal Reserve Bank or Branch or Bureau of the Public Debt.

(c) *Role of financial institutions.* Department of the Treasury Circular No. 750, current revision (31 CFR Part 321), authorizes financial institutions qualified as paying agents for savings bonds and notes to redeem eligible securities presented for exchange and to forward an exchange subscription and full payment to a Federal Reserve Bank or Branch for the issue of Series HH bonds. The securities redeemed on exchange by such an institution must be securities which it is authorized to redeem for cash.

(d) *Computation of issue price.* The total current redemption value of the eligible securities submitted in exchange in any one transaction must be \$500 or more. If the current redemption value is an even multiple of \$500, Series HH bonds must be requested in that exact amount. If the total current redemption value exceeds, but is not an even multiple of, \$500, the owner has the option either of furnishing the cash necessary to obtain Series-HH bonds at the next highest \$500 multiple, or of receiving payment of the difference between the total current redemption value and the next lower \$500 multiple. For example, if the eligible securities presented for exchange in one transaction have a total current redemption value of \$4,253.33, the owner may elect to:

(1) Receive \$4,000 in Series HH bonds and the amount of the difference, \$253.33; or

(2) Pay the difference, \$246.67, necessary to obtain \$4,500 in Series HH bonds.

(e) *Registration.* A Series HH bond issued on exchange may be registered in any authorized form (see Subpart B of Circular No. 3-80), subject to the following restrictions:

(1) If the securities submitted in exchange are in single ownership form, the owner must be named as owner or first-named co-owner on the Series HH bonds. A co-owner or beneficiary may be named.

(2) If the securities submitted in exchange are in coownership form, and one coowner is the "principal coowner," the "principal coowner" must be named as owner or first-named coowner. A beneficiary or coowner may also be named. The "principal coowner" is a coowner who (i) purchased the securities submitted for exchange with his or her own funds, or (ii) received them as a gift, inheritance or legacy, or as a result of judicial proceedings, and had them reissued in coownership form, provided he or she has received no contribution in money or money's worth for designating the other coowner on the securities.

(3) If the securities submitted in exchange are in coownership form and both coowners shared in the purchase of the securities or received them jointly as a gift, inheritance or legacy, or as a result of judicial proceedings, both persons must be named as coowners on the Series HH bonds.

(4) If the securities submitted in exchange are in beneficiary form, the owner must be named on the Series HH bonds as owner or first-named coowner. If the owner is deceased, a surviving beneficiary must be named as owner or first-named coowner. In either case, a coowner or beneficiary may be named.

A reissue that affects the rights of any of the persons required to be named on the Series HH bond may have a tax consequence.

(f) *Dating.* Series HH bonds issued on exchange will be dated as of the first day of the month in which the eligible securities presented for exchange are redeemed by a Federal Reserve Bank, the Bureau of the Public Debt, or a qualified paying agent, as evidenced by the payment stamp on the bonds and subscription form.

(g) *Tax-deferred exchanges.*—(1) *Continuation of tax-deferral.* Pursuant to the provisions of Section 1037(a) of the Internal Revenue Code of 1954, as amended, an owner who has not been reporting the interest on his or her Series E or EE savings bonds and savings notes on an accrual basis, for Federal income tax purposes, and who exchanges those securities for Series HH bonds, may continue to defer reporting the interest on the securities exchanged until the taxable year in which the Series HH bonds received in the exchange reach final maturity, are redeemed, or are otherwise disposed of, whichever is earlier.

(2) *Tax-deferral legend.* Each bond issued on a tax-deferred exchange shall bear a legend showing how much of its issue price represents interest on the securities exchanged. This interest must

be treated as income for Federal income tax purposes and reported in accordance with paragraph(g)(1) of this section.

(3) *Reporting of interest for any difference paid on exchange.* The amount of any difference paid to the owner (see paragraph (d)(1) of this section) must be treated as income for Federal income tax reporting purposes for the year in which it is received, up to the amount of the total interest on the securities exchanged.

(h) *Exchanges without tax-deferral.* The rules prescribed for exchanges under paragraphs (a) through (f) of this section also apply to exchanges by owners who (1) report the interest on their bonds of Series E and EE and savings notes annually for Federal income tax purposes; (2) elect to report all such interest in the year of the exchange, regardless of whether or not it exceeds the amount of any cash difference received (see paragraph (d)(1) of this section); or (3) are tax-exempt under the provisions of the Internal Revenue Code of 1954, as amended. However, no amount will appear in the tax-deferral legend printed on the bond, and any part of the cash difference received (see paragraph (d)(1) of this section) which represents interest previously reported for Federal income tax purposes need not be treated as income.

#### § 352.8 Reinvestment of matured Series H bonds.

(a) *General.* The face amount of Series H bonds purchased for cash that have reached final maturity may be reinvested in Series HH bonds. The Series H bonds, bearing properly signed and certified requests for payment, must be submitted to a Federal Reserve Bank or Branch or the Bureau of the Public Debt with a reinvestment application.

(b) *Rules.* The reinvestment transaction will be subject to the rules governing exchanges, as set forth in § 352.7, and the Series HH bonds issued on reinvestment will be identical in all respects with those issued on a non-tax-deferred exchange.

#### § 352.9 Delivery of bonds.

Authorized issuing agents will deliver Series HH bonds either (a) over-the-counter, or (b) by mail. Mail deliveries are made at the risk and expense of the United States to the address given by the purchaser, if it is within the United States, one of its territories or possessions, or the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made. Bonds purchased by a citizen of the United States residing abroad will be delivered

only to such address in the United States as the purchaser directs.

#### § 352.10 Taxation.

The interest paid on Series HH bonds is subject to all taxes imposed under the Internal Revenue Code of 1954, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest by any State, any of the possessions of the United States, or any local taxing authority.

#### § 352.11 Reservation as to issue of bonds.

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, is authorized to reject any application for Series HH bonds, in whole or in part, and to refuse to issue or permit to be issued any bonds in any case or class of cases, if he deems the action to be in the public interest, and his action in such respect is final.

#### § 352.12 Waiver.

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, may waive or modify any provision of this circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship (a) if such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

#### § 352.13 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his delegate, in connection with the issue, servicing and redemption of Series HH bonds.

#### § 352.14 Reservation as to terms of offer.

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

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HH BONDS BEARING ISSUE DATES BEGINNING JANUARY 1, 1980 PURCHASED BY CASI

| ISSUE PRICE                   | \$500.00 | \$1,000.00 | \$5,000.00 | \$10,000.00 | APPROXIMATE INVESTMENT YIELD<br>(ANNUAL PERCENTAGE RATE<br>ASSUMING EARLY REDEMPTION)* |
|-------------------------------|----------|------------|------------|-------------|--|
| MATURITY VALUE                | 500.00   | 1,000.00   | 5,000.00   | 10,000.00   |  |
| AMOUNT OF EACH INTEREST CHECK | 16.25    | 32.50      | 162.50     | 325.00      |  |

  

| PERIOD OF TIME BOND IS HELD<br>AFTER ISSUE DATE<br>(YEARS AND MONTHS) | (1) REDEMPTION VALUE OF BOND | (2) FROM<br>ISSUE TO<br>EACH<br>INTEREST<br>PAYMENT<br>DATE | (3) FOR<br>HALF-YEAR<br>PERIOD<br>PRECEDING<br>INTEREST<br>PAYMENT<br>DATE | (4) FROM<br>EACH<br>INTEREST<br>PAYMENT<br>DATE TO<br>MATURITY |
|---|------------------------------|---|--|--|
| 0-6 TO 1-0  | 493.75                       | 987.50  | 4937.50  | 9875.00  |
| 1-0 TO 1-6  | 489.94                       | 979.89  | 4899.40  | 9798.80  |
| 1-6 TO 2-0  | 486.10                       | 972.20  | 4861.00  | 9722.00  |
| 2-0 TO 2-6  | 481.37                       | 963.74  | 4813.70  | 9637.40  |
| 2-6 TO 3-0  | 478.35                       | 956.70  | 4783.50  | 9567.00  |
| 3-0 TO 3-6  | 475.11                       | 950.22  | 4751.10  | 9502.20  |
| 3-6 TO 4-0  | 472.07                       | 944.14  | 4720.70  | 9441.40  |
| 4-0 TO 4-6  | 474.08                       | 948.16  | 4740.80  | 9481.60  |
| 4-6 TO 5-0  | 482.29                       | 964.58  | 4822.90  | 9645.80  |
| 5-0 TO 5-6  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 5-6 TO 6-0  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 6-0 TO 6-6  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 6-6 TO 7-0  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 7-0 TO 7-6  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 7-6 TO 8-0  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 8-0 TO 8-6  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 8-6 TO 9-0  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 9-0 TO 9-6  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 9-6 TO 10-0   | 500.00                       | 1000.00   | 5000.00  | 10000.00   |
| 10-0  | 500.00                       | 1000.00   | 5000.00  | 10000.00   |

\*THE YIELD FROM ISSUE TO MATURITY IS 6.5%.

44 BONDS BEARING INTEREST DATES BEGINNING JANUARY 1, 1980 (ISSUED IN EXCHANGE FOR ACCRUAL-TYPE BONDS/DIPS)

| ISSUE PRICE                   | \$500.00 | \$1,000.00 | \$5,000.00 | \$10,000.00 | APPROXIMATE INVESTMENT YIELD<br>(ANNUAL PERCENTAGE RATE<br>ASSUMING EARLY REDEMPTION)* |
|-------------------------------|----------|------------|------------|-------------|--|
| MATURITY VALUE                | 500.00   | 1,000.00   | 5,000.00   | 10,000.00   |  |
| AMOUNT OF EACH INTEREST CHECK | 16.25    | 32.50      | 162.50     | 325.00      |  |

  

| PERIOD OF TIME BOND IS HELD<br>AFTER ISSUE DATE<br>(YEARS AND MONTHS) | (1) REDEMPTION VALUE (OF \$100) | (2) FROM<br>ISSUE TO<br>EACH<br>INTEREST<br>PAYMENT<br>DATE | (3) FOR<br>HALF-YEAR<br>PERIOD<br>PRECEDING<br>INTEREST<br>PAYMENT<br>DATE | (4) FROM<br>EACH<br>INTEREST<br>PAYMENT<br>DATE TO<br>MATURITY |
|---|---------------------------------|---|--|--|
| 0-6 TO 1-0  | 500.00                          | PERCENT 6.50  | PERCENT 6.50   | PERCENT 6.50   |
| 1-0 TO 1-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 1-6 TO 2-0  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 2-0 TO 2-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 2-6 TO 3-0  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 3-0 TO 3-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 3-6 TO 4-0  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 4-0 TO 4-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 4-6 TO 5-0  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 5-0 TO 5-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 5-6 TO 6-0  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 6-0 TO 6-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 6-6 TO 7-0  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 7-0 TO 7-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 7-6 TO 8-0  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 8-0 TO 8-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 8-6 TO 9-0  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 9-0 TO 9-6  | 500.00                          | 6.50  | 6.50   | 6.50   |
| 9-6 TO 10-0   | 500.00                          | 6.50  | 6.50   | 6.50   |
| 10-0  | 500.00                          | 6.50  | 6.50   | 6.50   |

\*THE YIELD FROM ISSUE TO MATURITY IS 6.5%.

# federal register

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Friday  
December 14, 1979

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## Part IV

### Department of the Treasury

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Fiscal Service, Bureau of Public Debt

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Offering of United States Savings Bonds,  
Series EE

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~~Dept. Circular, Public Debt Series No. 1-80~~

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Dept. Circular, Public Debt Series No. 1-80

## DEPARTMENT OF THE TREASURY

## Bureau of the Public Debt

## 31 CFR Part 351

## Offering of United States Savings Bonds, Series EE

**AGENCY:** Fiscal Service, Department of the Treasury.

**ACTION:** Final rule.

**SUMMARY:** This part, which contains the terms and conditions of the offering of United States Savings Bonds of Series EE, is being published in final form. These bonds will be offered for sale as of January 1, 1980. United States Savings Bonds of Series E are being withdrawn from sale. Their over-the-counter sale will be terminated as of December 31, 1979, and issues under payroll savings plans will be terminated as of June 30, 1980.

**EFFECTIVE DATE:** January 1, 1980

**FOR FURTHER INFORMATION CONTACT:** Mr. Charles A. Guerin, Assistant Chief Counsel, Bureau of the Public Debt, 202-376-0243.

**SUPPLEMENTARY INFORMATION:** For the most part, Series EE bonds resemble and are patterned after bonds of Series E. There are, however, several significant differences between the two series.

Series EE bonds will be identified as Energy Savings Bonds. An energy bonus of one-half of one percent is being offered on each Series EE bond that is held until maturity. This bonus becomes fixed as a part of the maturity value and is payable upon redemption at or after maturity. It increases the effective yield on bonds held to maturity to 7 percent.

The issue price of a Series EE bond is 50 percent of the face amount, whereas the Series E bond sold at 75 percent of face amount.

The term of the Series EE bond is 11 years, in contrast to the 5-year term of Series E bonds. However, the yield on both series is 6½ percent, compounded semiannually, if the bonds are held for a minimum of 5 years. The energy bonus raises the yield on bonds held for 11 years.

The Series EE bond denominations do not include a \$25 bond. The smallest denomination is \$50, for which the issue price is \$25.

Series EE bonds are eligible for redemption after six months, whereas Series E bonds are eligible after two months. This change will improve the cost effectiveness of the Savings Bond Program.

Series EE bonds may be exchanged for Series HH bonds at any time after six months from issue.

The annual limitation on purchases of Series EE bonds is \$30,000 (face amount), an increase over the annual limitation for Series E bonds.

The regulations (Department of the Treasury Circular, Public Debt Series No. 3-80 (31 CFR, Part 353)) provide that the consent of the beneficiary is not required for the reissue of Series EE bonds in beneficiary form.

The Secretary of the Treasury hereby makes the following offering of the United States Savings Bonds of Series EE, which is Part 351 of Title 31, Code of Federal Regulations.

Since this offering involves the fiscal policy of the United States and does not meet the Department's criteria for significant regulations, it has been determined that notice and public procedures are unnecessary.

Dated: December 7, 1979.

Paul H. Taylor,  
Fiscal Assistant Secretary.

A new Part 351 is added to read as set forth below:

## PART 351—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES EE

| Sec.   |                                   |
|--------|-----------------------------------|
| 351.0  | Offering of bonds.                |
| 351.1  | Governing regulations.            |
| 351.2  | Description of bonds.             |
| 351.3  | Registration and issue.           |
| 351.4  | Limitation on purchases.          |
| 351.5  | Purchase of bonds.                |
| 351.6  | Delivery of bonds.                |
| 351.7  | Payment or redemption.            |
| 351.8  | Taxation.                         |
| 351.9  | Reservation as to issue of bonds. |
| 351.10 | Waiver.                           |
| 351.11 | Fiscal agents.                    |
| 351.12 | Reservation as to terms of offer. |

**Authority:** Sec. 22, Second Liberty Bond Act, as amended, 49 Stat. 21, as amended (31 U.S.C. 757c); (5 U.S.C. 301.)

**Source:** Department of the Treasury Circular, Public Debt Series No. 1-80.

## PART 351—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES EE

## § 351.0 Offering of bonds.

The Secretary of the Treasury offers for sale to the people of the United States, United States Savings Bonds of Series EE, hereinafter referred to as "Series EE bonds" or "bonds." This offer, effective as of January 1, 1980, will continue until terminated by the Secretary of the Treasury.

## § 351.1 Governing regulations.

Series EE bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed,

governing United States Savings Bonds of Series EE and HH, contained in Department of the Treasury Circular, Public Debt Series No. 3-80 (31 CFR Part 353), hereinafter referred to as Circular No. 3-80.

## § 351.2 Description of bonds.

(a) *General.* Series EE bonds are issued only in registered form and are nontransferable.

(b) *Denominations and prices.* Series EE bonds are issued on a discount basis. The denominations and issue prices are:

| Denomination: | Issue price |
|---------------|-------------|
| \$50.....     | \$25.00     |
| \$75.....     | \$37.50     |
| \$100.....    | \$50.00     |
| \$200.....    | \$100.00    |
| \$500.....    | \$250.00    |
| \$1,000.....  | \$500.00    |
| \$5,000.....  | \$2,500.00  |
| \$10,000..... | \$5,000.00  |

(c) *Term.* The issue date of a Series EE bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent. The bond matures 11 years from its issue date.

(d) *Redemption.* A Series EE bond may be redeemed after six months from issue date at fixed redemption values. See Table 1. The Secretary of the Treasury may not call Series EE bonds for redemption prior to maturity.

(e) *Interest (investment yield).*—(1) *Rate of interest.* The investment yield (interest) is approximately 6½ percent per annum, compounded semiannually, if the bond is held for a minimum of five years. The yield is less if the bond is redeemed earlier.

(2) *Energy bonus.* An energy bonus of one-half of one percent will be added to the redemption value of any Series EE bond held to maturity. With the bonus, the overall investment yield will be approximately 7 percent per annum, compounded semiannually.

(3) *Accrual and payment of interest.* Interest accrues on a Series EE bond and becomes a part of the redemption value which is paid when the bond is cashed. The redemption value of a bond increases on the first day of each month from the third through the thirtieth month after issue, and thereafter on the first day of each successive six-month period. The interest on outstanding bonds ceases to accrue after final maturity.

## § 351.3 Registration and issue.

(a) *Registration.* Bonds may be registered in the names of natural persons in single ownership, co-ownership, or beneficiary form. Bonds may also be registered in the names of organizations and fiduciaries. Specific

rules and examples are contained in Subpart B of Circular No. 3-80.

(b) *Validity of issue.* A bond is validly issued when it (1) is registered as provided in Circular No. 3-80; and (2) bears an issue date and the validation indicia of an authorized issuing agent.

(c) *Taxpayer identifying number.* The inscription of a bond must include the taxpayer identifying number of the owner or first-named co-owner. The taxpayer identifying number of the second-named co-owner or beneficiary is not required but its inclusion is desirable. If the bond is being purchased as a gift or award and the owner's taxpayer identifying number is not known, the taxpayer identifying number of the purchaser and the word "GIFT" must be included in the inscription.

(d) *Restrictions on chain letters.* The issuance of bonds in the furtherance of a chain letter or pyramid scheme is considered to be against the public interest and is prohibited. An issuing agent is authorized to refuse to issue a bond if there is reason to believe that the purchase is in connection with a chain letter and its decision is final.

#### § 351.4 Limitation on purchases.

The amount of Series EE bonds which may be purchased and held in the name of any one person in any one calendar year is limited to \$30,000 (face amount). Subpart C of Circular No. 3-80 contains the rules governing the computation of amounts and the special limitation for employee plans.

#### § 351.5 Purchase of bonds.

(a) *Payroll plans.* Bonds may be purchased through deductions from the pay of employees of organizations which maintain payroll savings plans. The bonds must be issued by an authorized issuing agent, which may be the employer organization or a financial institution or the Federal Reserve Bank or Branch servicing that organization.

(b) *Over-the-counter/mail.*—(1) *At financial institutions.* Bonds registered in the names of individuals in their own right may be purchased over-the-counter or by mail from any financial institution, i.e., bank, savings and loan association, etc., qualified as an issuing agent.

(2) *At Federal Reserve Banks or Branches and the Bureau of the Public Debt.*—(i) *General.* Bonds registered in any authorized form may be purchased over-the-counter or by mail from a Federal Reserve Bank or Branch, and from the Bureau of the Public Debt, Washington, D.C. 20226.

(ii) *Remittance.* The application for purchase of a bond from a Federal Reserve Bank or Branch or from the Bureau of the Public Debt, Washington,

D.C. 20226, must be accompanied by the remittance to cover the issue price.

Checks or other forms of exchange, which will be accepted subject to collection, should be drawn to the order of the Federal Reserve Bank or the Bureau of the Public Debt, as the case may be. Checks payable by endorsement are not acceptable.

(3) *Payment with savings stamps.* Savings stamps will be accepted in payment for Series EE bonds purchased over-the-counter or by mail.

(c) *Bond-a-month plan.* A depositor of a financial institution qualified as an issuing agent may purchase bonds through a system of regular monthly withdrawals from the depositor's account.

(d) *Employee thrift, savings, vacation, and similar plans.* Bonds registered in the names of trustees of employee plans may be purchased either (1) from a Federal Reserve Bank or Branch, or (2) from a financial institution which:

(i) Is a qualified issuing agent;

(ii) Has been designated trustee of an approved employee plan eligible for the special limitation under § 353.13 of Circular No. 3-80; and

(iii) Has obtained prior approval to issue the bonds from the Federal Reserve Bank of the agent's district.

#### § 351.6 Delivery of bonds.

Issuing agents are authorized to deliver Series EE bonds either over-the-counter or by mail. Mail deliveries are made at the risk and expense of the United States to the address given by the purchaser, if it is within the United States, its territories or possessions, or the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made, except to residents of Mexico and Canada who participate in payroll savings plans and to residents of what was formerly the Panama Canal Zone. Bonds purchased by a citizen of the United States residing abroad will be delivered only to such address in the United States as the purchaser directs.

#### § 351.7 Payment or redemption.

(a) *Incorporated banks, savings and loan associations, and other financial institutions.* A financial institution qualified as a paying agent under the provisions of Department of the Treasury Circular No. 750 (31 CFR Part 321), will pay the current redemption value of a Series EE bond presented for payment by an individual whose name is inscribed on the bond as owner or co-owner, provided: (1) The bond is in order for payment and (2) the presenter establishes his or her identity to the satisfaction of the agent, in accordance with Treasury instructions and

identification guidelines, and signs and completes the request for payment.

(b) *Federal Reserve Bank and Branches and the Bureau of the Public Debt.* A Federal Reserve Bank or Branch or the Bureau of the Public Debt will pay the current redemption value of a Series EE bond presented for payment, provided the bond is in order for payment and the request for payment is properly signed and certified in accordance with Circular No. 3-80.

#### § 351.8 Taxation.

(a) *General.* The increment in value, represented by the difference between the price paid for a Series EE bond and the redemption value received for it, is interest. This interest is subject to all taxes imposed under the Internal Revenue Code of 1954, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or interest by any State, any possession of the United States or any local taxing authority.

(b) *Federal income tax on bonds.* The owner of a Series EE bond may use either of the following two methods for reporting the increase in the redemption value of the bond for Federal income tax purposes:

(1) *Cash basis.* Defer reporting the increase to the year of final maturity, redemption, or other disposition, whichever is earlier; or

(2) *Accrual basis.* Elect to report the increase each year as it accrues, in which case the election applies to all Series EE bonds then owned by the taxpayer and those subsequently acquired, as well as to any other obligations purchased on a discount basis, such as those of Series E.

If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting unless he or she obtains permission from the Internal Revenue Service. For further information, the District Director of the taxpayer's district, or the Internal Revenue Service, Washington, D.C. 20224, should be consulted.

(c) *Tax-deferred exchanges.* Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352), authorizes the exchange of Series EE bonds for Series HH bonds with a continuation of the tax-deferral privilege. The rules governing tax-



deferred exchanges are contained in that Circular.

(d) *Reissue*. A reissue that affects the rights of any of the persons named on a Series EE bond may have a tax consequence.

**§ 351.9 Reservation as to issue of bonds.**

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, is authorized to reject any application for Series EE bonds, in whole or in part, and to refuse to issue or permit to be issued any bonds in any case or class of cases, if he deems the action to be in the public interest, and his action in any such respect is final.

**§ 351.10 Waiver.**

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, may waive or modify any provision of this circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship (a) if such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

**§ 351.11 Fiscal agents.**

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his delegate, in connection with the issue, servicing and redemption of Series EE bonds.

**§ 351.12 Reservation as to terms of offer.**

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

[FR Doc. 79-38211 Filed 12-13-79; 8:45 am]

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