



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT

DALLAS, TEXAS 75222

December 31, 1985

Circular 85-156

TO: The Chief Executive Officer of all
depository institutions in the
Eleventh Federal Reserve District

SUBJECT

**Proposed regulations for Treasury securities to be held in the new
Treasury Direct Access Book-Entry System (T-DAB).**

DETAILS

The Department of the Treasury is requesting comments on the proposed regulations for Treasury securities to be held in its new Treasury Direct Access Book-Entry System (T-DAB). The new system, which is scheduled for implementation in July 1986, will complete the Department of the Treasury's goal of issuing all marketable securities exclusively in book-entry form.

ATTACHMENTS

Attached is a copy of the Department of the Treasury's request for comment on the proposed regulations for Treasury securities to be held in the Treasury Direct Access Book-Entry System (T-DAB). Comments must be received at the office of the Chief Counsel, Bureau of the Public Debt, E Street Building, Washington, D.C. 20239-0001, on or before January 16, 1986.

MORE INFORMATION

For further information, please contact Tyrone Gholson (214) 651-6263 at the Head Office; Robert W. Schultz (915) 544-4730 at the El Paso Branch; Luke E. Richards (713) 659-4433 at the Houston Branch; or Tony Valencia (512) 224-2141 at the San Antonio Branch.

Sincerely yours,

A handwritten signature in cursive script that reads "William H. Wallace".

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE
December 2, 1985

CONTACT: Art Siddon
(202) 566-5252

TREASURY PUBLISHES PROPOSED REGULATIONS FOR BOOK-ENTRY ACCOUNTS

The Department of the Treasury today published proposed regulations for Treasury securities to be held in its new Treasury Direct Access Book-Entry System (referred to in the regulations as T-DAB) that is currently under development. The proposed regulations will be open for public comment for 45 days.

The new system governed by these regulations is to be known as the TREASURY DIRECT system and is scheduled to be implemented in July 1986. As of the implementation date, investors will be able to obtain new issues of Treasury bonds and notes in book-entry form only, but will have the option of holding their securities through the new TREASURY DIRECT system or through the existing commercial book-entry system. Treasury bills, which are already offered exclusively in book-entry form, will be available through the new system in 1987.

The proposed regulations provide investors with a variety of registration options, essentially similar to those provided today for registered definitive (paper) securities. The new rules also provide for a number of substantive improvements. In addition to the change to an exclusively book-entry environment, payments of interest and principal will be made through the use of an electronic funds transfer system. Investors will also have the use of a single master account for holding all their investments in Treasury bills, notes, and bonds.

Implementing the new system will complete the Department's goal of issuing all marketable securities exclusively in book-entry form. After implementation of the TREASURY DIRECT system, no new issues of bonds and notes will be available in definitive form.

The proposed regulations published today address only those securities to be held in the TREASURY DIRECT system. However, the Department noted that revised regulations governing the commercial part of the book-entry system will also be published in proposed form, for public comment, in the near future.

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DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 357

Book-Entry Treasury Bonds, Notes and Bills

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Bureau of the Public Debt plans to issue Treasury bonds and Treasury notes only in book-entry form, beginning on or after July 1, 1986. This action will complete the Department's plan, initiated in 1976 with Treasury bills, to offer marketable Treasury securities only in the form of book entries.

The proposed rule will, upon a final adoption, govern a revised book-entry system covering all marketable Treasury securities issued on or after certain dates specified in these regulations, or in the Department's announcement of security offerings.

The part of the rule set out here for comment applies only to securities to be held in the Treasury Direct Access Book-entry Securities System (T-DAB). The commercial counterpart thereof, referred to herein as the Treasury/Federal Reserve Book-entry Securities System (T-FED), will continue, with some modifications, the book-entry Treasury securities system currently being maintained through Federal Reserve Banks. The rulemaking for T-FED will be published separately for comment in the near future.

DATE: Comments must be received on or before January 16, 1986.

ADDRESS: Send comments to the Office of the Chief Counsel, Bureau of the Public Debt, E Street Building, Washington, DC 20239-0001.

FOR FURTHER INFORMATION CONTACT: Cynthia Reese, Attorney-Adviser (202)-376-4320, or John E. Logue, Attorney-in-Charge (202)-447-9859.

SUPPLEMENTARY INFORMATION: Interested persons are invited to

participate in this rulemaking by submitting written comments and suggestions. Those received before the expiration of the comment period will be considered in the preparation of the final rule. No public hearing is contemplated, but if written requests for a hearing are received, and if it is determined that the rulemaking process will be clearly enhanced by oral presentation, a hearing will be scheduled.

Discussion of Proposed Rule

General

The proposed rule would establish and govern the Treasury Direct Access Book-entry Securities System (T-DAB). The System will provide a new and expanded procedure for holding marketable Treasury bonds, notes, and bills. The offering of Treasury bonds and notes exclusively in book-entry form will begin in mid-1986, and these securities will, thereafter, no longer be offered in definitive, i.e., physical, form. Treasury bills, which are already only available in book-entry form, will be added to the T-DAB system, on a phased-in basis, during 1986-7.

T-DAB permits investors to have their book-entry securities maintained on a direct access basis by the Treasury. It is anticipated that most marketable Treasury securities will continue to be held in the Treasury/Federal Reserve Book-entry Securities System (T-FED). Securities held in T-DAB must be transferred to the commercial T-FED system in order to be sold in the market or pledged.

The explanatory material provided below describes the principal regulatory features of T-DAB. Since the rule represents a significant departure from the present book-entry system for Treasury bills, administered by the Bureau of the Public Debt, investors holding securities in that system are urged to gain familiarity with the substantive provisions of this rule.

The rule, as mentioned, contains only the proposed regulations that apply to T-DAB, as set out in Subpart C. The definitions set out in Subpart A are those that have application to T-DAB. Omitted from rulemaking at this time are Subpart B, which governs the commercial T-FED system, the definition that apply thereto, and other provisions of Subpart A.

T-DAB Securities Account

T-DAB utilizes computer technology to facilitate the process of purchasing, holding and servicing marketable Treasury securities. For the investor, its principal feature is the T-DAB account.

This feature will provide the basis for T-DAB to hold all Treasury bonds, notes, and bills that the investor wishes to own in the same form of registration. Also, once an account has been established, it will be possible to add securities to it without creating new accounts. At the same time, investors will be able to establish separate accounts to assure that other interests can be represented.

Each account will have the following special features:

- It will create ownership rights through the form of registration in which the securities are held.

- It will require the designation of a financial institution to receive direct deposit, i.e., electronic funds transfer, for payments on account of the securities held in T-DAB.

The account will have to be established at or before the purchase of the first security to be held in T-DAB. The account information can be verified by the account-holder through examination of a Statement of Account which will be provided after the account is created. Changes in the account can be made upon submission of an appropriate transaction request. A Statement of Account will be issued each time a change in the account has occurred, such as the addition of new securities, change of address, etc.

Forms of Registration

The proposed rule provides the investor with a variety of registration options. They are essentially similar to those provided for registered, definitive marketable Treasury securities. Investors should be particularly aware that, where the security is held in the names of two individuals, the registration chosen may establish rights of survivorship.

The reason for establishing the rights of ownership for securities held in T-DAB is that it will give investors the assurance that the forms of registration they select will establish conclusively the rights to their book-entry securities. It will also serve to eliminate some of the uncertainties, as well as possible conflicts, between the varying laws of the several States.

A Federal rule of ownership is being adopted by the Treasury for T-DAB securities. This regulatory approach is consistent with the one previously taken in the case of United States Savings Bonds. It will have the effect of overriding inconsistent State laws. See, *Free v. Bland*, 369 U.S. 663 (1962).

In the case of individuals (who are likely to be by far the majority of holders of securities in T-DAB), the options offered will permit virtually all

the preferred forms of ownership. At the investor's option, it will be possible to provide for the disposition of the securities upon death through rights of survivorship.

- *Coownership registration.* One option is the coownership form of registration, i.e., "A or B." Unlike the current Treasury bill book-entry system being administered by the Bureau of the Public Debt, a security held in T-DAB registered in this form will be transferable upon the written request of either coowner. Other changes in the account may also be made upon the request of either party. While this form of registration will facilitate the receipt of payments and provide ease in conducting transactions, care should obviously be exercised in designating a coowner.

- *Joint ownership.* For those who would prefer to have the transferability of a security held in two names contingent upon the request of both, the joint form of registration will be appropriate. This form of registration, i.e., "A and B, with [without] the right of survivorship," will require the agreement of both parties to conduct any authorized transaction.

- *Beneficiary form.* The beneficiary form, i.e., "A payable on death to (POD) B" will permit the owner to have sole control of the account during his/her lifetime, but in the event of death, the account will pass by right of survivorship to the beneficiary.

Direct Deposit for T-DAB Payments

T-DAB investors will be required, in virtually all cases, to designate a financial institution to receive payments on account of their securities. Each investor must identify the institution to which payments are to go, by furnishing its American Bankers Association (ABA) routing/transit number, and designating the account to which the payments are to be credited. This will enable payments to be directly deposited by electronic funds transfer (sometimes referred to as ACH) to the named institution for the account of the T-DAB owner.

The direct deposit payment mechanism will make possible the use of the economies of, and achieve the safety associated with, payments in that form. Checks will be issued only in those rare cases where direct deposit is not feasible.

The direct deposit system to be used for T-DAB payments will differ from the procedures used for Federal recurring benefit payments. The principal difference is that no written agreement from the institution will have to be submitted to T-DAB. Instead, T-DAB

will use the designation provided by the investor to send payments to the designated institution.

T-DAB, in administering direct deposit, will rely on a "pre-notification" procedure. Once an account has been established, and shortly before the first payment thereon is to occur, T-DAB will send to the financial institution a pre-notification wire to alert it to the fact that a future direct deposit will be made. All the information relating to the direct deposit, except the amount of the payment, will be provided, so that the information can be verified by the institution.

All financial institutions that have agreed under Title 31, Code of Federal Regulations, Part 210, to receive Federal government recurring payments, such as for social security benefits, on a direct deposit basis will be deemed, upon designation by the investor, to be an authorized recipient for T-DAB payments.

Investor Responsibility

A critical responsibility will be placed on the investor to protect his/her investment plan. To protect the rights of survivorship prescribed by the registration of the security, the investor should make certain that there is a correlation between the ownership of the T-DAB account and the deposit account to which payments are directed.

Voluntary Guardianship

The proposed regulations provide for the recognition of a voluntary guardian where the owner of T-DAB securities is unable, because of physical or mental disability, to conduct his/her financial affairs, and no legal guardian has been appointed for such individual. The Department of the Treasury will recognize a member of the family, or some other appropriate individual, to act as voluntary guardian, for the owner, provided the latter holds not more than a total of \$20,000 (face amount) of T-DAB securities. To protect the investor, an agreement to designate a voluntary guardian will be required of all persons and parties determined to have an interest in the investor's estate.

Judicial Proceedings

Under the principle of sovereign immunity, neither the Department nor a Federal Reserve Bank, acting as fiscal agent of the United States, will recognize a court order that attempts to restrain or enjoin the Department or a Federal Reserve Bank from making payment on a security or from disposing of a security in accordance with instructions of the owner as shown on the Department's records.

The Department will recognize a final court order affecting ownership rights in T-DAB securities provided that the order is consistent with the provisions of Subpart C and the terms and conditions of the security, and the appropriate evidence, as described in § 357.23(c), is supplied to the Department. For example, the Department may recognize final orders arising from divorce or dissolution of marriage, creditor or probate proceedings, or cases involving application of a State slayer's act. The Department will also recognize a transaction request submitted by a person appointed by a court and having authority under an order of a court to dispose of the security or payments with respect thereto, provided conditions similar to those above are met.

Procedural Requirements

This proposed rule is not considered a "major rule" for purposes of Executive Order 12291. A regulatory impact analysis, therefore, is not required.

Although this rule is being issued in proposed form to secure the benefit of public comment, the notice and public procedures of the Administrative Procedure Act are inapplicable, pursuant to 5 U.S.C. 553(a)(2). As no notice of proposed rulemaking is required, the provisions of the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*) do not apply.

The collection of information requirements contained in this rule have been submitted to the Office of Management and Budget for review under section 3504(h) of the Paperwork Reduction Act of 1980. Comments on those requirements should be sent to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503. *Attention:* Desk Officer for the Bureau of the Public Debt. The Bureau also requests that copies of such comments be sent to its address, as specified above.

List of Subjects in 31 CFR Part 357

Electronic funds transfer, Federal Reserve System, Government securities.

Dated: November 21, 1985.

Gerald Murphy,

Acting Fiscal Assistant Secretary.

Part 357 currently contains regulations covering claims pursuant to the Government Losses In Shipment Act. Those regulations will be transferred to another part in 31 CFR in the future. Therefore, a new Part 357 would be added to Subchapter B of Title 31, Code of Federal Regulations, Chapter II, and issued as Department of the Treasury

Circular, Public Debt Series No. 2-86, to read as follows:

PART 357—REGULATIONS GOVERNING BOOK-ENTRY TREASURY BONDS, NOTES AND BILLS

Subpart A—General Information

Sec.

357.0-357.3 [Reserved]

357.4 Definitions.

Subpart B—Treasury/Federal Reserve Book-entry Securities System (T-FED) [Reserved]

Subpart C—Treasury Direct Access Book-entry Securities System (T-DAB)

357.20 An account in T-DAB.

357.21 Registration.

357.22 Transfers.

357.23 Judicial Proceedings—sovereign immunity.

357.24 Availability and disclosure of T-DAB records.

357.25 Security interests.

357.26 Payments.

357.27 Reinvestment.

357.28 Transaction requests.

357.29 Time required for processing transaction request.

357.30 Cases of delay or suspension of payment.

357.31 Certifying individuals.

357.32 Submission of transaction requests; further information.

Subpart D—Additional Provisions

357.40 Additional requirements.

357.41 Waiver of regulations.

357.42 Preservation of existing rights.

357.43 Liability of Department and Federal Reserve Banks.

357.44 Liability for transfers to and from T-DAB.

357.45 Supplements, amendments, or revisions.

Authority: 31 U.S.C. Chapter 31; 12 U.S.C. 391.

Subpart A—General Information

§§ 357.0 through 357.3 [Reserved]

§ 357.4 Definitions.

In this part, unless the context indicates otherwise:

"Bill" means an obligation of the United States, with a term of not more than one year, issued at a discount, under Chapter 31 of Title 31 of the United States Code, in book-entry form.

"Bond" means an obligation of the United States, with a term of more than ten years, issued under Chapter 31 of Title 31 of the United States Code, in book-entry form.

"Department" means the United States Department of the Treasury.

"Depository institution" means an entity described in Section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b)). Under section 19(b) of the Federal

Reserve Act, the term "depository institution" includes:

(a) Any insured bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(b) Any mutual savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(c) Any savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(d) Any insured credit union as defined in 12 U.S.C. 1752 or any credit union which is eligible to make application to become an insured institution under 12 U.S.C. 1781;

(e) Any member as defined in 12 U.S.C. 1422;

(f) Any insured institution as defined in 12 U.S.C. 1724 or any credit union which is eligible to make application to become an insured credit union under 12 U.S.C. 1726; and

(g) For the purpose of 12 U.S.C. 248(o), 342 to 347, 347c, and 372, any association or entity which is wholly owned by or which consists only of institutions referred to in paragraphs (a) through (d) of this definition.

"Federal Reserve Bank" or "Reserve Bank" means a Federal Reserve Bank or Branch.

"Financial institution" means, for purposes of direct deposit, an institution which has agreed to receive credit payments under 31 CFR Part 210, as amended from time to time, and has not withdrawn its participation in a direct deposit program under Part 210.

"Incompetent" means an individual who is legally, medically or mentally incapable of handling his or her business affairs, except that a minor is not an incompetent solely because of age.

"Maturity value" is the amount that the Department is obligated to pay when a security matures.

"Note" means an obligation of the United States, with a term of at least one year, but of not more than ten years, issued under Chapter 31 of Title 31 of the United States Code, in book-entry form.

"Original issue" means the offering by the Department of the Treasury of a marketable Treasury security to the public and its issuance in book-entry accounts maintained either directly by the Treasury or held through a Federal Reserve Bank.

"Owner," as used in Subpart C, means the individual(s) or entity in whose name a security is registered. If a security is registered in more than one

name, the term "owner" includes all those whose names appear on the registration and are authorized by this Part to make a transaction request on a security held in T-DAB.

"Redemption" means payment of a security at maturity, or pursuant to a call for redemption in accordance with the terms of a security.

"Representative" includes an executor, administrator, legal guardian, committee, conservator, and any similar person or entity appointed by a court to represent the estate of a decedent, minor, or incompetent, as well as a trustee, whether appointed by a court otherwise.

"Security" means a bond, note, or bill, as defined in this section.

"Security interest" and "pledge" mean a limited interest in a security, acquired by a secured party to secure payment or performance of an obligation.

"Taxpayer identifying number" or "TIN" means a social security account number or an employer identification number, as appropriate.

"T-DAB" is the Treasury Director Access Book-entry Securities System.

"T-FED" is the Treasury/Federal Reserve Book-entry Securities System.

"Transaction request" means a request to effect a change in an account master record or securities portfolio maintained in T-DAB.

"Transaction request form" means a form or series of forms prescribed for use by the Department to request a transaction in T-DAB. (This term includes a document that the Department has determined contains all of the elements required by the transaction request form.)

Subpart B—Treasury/Federal Reserve Book-Entry Securities System (T-FED) [Reserved]

Subpart C—Treasury Direct Access Book-Entry Securities System (T-DAB)

§ 357.20 An account in T-DAB.

(a) *Account.* An account consists of:

- (1) An account master record, and
- (2) A securities portfolio.

(b) *Security.* A security in T-DAB is evidenced by the account master record and a description of the security as set out in the securities portfolio associated with an account master record.

(c) *Account master record.* An owner must establish an account master record before the owner may deposit a security in T-DAB. If the security is being purchased on original issue, the request that an account master record be established may be made on the form used for purchase of the security. If the

security is being acquired other than on original issue, the request that an account master record be established should be made on the appropriate form that is provided by the Department. The account master record includes, but is not limited to, the following data:

- (1) The exact form of registration in which the securities are held;
 - (2) The T-DAB account number;
 - (3) The correspondence address for the account;
 - (4) The TIN of the owner, or in the case of ownership by two individuals, of the first-named owner;
 - (5) Payment instructions. (See § 357.26.)
- (d) *Securities portfolio.* The securities portfolio contains a description of each security.
- (e) *Statement of account.* The Department shall send a statement of account ("statement") upon:
- (1) Establishment of, or a change in, an account master record or the securities portfolio;
 - (2) Change in payment instructions; or
 - (3) An owner's request.

The statement contain information regarding the account as of the date of such statement. The price associated with each security in the securities portfolio will also appear on the statement.¹ The statement will normally

¹ IRS regulations require reporting of income information on a security.

(1) If the security is a bill, the price information will be used to comply with this requirement. The earnings reported to IRS for the year of a bill's maturity will be the difference between the par value of the bill and its price.

(a) If a bill is deposited in T-DAB at original issue, the price shown will be the issue price.

(b) If a bill is transferred to T-DAB from T-FED, the price shown will be that included in the transfer wire or supplied subsequently by the bill owner. If a price is not furnished, the price shown will be the weighted average price of the bill of the longest maturity having the identical CUSIP number.

(c) If a bill is transferred from one T-DAB account to another, the price shown in the receiving (transferee's) account will be that shown on the transfer instructions or supplied subsequently by the transferee. If a price is not furnished, the price shown will be the weighted average price at original issue of the bill of the longest maturity having the identical CUSIP number, unless the term of the bill can be determined from the account record in which case the price shown will be the weighted average price at original issue of the bill with that term.

(2) If the security is a note or bond, the earnings reported to IRS for a year will be the periodic interest payments made during that year. If a note or bond is transferred to a T-DAB account between interest payment dates, the earnings reported to IRS for the transferee will show the interest for the entire interest payment period. The price for notes and bonds will be shown on the statement of account for the account owner's information. The price shown will be determined following the procedures described above for bills.

(3) The security owner should submit directly to the IRS (a) adjustments to annual earnings amounts arising from transfers of notes and bonds between

be sent to the correspondence address designated in the account master record. When the statement is issued as a result of a change in ownership of a security, statements will be sent, where appropriate, to both the former and current owners. Other information regarding the account may be obtained in accordance with § 357.24 (Approved by the Office of Management and Budget under control number ———.)

§ 357.21 Registration.

(a) *General.* (1) Registration of a security conclusively establishes ownership. See, however, paragraph (b)(3) of this section. The registration may not, except as provided in this Subpart, include any restriction on the authority of an owner to change the data in the account master record, transfer the security, or effect any other change in the securities portfolio.

(2) The registration of all securities held by an owner should be uniform with respect to the owner's name. An owner must be identified by the name by which the owner is ordinarily known, preferably including at least one full given name. A suffix, such as "Sr." or "Jr.", must be included when ordinarily used, or when necessary to distinguish members of the same family.

(3) If an additional security is deposited in an existing account, the security will be registered in the same name and form appearing in the account master record. One who holds a security as "John Allen Doe" should use that name when depositing another security rather than "J. Allen Doe", or "John A. Doe". Minor variations in names used in acquiring a security to be deposited in an established account may be resolved by the Department.

(b) *Natural persons.* A security may be registered in the names of one or two individuals, but only in one of the following forms:

(1) *Single ownership.* In the name of one individual.

Example: Robert W. Woods.

An individual who is sole proprietor of a business conducted under a trade name may include a reference to the trade name.

Example: John A. Doe, doing business as Doe's Home Appliance Store.

(2) *Ownership by two individuals.*

(i) *"And" form—Joint Ownership—(A) Without right of survivorship.* In the names of two individuals, joined by the word "and", and followed by the words "without right of survivorship". A

interest payment periods and (b) price corrections for bills reported after preparation of the reports to the IRS.

security so registered shall conclusively confer on each owner an undivided interest in the security.

Example: Elizabeth Black and Jane Brown, without right of survivorship.

Any request for registration which purports, by its terms, to preclude the right of survivorship, or which requests registration in the names of two persons without indicating whether survivorship rights attach (other than a registration under paragraph (b)(2)(ii) of this section), will be presumed to be a request for registration without right of survivorship. If a security is registered in this form, a transaction request, other than a request by one owner to transfer the security to the other owner, and other than a request for reinvestment, must be executed by both owners.

(B) *With right of survivorship.* In the names of two individuals, joined by the word "and", and followed by the words "with right of survivorship". A security so registered shall conclusively confer on each owner an undivided interest in the security and shall create a conclusive right of survivorship.

Example: Mark A. Doe and Mary B. Doe, with right of survivorship.

If a security is registered in this form, a transaction request, other than a request by one owner to transfer the security to the other owner, and other than a request for reinvestment, must be executed by both owners.

(ii) *"Or" form—Coownership.* In the names of two individuals, joined by the word "or". A security so registered shall conclusively confer on each owner an undivided interest in the security and shall create a conclusive right of survivorship.

Example: Robert Woods or Laura Woods.

If a security is registered in this form, either coowner may make a transaction request, but if the Department receives conflicting requests at or about the same time, it may refuse to process them.

(iii) *Beneficiary.* In the name of one individual followed by the words "Payable on death to" (or "P.O.D.") another individual.

Example: Jack S. Jones, payable Perry, Jr., a minor.

If a minor or an incompetent is named as a beneficiary, the status of the beneficiary must be identified in the registration. A minor or an incompetent may not be designated as an owner. See paragraphs (b)(3) and (b)(4) of this section.

Example: John Perry, P.O.D. John Perry, Jr., a minor.

Registration in this form shall create ownership rights in the beneficiary only if the beneficiary survives the owner. During an owner's lifetime, a transaction request may be executed by the owner without the consent of the beneficiary. If the beneficiary dies before the owner, the security will be deemed to be registered in the owner's name alone.

(3) *Minors*—(i) *General*. A security may not be registered in the name of a minor in his or her own right as an owner. If a security is so registered and the Department thereafter receives evidence or information of that fact, the Department may suspend processing of any transaction requests with respect to the security until either a legal guardian has been appointed or a natural guardian, as provided in paragraph (b)(3)(ii) of this section, has been recognized.

(ii) *Natural guardians of minors*. A security may be registered in the name of a natural guardian of a minor for whose estate no legal representative has been appointed. The parent with whom the minor resides will be recognized as the natural guardian. If the minor resides with both parents, either or both may be recognized as natural guardian(s). If the minor does not reside with either parent, the person who furnishes the minor's chief support will be recognized as the natural guardian.

Examples: Michael Jones, as natural guardian of Alice Jones, a minor.

Michael Jones and Evelyn Jones, as natural guardians of Alice Jones, a minor.

The security may also be registered in one of the forms authorized under paragraph (b)(2) of this section.

Examples: James Green, as natural guardian of William Green, a minor, and Anne Green, without right of survivorship.

James Green, as natural guardian of William Green, a minor, POD Lynne Green.

(iii) *Custodian under statute authorizing gifts to minors*. A security may be registered as provided under an applicable gift to minors statute.

Example: Virginia McDonald, as custodian for Lynne Gorman, under the New York Uniform Gifts to Minors Act.

Any request to alter the rights of ownership of the security must be made as provided in the applicable statute.

(i) *Incompetents*—(1) *General*. A security may not be registered in the name of an individual in his or her own right as an owner if that individual is incompetent. If a security is so registered, or if the owner subsequently becomes incompetent after the security is purchased, and the Department receives information or evidence of the incompetency, the Department may

suspend any transaction with respect to the security until a legal guardian, conservator, or other representative of the incompetent's estate has been appointed, or a voluntary guardian, as provided in paragraph (b)(3)(ii) of this section, has been recognized.

(ii) *Voluntary guardian of incompetent*. If a legal guardian has not been appointed, and the face amount of the securities held by the incompetent in one or more accounts in T-DAB as owner, coowner, or joint owner does not, in the aggregate, exceed \$20,000 (face amount), upon submission to, and approval by, the Department of an appropriate form, a relative or other person responsible for an incompetent's care and support will be recognized as voluntary guardian for the purpose of making a transaction request under Sec. 357.28(b)(4). All persons known by the Department to have an interest in the incompetent's estate, as required by the application form, must agree to the designation of the voluntary guardian. The security may be re-registered in the name of the voluntary guardian.

Example: Richard Melrose, as voluntary guardian for James W. Brundige.

(c) *Court-appointed representatives—executors, administrators, guardians, et al.* A security may be registered in the name of the executor, administrator, legal guardian, conservator, *et al.*, of an estate. In addition, the name of the estate must be adequately identified. If there is more than one representative appointed by a court, the names of some representatives may be omitted if followed by language that indicates the existence of other representatives. In such cases, those named in the registration shall be conclusively presumed by the Department to have authority to make a transaction request on behalf of all the representatives.

Examples: ABC National Bank of Chicago, Illinois and Harold Smith, co-executors of the will (or administrators of the estate) of Charles Johnson, deceased.

William Brown, guardian of the estate of Henry Jones, a minor.

Robert Smith and Richard Smith, *et al.*, executors of the will of Lorraine Smith.

(d) *Trustees*. A security may be registered in the name of the trustee(s) of a trust, followed by an adequate identification of the authority or document by which the trust was created.

Examples: Sarah Jones and XYZ Trust Co., trustees under the will of Matthew Smith, deceased.

Cynthia Doe and Margaret Jones, trustees under agreement with Martha Roe dated April 13, 1979.

Cynthia Doe, trustee under declaration of trust dated April 13, 1979.

If there is more than one trustee, the names of some of the trustees may be omitted if followed by language that indicates the existence of other trustees. In such a case, those named in the registration shall be conclusively presumed by the Department to have authority to make a transaction request with respect to a security on behalf of all of the trustees. If there are several trustees designated as a board or authorized to act as a unit, their names should be omitted and the words "Board of Trustees" substituted.

Examples: Richard Smith, James Jones, *et al.*, trustees under the will of Henry K. James, deceased.

ABC Corporation and Myrna Banker, *et al.*, trustees of Profit-Sharing Plan of Ace Manufacturing Co., under B/D resolution dated May 18, 1975.

Board of Trustees of Super Co. Retirement Fund, under collective bargaining agreement dated March 18, 1969.

(e) *Private organizations (corporations, unincorporated associations and partnerships)*. A security may be registered in the name of a private corporation, unincorporated association, or partnership. The full legal name of the organization, as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other documents from which its powers are derived, must be included in the registration. The name may be followed by a reference to a particular account or fund, other than a trust fund, such as an escrow account.

(1) *A corporation*. Unless the corporation's name includes the word "corporation", the word "incorporated", or an abbreviation of either word, the registration must include descriptive words indicating corporate status. This rule does not apply to a depository institution or a corporation organized under Federal law.

Examples: Brown Manufacturing Co., a corporation (Education Fund).

The Apex Manufacturing Corporation. ABC National Bank.

Goodworks Unlimited, a not-for-profit corporation.

(2) *An unincorporated association*. Unless the name of a lodge, club, labor union, veteran or religious organization, or similar organization which is not incorporated (whether or not it is chartered by or affiliated with a parent organization which is incorporated) includes the words "an unincorporated association", the registration must include descriptive words indicating the organization's unincorporated status. A security may not be registered in the

name of an unincorporated association if the legal title to its property or the legal title to the funds with which the security is to be purchased is held by trustees. In such a case, the security should be registered in the name of the trustees in accordance with paragraph (c)(2) of this section. The term "unincorporated association" should not be used to describe a trust fund, a partnership or a business conducted under a trade name.

Examples: Local Union No. 13, Brotherhood of Operating Engineers, an unincorporated association.

The Simpson Society, an unincorporated association.

(3) *Partnership.* Unless the name of a partnership includes the word "partnership," the registration must include descriptive words indicating partnership status.

Example: Red & Blue, a partnership.

(f) *Governmental entities and officers.* A security may be registered in the name of a State, county, city, town, village, school district, or other governmental entity, body, or public corporation established by law. The form of registration should reflect the capacity in which the governmental entity is authorized to hold property (e.g., it may be authorized to hold property in its own name or as trustee). If a governmental officer is authorized to act as a trustee or custodian, a security may be registered in the title, or name and title, of the governmental officer.

Examples: Laura Woods, Treasures, City of Twin Falls, Mo.

State of Michigan.

Village of Gaithersburg, Md.

Pennsylvania State Highway

Administration (Highway Road Repair Fund).

Insurance Commissioner of Florida, trustee for benefit of policy-holders of Sunshine Insurance Co. under F.S.A. Sec. 629.104.

Commonwealth of Virginia, in trust for Virginia Surplus Property Agency.

Gleason County Cemetery Commission, trustee under Md. Code Ann. Section 310.29.

(Approved by the Office of Management and Budget under control number ———.)

§ 357.22 Transfers.

(a) *General.* A security may be transferred only as authorized by this Part. A security may be transferred from an account in T-DAB to an account in T-FED. A security may be transferred between accounts in T-DAB, or from an account in T-FED to an account in T-DAB, provided that prior to, or coincidental with, the transfer, an account master record has been established in the name of the transferee in accordance with the requirements of paragraph (a) of this section.

(1) *Identification of securities to be transferred.* The owner must identify the securities to be transferred within T-DAB, or from T-DAB to T-FED, in the manner required by the transaction request form. If such identification is not provided, the request will not be processed and will be returned.

(2) *Denominational amounts.* A security may be transferred from an account only in a denominational amount authorized by the offering under which the security was issued. Any security remaining in the securities portfolio after the transfer must also be in an authorized denominational amount.

(3) *When transfer effective.* A transfer of a security within T-DAB, or from T-FED to T-DAB, is effective when an appropriate entry is made in the name of the transferee on the T-DAB records. A transfer from T-DAB to T-FED is effective as provided in Subpart B. If a transfer of a security from T-DAB to T-FED cannot be completed, the Department will redeposit the security in the transferor's account and treat the transferor as the owner.

(b) *Transfer upon death of an owner.* (1) If a security is registered in beneficiary form or a form which provides for a right of survivorship, upon the death of an owner, the beneficiary or survivor shall be the sole and absolute owner, notwithstanding any State of other law to the contrary. The Department will honor a transaction request by a beneficiary or a survivor (in the case of a security registered in the form described in § 357.21(b)(2)(i)(B)) only upon proof of death of an owner.

(2) If a security is registered in a form that does not provide for a right of survivorship, succession shall be determined in accordance with the applicable law of the deceased owner's domicile at the time of death.

(c) *Representative succession.* If a security is registered in the name of a representative who has died, resigned, or been removed, succession shall be determined in accordance with applicable law and the terms of the document under which the representative was acting.

(d) *Organizational succession—(1) Corporation and unincorporated association.* If a security is registered in the name of a corporation or an unincorporated association that has been dissolved, merged or consolidated into another organization, succession shall be determined in accordance with applicable law and the terms of the documents by which the dissolution, merger, or consolidation was effected.

(2) *Partnership.* If a partnership is dissolved or terminated, succession shall be determined in accordance with applicable law and the terms of the partnership agreement.

(e) *Succession of governmental officer.* If a security is registered in the name and title of a governmental officer who has died, resigned, or has been removed, succession shall be determined in accordance with applicable law.

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§ 357.23 Judicial proceedings—sovereign immunity.

(a) *Department and Federal Reserve Banks not proper parties.* The Department and the Federal Reserve Banks are not subject to a judicial proceeding involving competing claims to a security held in T-DAB nor are they subject to any injunction or restraining order issued with respect to a security. The Department will not recognize a notice of a pending or contemplated judicial or administrative proceeding affecting a security in T-DAB.

(b) *Orders—(1) Ownership rights.* The Department will recognize a final order entered by a court that affects ownership rights in a security in T-DAB if:

(i) The order is consistent with the provisions of this Subpart and the terms and conditions of the security; and

(ii) The Department has received evidence of the order, as provided in paragraph (c) of this section.

(2) *Transaction request.* The Department will honor a transaction request submitted by a person appointed by a court and having authority under an order of a court to dispose of the security or payment with respect thereto if:

(i) The ordered disposition of the security or payments with respect thereto is consistent with the provisions of this Subpart and the terms and conditions of the security; and

(ii) The Department has received evidence of the appointment and order, as provided below.

(c) *Evidence required.* Before the Department will recognize a final order entered by a court, the Department must have received a certified copy of the judgment, decree, or order, and any additional documents deemed necessary by the Department. A certificate from the clerk of the court, bearing the seal of the court, must also be submitted stating that the judgment, decree, or order is still in full force, that it has not been stayed or appealed, and that the time for filing an appeal has passed. Before the

Department will honor a transaction request submitted by a person appointed by a court, the Department must receive a certified copy of the order making the appointment and describing specifically the person's authority, and any additional documents deemed necessary by the Department.

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§357.24 Availability and disclosure of T-DAB records.

(a) *General.* All records with respect to a T-DAB account are held confidential. Consistent with the Privacy Act (5 U.S.C. 552a), information relating to those accounts will be released only to the owner except:

(1) As provided in these regulations;
 (2) As provided in Treasury regulations contained in 31 CFR Part 323; or

(3) As otherwise provided by law.

(b) *Inquiries by owners.* Information requested will be disclosed to an owner provided that:

(1) Sufficient information is provided to identify the owner; and
 (2) Sufficient information is provided to identify the T-DAB account.

(c) *Conditions for release.* A request for information will be honored only if, in the sole judgment of the Department or the Federal Reserve Bank to which inquiry is made, the identity and right of the requester to the information have been established.

§ 357.25 Security interests.

The Department will not recognize any notice or claim of a security interest of any kind, including a pledge, in a security in T-DAB.

§ 357.26 Payments.

(a) *General.* A payment by the Department with respect to a security shall be by direct deposit (electronic funds transfer), except when the Department determines that extraordinary circumstances exist that require payment by check.

(b) *Direct deposit—(1) Information on account at financial institution.* (i) To establish an account in T-DAB, the owner must furnish the name and ABA routing/transit number of the financial institution ("institution") to which payments with respect to all securities held in that account are to be made, as well as the name, number, and type of the account at the institution to which such payments are to be credited. Investors should consult with the financial institution they are planning to designate to receive their T-DAB payments to determine if that financial institution has agreed to receive direct

deposit payments under 31 CFR Part 210. The owner of the security, or in the case of ownership by two individuals, the first-named owner, must be an owner of, and so designated, on the account at the institution. The information should be furnished on the tender form, if the security is being acquired on original issue, or in other cases on an appropriate form provided by the Department. To assure the accuracy of the account name, account number, and account type, as well as the name and ABA routing/transit number of the institution to which payments are to be made, the owner should consult with the institution in advance of the submission of the tender or transaction form. All payments relating to a single account master record must be made to the same designated financial institution.

(ii) In any case in which a security is held jointly or with right of survivorship, the account at the institution should be established in a form that assures that the rights of each joint owner or survivor will be preserved. Neither the United States nor any Federal Reserve Bank shall be liable for any loss sustained because the interests of the holder(s) of an account to which payments are made with respect to a security are not the same as the interests of the owner(s) of the security.

(iii) The designation of an institution by an owner to receive payments with respect to a security constitutes the appointment of that institution as the owner's agent for receipt of such payments. The crediting of a payment to the institution for deposit to the owner's account in accordance with the owner's instructions, discharges the United States of any further responsibility for such payment. Where the institution has arranged with a Federal Reserve Bank to have payments credited through a designee institution, the crediting of a payment to that designee institution discharges the United States of any further responsibility for such payment.

(2) *Agreement of financial institution.* Any financial institution which has agreed to accept payments under 31 CFR Part 210, "Federal Recurring Payments Through Financial Institutions By Means Other Than By Check", shall be deemed to agree to accept payments under this Subpart. In any case, a financial institution's acceptance and handling of a payment made with respect to a security covered by this Subpart shall constitute its agreement to the provisions of this subpart. An institution may not be designated to receive payments, as provided in this Subpart, unless it has agreed to receive other direct deposit payments under 31 CFR Part 210.

(3) *Pre-notification—(i) General.* The institution designated for payment will receive, not less than fifteen (15) calendar days prior to the first payment to a designated account, a pre-notification message advising that a payment should be expected to the account. A pre-notification message will also be sent whenever there is a change in the payment instructions, except for a change only in the type of deposit account. The pre-notification message shall contain the information prescribed in paragraph (b)(1)(i) of this section.

(ii) *Rejection of pre-notification.* The institution must reject the pre-notification message within four (4) calendar days after the date of receipt if either the information contained in the message does not agree with the records of the institution, or if for any other reason the institution will not be able to credit the payment in accordance with this Subpart. Upon receipt of a rejection of a pre-notification message, the Department will contact the owner for further instructions or make payment by check.

(iii) *Effect of failure to reject.* If an institution does not reject a pre-notification message within the specified time period, the institution shall be deemed to have accepted the pre-notification and to have warranted to the Department that the information contained therein is accurate.

(4) *Continuation of payment instructions.* Payment instructions in an account master record will apply to any and all securities held in that account until the Department:

(i) Receives a request from the owner to change such instructions; or
 (ii) Receives advice from the institution that the account to which payment is to be made has been closed; or

(iii) Receives notice of a change in status of a designated account or of the owner, as provided in paragraph (e) of this section.

(5) *Responsibility of financial institution.* An institution which receives a payment on behalf of its customer must:

(i) Upon receipt, credit the designated account and make the payment available for withdrawal or other use not later than the date specified for payment, or, if that date is not a business day for the institution or its Federal Reserve Bank, the next-succeeding business day for both. If the institution is unable to credit the designated account, it shall return the payment by no later than the next business day after the date of receipt.

with a statement explaining the reason for the return.

(ii) Promptly notify the Department when the institution has made a change in the status or ownership of a designated account, such as the deletion of the first-named owner of the security from the title of the account, or when the institution is on notice of the death or incompetency of the owner, coowner or joint owner of the designated account, or when the institution is on notice of the dissolution of a corporation in whose name the designated account is held. In all such cases, the institution, after notice, shall return all payments received for the designated account.

(6) *Duplicate or erroneous payments.* If the Department or a Federal Reserve Bank has made a duplicate or erroneous payment, the Department or Federal Reserve Bank will promptly initiate action to recover the duplicate or erroneous payment as follows:

(i) Send a written or electronic notice to the financial institution to which the payment was directed, which notice shall include the name of the payee, the account number, the ABA routing/transit number, and the date and amount of the erroneous or duplicate payment that was not returned. See paragraphs (b)(3)(ii) and (5)(ii) of this section. Upon receipt of this notice, the financial institution shall immediately return to the appropriate Federal Reserve Bank the total amount remaining in the account to which the payment was deposited up to the total amount of the erroneous or duplicate payment. If the institution is unable to return all or part of a duplicate or erroneous payment, because the account to which it was credited does not have sufficient funds to cover a debit of the amount of the duplicate or erroneous payment, the institution shall immediately notify the Department or the Federal Reserve Bank, and provide the names and addresses of all persons who withdrew funds from the account after the date of the duplicate or erroneous payment.

(ii) Where the total amount of the duplicate or erroneous payment has not been returned, the Department or Federal Reserve Bank shall collect any balance remaining from the person or persons who withdrew moneys from the account after the date of the duplicate or erroneous payment. To the extent permitted by law, the collection action may include deducting the amount owing from future payments made to such person or persons.

(iii) If a financial institution has not fully complied with the notice made pursuant to paragraph (b)(6)(i) of this section within 30 calendar days of that

notice, the Federal Reserve Bank is authorized to debit the amount of the duplicate or erroneous payment from any account maintained or utilized by the financial institution at the Federal Reserve Bank. An institution designated by a financial institution to receive payment on its behalf, in authorizing such financial institution to utilize its account on the books of the Federal Reserve Bank, shall be deemed to authorize such debit from that account. The institution to which payment has been directed and the owner who designated the account to which the payment is to be deposited shall be deemed to have agreed to any action to effect recovery of a duplicate or erroneous payment under this subsection.

(c) *Checks.* If a payment is not made by direct deposit, it shall be made by a check, drawn by a Federal Reserve Bank, as fiscal agent of the United States, on the Federal Reserve Bank in its banking capacity ("fiscal agency check"), or drawn by the Department on itself ("Treasury check"). A fiscal agency check is governed by the regulations in 31 CFR part 355. A Treasury check is governed by the regulations and statutes applicable to checks drawn on the United States or designated depositories of the United States (e.g., 31 CFR Parts 235, 240, and 245). A check issued with respect to a security shall be made payable to the owner(s) of the security and will be mailed to the correspondence address of the T-DAB account.

(d) *Federal Reserve Banks—(1) Handling of payments.* Each Federal Reserve Bank as fiscal agent of the United States shall receive payment in accordance with the information described in paragraph (b)(1)(i) of this section, and make the payment to the designated institution by crediting it to the account of the designated institution, or of its designee, in accordance with its operating circular governing such payments.

(2) *Liability.* Each Federal Reserve Bank shall be responsible only to the Department and shall not be liable to any other party for any loss resulting from its handling of payments.

(e) *Timeliness of action.* If, because of circumstances beyond its control, the Department or a Federal Reserve Bank is delayed beyond applicable time limits in taking any action with respect to a payment, the time shall be extended for such time after the cause of the delay ceases to operate as shall be necessary to complete the action.

(f) *Suspension of payments.* Upon receipt of notice of a change in the status of a designated account or of the

owner of a security, such as the deletion of the first-named owner of the security from the title of the designated account, death or incompetency of a natural person, or dissolution of a corporation, the Department reserves the right to suspend payments and any transactions with respect to a security pending receipt of satisfactory evidence of entitlement.

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§ 357.27 Reinvestment.

(a) *General.* Upon the request of an owner, the redemption proceeds of a security may be reinvested at maturity in a new security in the same form of registration, provided a new security is then being offered by the Department and provision for reinvestment is made in the offering. The new security must be in an authorized denominational amount and will be issued in accordance with the terms of the offering. If the new security is issued at a premium or with accrued interest, an additional payment will be required from the investor. If the new security is issued at a discount, the difference will be remitted to the owner.

(b) *Treasury bills.* A request by an owner for a single or successive reinvestment of a Treasury bill must be made in accordance with the terms prescribed on the tender form submitted at the time of purchase of the original bill, or by a subsequent transaction request received not less than twenty (20) calendar days prior to the maturity of the original bill. A request to revoke a direction to reinvest the proceeds of a bill must be received by the Department not less than twenty (20) calendar days prior to the maturity date of the bill. If either a request for reinvestment or revocation of a reinvestment request is received less than twenty (20) calendar days prior to maturity of the original bill, the Department may in its discretion act on such request if sufficient time remains for processing.

(c) *Issue date not coincidental with maturity date.* If the date on which a security matures or is called does not coincide with the issue date of the security being purchased through reinvestment, the Department may, at its option, hold the redemption proceeds until the issue date in the same form of registration as the maturing or called security, but no interest shall accrue or be paid on such funds.

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§ 357.28 Transaction requests.

(a) *General.* Unless otherwise authorized by the Department, a

transaction request must be submitted on a transaction request form. In the case of certain transactions specified by the Department, the owner's signature on the form must be certified or guaranteed, as provided in § 357.31. If the transaction request form is received more than six (6) months after its execution, it will not be honored by the Department and will be returned to the sender for further instructions.

(b) *Individuals*—(1) *General*. A transaction request must be signed by the owner of the security. In addition to any required certification, a transaction request form executed by a person by a mark, (e.g., "(X)"), must be witnessed by a disinterested person. The following language should be added to the form and be signed by the witness:

"Witness to signature by mark

Signature of witness _____

Address of witness _____

(2) *Change of name*. If an individual's name has been changed from that appearing in the registration, the individual should sign both names to the transaction request form and state the manner in which the change occurred.

Example: Deborah L. Gains, changed by order of court from Deborah G. O'Brien.

The individual must provide evidence, such as a certified copy of a court order, which confirms the change, unless it is indicated that the change of name resulted from marriage.

Example: Catherine M. Cole, changed by marriage from Catherine T. Murray.

(3) *Natural guardians*. A transaction request involving a security registered in the name of a natural guardian of a minor may be executed by the natural guardian. If a security is registered in the names of both parents as natural guardians of a minor, both must execute a transaction request. However, the Department will not honor a transaction request by the natural guardian(s):

(i) Which would transfer the security to a natural guardian in his or her own right; or

(ii) After the Department receives notice of the minor's attainment of majority, the disqualification of a natural guardian, the qualification of a legal guardian or similar representative, or the death of the minor.

(4) *Voluntary guardians*. A transaction request involving a security belonging to an incompetent may be executed by a voluntary guardian, but only after approval by the Department of the voluntary guardian's application for such designation. See § 357.21(b)(4).

(c) *Representatives*—(1) *General*. A representative of an owner's estate, other than a trustee, may execute a

transaction request form if the representative submits to the Department property authenticated evidence of authority to act. The evidence will not be accepted if dated more than six (6) months prior to the date of execution of the transaction request.

(2) *Estates closed*. If a security is registered in the name of an owner who is deceased and whose estate has been closed and the representative discharged, a transaction request must be made by the person(s) entitled to the security, as determined from the pertinent court records or the deceased owner's will, if any.

(3) *Estate not administered by court*—(i) *Special provisions under State laws*. If under applicable State law, a person is entitled to or has been recognized or appointed to administer the estate of a deceased owner without court supervised administration, that person may execute a transaction request involving a security belonging to the deceased owner, provided appropriate evidence of authority is submitted to the Department.

(ii) *Agreement of persons entitled*. If a legal representative of a deceased owner's estate has not been or is not to be appointed, the Department will honor an application for disposition of any securities belonging to the deceased owner pursuant to a written agreement provided that the Department is satisfied that:

(A) All persons entitled to share in the decedent's personal estate are parties to the agreement;

(B) Provision has been made for payment of all the decedent's debts; and

(C) The interests of any minors or incompetents have been protected.

(d) *Private organizations*—(1) *Corporations and unincorporated associations*. A transaction request involving a security registered in the name of a corporation or an unincorporated association (either in its own right or in a representative capacity), may be executed by an authorized person on its behalf. The request must be supported by evidence of the person's authority to act.

(2) *Partnerships*. A transaction request involving a security registered in the name of a partnership must be executed by a general partner.

(e) *Governmental entities*. A transaction request involving a security registered in the name of a State, county, city, school district, or other governmental entity, public body or corporation, must be executed by an authorized officer of the entity. The request must be supported by evidence of the officer's authority to act.

(f) *Public officers*. A transaction request involving a security registered in the title of a public officer must be executed by the officer. The request must be supported by evidence of incumbency.

(g) *Attorneys-in-fact*. A transaction request made by an attorney-in-fact must be accompanied by the original power of attorney or a properly authenticated copy. A power of attorney must be executed in the presence of a notary public or a certifying individual. See § 357.31. The power of attorney will not be accepted if it was executed more than two (2) years before the date of the transaction request was executed, unless the power provides that the authority of the attorney-in-fact continues notwithstanding the incapacity of the principal. If two or more attorneys-in-fact are named, all must execute the transaction request unless the power authorizes fewer than all to act. A transaction request executed by an attorney-in-fact seeking transfer of a security to the attorney-in-fact will not be accepted unless expressly authorized by the document appointing the attorney-in-fact.

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§ 357.29 Time required for processing transaction request.

For purposes of a transaction request affecting the payment instructions with respect to a security, a proper request must be received not less than twenty (20) calendar days preceding the payment date. If the twentieth day preceding a payment date falls on a Saturday, Sunday, or a Federal holiday, the last day set for the receipt of a transaction request will be the last business day preceding that date. If a transaction request is received less than twenty (20) calendar days preceding a payment date, the Department may in its discretion act on such request if sufficient time remains for processing. If a transaction request is received too late for completion of the requested transaction, the transaction request will be acted upon with respect to future payments only.

§ 357.30 Cases of delay or suspension of payment.

If evidence required by the Department in support of a transaction request is not received by the Department at least twenty (20) calendar days before the maturity date of the security or if payment at maturity has been suspended pursuant to § 357.26(e), then except as provided in § 357.27 in cases of reinvestment, the

Department will redeem the security and hold the redemption proceeds in the same form of registration as the security redeemed, pending further disposition. No other interest shall accrue or be paid on such proceeds after the security is redeemed.

§ 357.31 Certifying individuals.

(a) *General.* The following individuals may certify signatures on transaction request forms:

(1) Officers and employees of depository institutions and officers of corporate central credit unions who have been authorized:

(i) Generally to bind their respective institutions by their acts;

(ii) Unqualifiedly to guarantee signatures to assignments of securities; or

(iii) To certify assignments of securities.

(2) Officers and authorized employees of Federal Reserve Banks.

(3) Officers of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives, the Central Bank for Cooperatives, and Federal Home Loan Banks.

(4) Commissioned officers and warrant officers of the Armed Forces of the United States but only with respect to signatures on forms executed by Armed Forces personnel, civilian-field employees, and members of their families.

(5) Such other persons as the Commissioner of the Public Debt or his designee may authorize.

(b) *Foreign countries.* The following individuals are authorized to certify signatures on transaction request forms executed in a foreign country:

(1) United States diplomatic or consular officials.

(2) Managers and officers of foreign branches of insured depository institutions.

(3) Notaries public and other officers authorized to administer oaths, provided their official position and authority is certified by a United States diplomatic or consular official under seal of the office.

(c) *Duties and liabilities of certifying officers.*—(1) *General.* Except as specified in paragraph (c)(2) of this section, a certifying individual shall require that the transaction request form be signed in the certifying individual's presence after he or she has established the identity of the person seeking the certification. An employee who is not an officer would insert the words "authorized signature" in the space provided for the title. A certifying individual and the organization of which the certifying individual is an officer or

employee are jointly liable for any loss the United States may incur as a result of the individual's negligence.

(2) *Signature guaranteed by depository institution.* The transaction request form need not be executed in the presence of a certifying individual if he or she unqualifiedly guarantees the signature, in which case the certifying individual shall, after the signature, endorse in the following form:

"signature guaranteed, First National Bank of Smithville, Smithville, NH, by A.B. Doe, President", and add the date.

(3) *Absence of signature guaranteed by depository institution.* A transaction request form need not be actually signed by the owner in any case where a certifying individual associated with a depository institution has placed an endorsement on the form reading substantially as follows: "Absence of signature by owner and validity of transaction guaranteed, Second State Bank of Jonesville, Jonesville, NC, by B.R. Butler, Vice President". The endorsement should be dated, and the seal of the depository institution should be added. This form of endorsement is an unconstitutional guarantee to the Department that the depository institution is acting as attorney-in-fact for the owner under proper authorization.

(d) *Evidence of certifying individual's authority.* The authority of a certifying individual to act is evidenced by affixing to the certification the following:

(1) *Officers and employees of depository institutions.*—The institution's seal, signature guarantee stamp, or, if the authorized issuing agent for U.S. Savings Bonds, a legible imprint of the issuing agent's dating stamp.

(2) *Officers and authorized employees of Federal Reserve Banks.*—Whatever is prescribed in procedures established by the Department.

(3) *Officers and employees of corporate central credit unions and other entities listed in § 357.31(a)(3).*—The entity's seal.

(4) *Notaries public, diplomatic or consular officials.*—The official seal or stamp of the office. If the certifying individual has no seal or stamp, then the official's position must be certified by some other authorized individual under seal or stamp, or otherwise proved to the satisfaction of the Department.

(5) *Commissioned or warrant officers of the United States Armed Forces.*—A statement which sets out the officer's rank and the fact that the person executing the transaction request is one whose signature the officer is authorized to certify under these regulations.

(e) *Interested persons not to act as certifying individual.* Neither the transferor, the transferee, nor any person having an interest in a security may act as a certifying individual. However, an authorized officer or employee of a depository institution may act as a certifying individual on a transaction request for transfer of a security to the institution, or any request executed by another individual on behalf of the institution.

§ 357.32 Submission of transaction requests; further information.

Transaction requests and requests for forms and information may be submitted to any Federal Reserve Bank or to the Bureau of the Public Debt, T-DAB, Washington, DC 20239-0001. The Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform such functions as may be delegated to them by the Department in order to carry out the provisions of this Part. The locations of the Federal Reserve Banks are:

Federal Reserve Bank and Location

Boston, Boston, Massachusetts
 New York, New York, New York
 Buffalo Branch, Buffalo, New York
 Philadelphia, Philadelphia, Pennsylvania
 Cleveland, Cleveland, Ohio
 Cincinnati Branch, Cincinnati, Ohio
 Pittsburgh Branch, Pittsburgh, Pennsylvania
 Richmond, Richmond, Virginia
 Baltimore Branch, Baltimore, Maryland
 Charlotte Branch, Charlotte, North Carolina
 Atlanta, Atlanta, Georgia
 Birmingham Branch, Birmingham, Alabama
 Jacksonville Branch, Jacksonville, Florida
 Miami Branch, Miami, Florida
 Nashville Branch, Nashville, Tennessee
 New Orleans Branch, New Orleans, Louisiana
 Chicago, Chicago, Illinois
 Detroit Branch, Detroit, Michigan
 St. Louis, St. Louis, Missouri
 Little Rock Branch, Little Rock, Arkansas
 Louisville Branch, Louisville, Kentucky
 Memphis Branch, Memphis, Tennessee
 Minneapolis, Minneapolis, Minnesota
 Helena Branch, Helena, Montana
 Kansas City, Kansas City, Missouri
 Denver Branch, Denver, Colorado
 Oklahoma City Branch, Oklahoma City, Oklahoma
 Omaha Branch, Omaha, Nebraska
 Dallas, Dallas, Texas
 El Paso Branch, El Paso, Texas
 Houston Branch, Houston, Texas
 San Antonio Branch, San Antonio, Texas
 San Francisco, San Francisco, California
 Los Angeles Branch, Los Angeles, California
 Portland Branch, Portland, Oregon
 Salt Lake City Branch, Salt Lake City, Utah
 Seattle Branch, Seattle, Washington

Subpart D—Additional Provisions**§ 357.40 Additional requirements.**

In any case or any class of cases arising under these regulations, the Secretary of the Treasury ("Secretary") may require such additional evidence and a bond of indemnity, with or without surety, as may in the judgment of the Secretary be necessary for the protection of the interests of the United States.

(Approved by the Office of Management and Budget under control number ———)

§ 357.41 Waiver of regulations.

The Secretary reserves the right, in the Secretary's discretion, to waive any provision(s) of these regulations in any case or class of cases for the convenience of the United States or in order to relieve any person(s) of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and the Secretary is satisfied that such action will not subject the United States to any substantial expense or liability.

§ 357.42 Preservation of existing rights.

Nothing contained in these regulations shall limit or restrict existing rights which holders of securities issued before the effective date of this part may have acquired under the circulars offering such securities for sale or under the regulations in force at the time of acquisition.

§ 347.43 Liability of Department and Federal Reserve Banks.

The Department and the Federal Reserve Banks may rely on the information provided in a tender or transaction request form and are not required to verify the information. The Department and the Federal Reserve Banks shall not be liable for any action taken in accordance with the information set out in a tender or transaction request form or evidence submitted in support thereof. In the event that the Department or a Federal Reserve Bank is unable to make a payment when due, the liability of the United States and the Reserve Bank is limited to the amount of the payment.

§ 357.44 Liability for transfers to and from T-DAB.

A depository or sending institution that transfers to, or receives, a security from T-DAB is deemed to be acting as agent for its customer and agrees thereby to indemnify the United States and the Federal Reserve Banks from any claim, liability, or loss resulting from the transaction.

§ 357.45 Supplements, amendments or revisions.

The Secretary may, at any time, prescribe additional supplemental, amendatory or revised regulations with respect to securities.

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