

§ 321.4

agreement, the Bank will issue a certificate of qualification to the organization. Such a certificate automatically qualifies the branches of the organization to redeem securities as provided in this part.

(c) *Announcement of authority.* Upon receipt of a certificate of qualification from a Federal Reserve Bank referred to in § 321.25, a financial institution may announce or advertise its authority to redeem eligible securities for cash and to process eligible Series E and EE savings bonds and savings notes presented for redemption in exchange for Series HH savings bonds under the provisions of Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR part 352).

(d) *Adverse action.* An organization will be notified by the appropriate Federal Reserve Bank referred to in § 321.25, in writing, if its application-agreement to act as paying agent is not approved.

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35395, Aug. 29, 1990; 59 FR 10537, Mar. 4, 1994; 63 FR 38042, July 14, 1998]

§ 321.4 Paying agents previously qualified.

Institutions qualified as paying agents under previous revisions of this part are authorized to continue to act in that capacity without requalification. By so acting, they shall be subject to the terms and conditions of their previously executed application-agreements and these regulations in the same manner and to the same extent as though they had requalified hereunder.

§ 321.5 Termination of qualification.

(a) *By the Treasury.* The Secretary of the Treasury, or a designee, may authorize a Federal Reserve Bank referred to in § 321.25 to terminate the qualification of any paying agent at any time, following prior written notice of such action to the agent.

(b) *At request of paying agent.* A Federal Reserve Bank referred to in § 321.25 will terminate the qualification of a paying agent upon its written request, provided the agent renders a final accounting for all redeemed securities and is found to have fully complied with the terms of its agreement and

31 CFR Ch. II (7-1-10 Edition)

the applicable regulations and instructions.

(c) *Reservation.* Termination of the qualification as paying agent of any institution shall not prejudice the right of the Treasury to recover the amounts of any erroneous payment(s) made by the institution.

[53 FR 37511, Sept. 26, 1988, as amended at 59 FR 10537, Mar. 4, 1994]

Subpart C—Scope of Authority

§ 321.6 General.

Securities are issued only in registered form (subject to 31 CFR 359.11), are not transferable, may not be hypothecated or used as collateral for a loan, and, except as otherwise specifically provided in the governing regulations and this part, are payable to the owner or coowner named on the security. The regulations governing Series EE and HH bonds are contained in Department of the Treasury Circular, Public Debt Series No. 3-80, current revision (31 CFR part 353); those governing Series I bonds are contained in Department of the Treasury Circular, Public Debt Series No. 2-98 (31 CFR part 360); and, those governing all other series of U.S. savings securities are contained in Department of the Treasury Circular No. 530, current revision (31 CFR part 315).

[63 FR 38042, July 14, 1998]

§ 321.7 Authorized cash payments.

(a) *General.* Subject to the terms and conditions appearing on the securities, the governing regulations, and the provisions of this part, and any instructions issued in connection therewith, an agent may make payment of savings bonds of Series A, B, C, D, E, EE, and I, and savings notes, presented for cash redemption. Except as provided in paragraphs (b) through (d), and (f) of this section, the securities must be presented by an individual whose name is inscribed on the securities as owner or coowner, and who is known to the agent, or who can establish his or her identity in accordance with Treasury instructions and guidelines (See § 321.11(b)).

(b) *Change of name by marriage.* If the name of the presenter has been

Fiscal Service, Treasury

§ 321.7

changed by marriage from that shown on the security, and the agent knows or establishes that the presenter and the person whose name appears on the security are one and the same individual, the agent may pay the security in accordance with paragraph (a) of this section. The signature to the request for payment should show both names, e.g., "Mary J. Smith, changed by marriage from Mary T. Jones."

(c) *Parent of a minor.* Payment of a security bearing the name of a minor child, who is not of sufficient competency and understanding to sign the request for payment and comprehend the nature of the act, may be made to either parent with whom the minor resides or to whom custody has been granted, provided the form of registration does not indicate that a guardian or similar representative of the estate of the minor has been appointed or is otherwise legally qualified. Payment under this subsection may not be made to any person other than a parent. The parent requesting payment must sign the request for payment in the form, e.g., "John A. Jones, on behalf of John C. Jones." The following endorsement must be typed or imprinted on the back of the security:

I certify that I am the (father or mother) of John C. Jones and the person (with whom he resides) (to whom custody has been granted). He is ___ years of age and is not of sufficient competency and understanding to sign the request.

(d) *Payment to beneficiary.* An agent may redeem a security registered "A P.O.D. [payable on death to] B" for cash at the request of the surviving beneficiary following the owner's death. A copy of the owner's death certificate, certified under seal of the State or local registrar, must be furnished to support the request for payment.

(e) *Payment to a legal representative designated on a security by name and title.* An agent may redeem a security registered in the name and title of a legal representative as defined in §321.1(f), if the legal representative is known to the agent, or can establish identity in accordance with Treasury instructions and guidelines. The request for payment on the back of each security must be signed by the legal

representative designated by name and title in the registration on the front of the security, or by a person authorized or empowered to act for a corporate legal representative so designated. The full title of the legal representative should be shown adjacent to each signature and, in the case of a corporate legal representative, the full corporate name, as well as the title, i.e., vice president, trust officer, etc., should be shown. Examples:

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

Tenth National Bank by Arnold A. Ames, Vice President, guardian of the estate of Barry B. Bryan, a minor.

(f) *Payment to a legal representative of a decedent's estate not designated on a security.* An agent may redeem a security bearing the names of deceased persons in the registration, if the legal representative of the estate of the last deceased registrant:

- (1) Presents the security;
- (2) Signs the request for payment on the back of the security, showing the representative's full title adjacent to the signature; and
- (3) Presents acceptable evidence of the legal representative's appointment and of the dates of death of all persons named in the security's registration, in accordance with this part and the appendix.

In the case of a corporate legal representative, the full corporate name, as well as the title, must be shown. Examples:

John H. Smith and Charles N. Jones, co-executors of the will of Robert J. Smith, deceased.

Tenth National Bank by John F. Green, Trust Officer, executor of the will of George N. Brown, deceased.

(g) *Interest reporting.* A paying agent is required to report interest in the amount of \$10 or more, paid as part of the redemption value of securities, to the payee and to the Internal Revenue Service, in accordance with 26 CFR 1.6049-4. (See Item 26 of the appendix to this part for information concerning

§ 321.8

the education feature of Series EE savings bonds issued on or after January 1, 1990, and of Series I savings bonds.)

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35395, Aug. 29, 1990; 63 FR 38042, July 14, 1998]

§ 321.8 Redemption-exchange of Series E and EE savings bonds and savings notes.

(a) *General.* Subject to the provisions of Circular No. 2-80 (31 CFR part 352), the governing regulations, and the provisions of this part and its appendix, an agent may make payment of eligible securities presented for redemption in exchange for Series HH bonds. Securities eligible for exchange are:

(1) Series EE bonds bearing issue dates of January 1, 2003, or earlier, presented no earlier than six months from their issue dates;

(2) Series EE bonds bearing issue dates of February 1, 2003, or thereafter, presented no earlier than 12 months from their issue dates; and

(3) Series E bonds and savings notes presented no later than one year from the month in which they reached final maturity. The total redemption value of the securities presented for exchange must be at least \$500.

(b) *Requirements for redemption-exchange.* An agent shall not accept and redeem eligible securities on exchange unless:

(1) The securities are accompanied by a completed exchange subscription signed by the presenter;

(2) The presenter is the owner, the legal representative (excluding a representative of a decedent's estate), the surviving coowner or beneficiary, or the principal coowner (as defined in § 352.7(e)(2) in 31 CFR part 352 (Circular No. 2-80)) of the securities presented for exchange and is to be named as owner or first-named coowner on the Series HH bonds; and

(3) The request for payment on each security is signed by the presenter. A presenter who is a legal representative should show the full title adjacent to each signature and, in the case of a corporate legal representative, should show the full corporate name, as well as the title. If the name of the presenter has been changed by marriage, or if the presenter is named as bene-

31 CFR Ch. II (7-1-10 Edition)

fiary or legal representative on the securities, the agent may process the transaction in accordance with the provisions of § 321.7 (b), (d), or (e) of this part. If the agent is authorized and elects to use the special endorsement procedure, set out in 31 CFR part 330 (Circular No. 888, current revision), the requests for payment do not need to be signed; however, this special endorsement may not be used in lieu of the presenter's signature on the exchange subscription.

(c) *Interest reporting.* To the extent that it represents interest of \$10 or more, a paying agent is required to report cash, refunded in an exchange transaction, to the presenter and to the Internal Revenue Service under the provisions of 26 CFR 1.6049-4.

(d) *Completion of transaction.* An agent shall transmit for settlement via EZ CLEAR securities redeemed on exchange and, at the same time, forward the exchange application (PD F 3253) and any additional cash needed to complete the transaction, to the Fiscal Agency Department of the servicing Federal Reserve Bank referred to in § 321.25. Securities redeemed on exchange may be commingled with cash redemptions in mixed or separately sorted cash letters."

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35396, Aug. 29, 1990; 59 FR 10537, Mar. 4, 1994; 68 FR 2666, Jan. 17, 2003; 68 FR 7427, Feb. 14, 2003]

§ 321.9 Specific limitations on payment authority.

An agent is not authorized to redeem a security for cash or on redemption-exchange:

(a)(1) If it is a Series EE bond or a Series I bond issued on January 1, 2003, or earlier, presented for payment prior to six months from its issue date; or

(2) If it is a Series EE bond or a Series I bond issued on February 1, 2003, or thereafter, presented for payment prior to 12 months from its issue date.

(b) If it is a savings bond of Series F, G, H, J, K, or HH.

(c) If the presenter is acting under a power of attorney.

(d) If the agent does not know or cannot establish the identity of the presenter as a person entitled to request payment as provided in § 321.7.