

§ 357.23

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

dealer selected as having the highest price quote.

(6) *Transaction fee.* A transaction fee shall be charged for each security sold on behalf of the investor. If the Federal Reserve Bank is unable to complete the sale of the security, no fee will be charged. By authorizing the sale of the security, the investor authorizes the Federal Reserve Bank to withhold the transaction fee prior to the Federal Reserve Bank initiating the payment of the settlement amount to the account at the financial institution designated by the investor to receive Legacy Treasury Direct payments. The amount of the transaction fee will be published by notice in the FEDERAL REGISTER.

(7) *Termination.* This service may be terminated at anytime without prior notice at the discretion of the Department.

(8) *Rights.* The provisions applicable to Legacy Treasury Direct transactions in subpart C shall apply to this section. The provisions applicable to transactions in TRADES in subpart B shall not apply to this section.

(9) *Irrevocability.* The authorization of the investor for the transfer and sale of the securities shall be irrevocable when the transfer from the Legacy Treasury Direct account of the investor to the account at the Federal Reserve Bank is effected.

(10) *Liability.* The Department and the designated Federal Reserve Bank shall not be liable for changes in market conditions affecting the price received for the security, or for any loss which the investor may incur as a result of the transaction or the inability of the Federal Reserve Bank to complete the transaction.

(c) *Transfer upon death of an owner—*

(1) *Right of survivorship.* 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 purported testamentary disposition by the decedent and notwithstanding any State or 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 de-

scribed in § 357.21(b)(2)(i)(B)) only upon proof of death of an owner.

(2) *Succession under law of domicile.* 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.

(d) *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.

(e) *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.

(f) *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.

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986, as amended at 53 FR 10074, Mar. 29, 1988; 62 FR 46861, Sept. 4, 1997; 64 FR 6527, Feb. 10, 1999; 70 FR 57441, Sept. 30, 2005]

§ 357.23 **Judicial proceedings—sovereign immunity.**

(a) *Department and Federal Reserve Banks not proper parties.* The Department and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a security held in Legacy Treasury Direct® 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 Legacy Treasury Direct.

(b) *Orders*—(1) *Ownership rights*. The Department will recognize a final order entered by a court that affects ownership rights in a security in Legacy Treasury Direct 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 in paragraph (c) of this section.

(c) *Evidence required*. Before the Department will recognize an order or determination 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 and 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.

(Approved by the Office of Management and Budget under control number 1535-0068)

§ 357.24 Availability and disclosure of Legacy Treasury Direct® records.

(a) *General*. All records with respect to a Legacy Treasury Direct 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 Legacy Treasury Direct 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 the inquiry is made, the identity and right of the requester to the information have been established.

[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986]

§ 357.25 Security interests.

(a) *General*. The Department will not recognize any notice or claim of a lien, encumbrance, or security interest of any kind, including a pledge, in a security in Legacy Treasury Direct® except as provided in § 357.23 and in paragraph (b) of this section.

(b) *Security for the performance of duty or obligation under Federal law*. The Department will accept and hold pursuant to the provisions of 31 U.S.C. 9303, book-entry bonds, notes or bills submitted in lieu of a surety bond as security for the performance of a duty or obligation required by Federal law in accordance with said section.

§ 357.26 Direct Deposit.

(a) *General*. A payment by the Department with respect to a security shall be by direct deposit unless it is deemed necessary by the Department to make payment by another means. Direct Deposit payments are governed by the regulations at 31 CFR part 370.