subject also to the general rules and regulations of the Treasury Department, now or hereafter prescribed, governing United States securities. They will be issued pursuant to the authority of the Second Liberty Bond Act, as amended.

(b) The terms public notice, notices, or announcement as used in this part mean the Public Notice of Invitation to Bid on Treasury bonds and any supplementary or amendatory notices or announcements with respect thereto, including, but not limited to any statement released to the press by the Secretary of the Treasury and notices sent to those who have filed notices of intent to bid or who have filed bids.

§ 340.1 Public notice—description of bonds—terms of offer.

When bonds are offered for sale through competitive bidding, bids therefor will be invited through the form of a public notice or notices issued by the Secretary of the Treasury. The notice or notices will either fix the coupon rate of interest to be borne by the bonds or prescribe the conditions under which bidders may specify the rate and will set forth the terms and conditions of the bonds, including maturities, call features, if any, and the terms and conditions of the offer, including the amount of the issue for which bids are invited, the date and closing hour for receipt of bids, and the date on which the bonds will be delivered and payment for any accepted bid must be completed. When so specified in the public notice, it shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder will make a bona fide reoffering to the investing public.

§ 340.2 Denominations and exchanges.

Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be available in denominations of $50,000, $1,000,000. Provisions will be made for the interchange of bonds of different denominations and of bearer and registered bonds, and for the transfer of registered bonds.

Circular No. 418, Revised, and do not constitute a specific offering of bonds.

§ 340.3 Taxation.

The income derived from the bonds will be subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds will be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but will be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

§ 340.4 Acceptance as security for public deposits.

The bonds will be acceptable to secure deposits of public moneys.

§ 340.5 Notice of intent to bid.

Any individual, or organization, syndicate, or other group which intends to submit a bid, must, when required by the public notice, give written notice of such intent on Form PD 3555 at the place and within the time specified in the public notice. The filing of such notice will not constitute a commitment to bid.

§ 340.6 Submission of bids.

(a) General. Bids will be received only at the place specified and not later than the time designated in the public notice. Each bid must be submitted on the official form referred to in the public notice and should be enclosed and sealed in the special envelope provided by the Treasury Department. Forms and envelopes may be obtained from any Federal Reserve Bank or Branch or the Bureau of the Fiscal Service, Treasury Department, Washington, DC 20220. Bids shall be irrevocable.

(b) Bidding. Bids, except noncompetitive bids when authorized, must be expressed as a percentage of the principal amount in not to exceed five decimals, e.g., 100.01038 percent. Provisions relating to the coupon rate of interest on the bonds, if not set forth in the public notice, will be made in a supplemental announcement. The public notice will indicate the timing of any such announcement. If the bidders are required to specify the coupon rate, each bidder shall specify a single coupon rate of interest, which shall be a multiple of 1 percent but not in excess of 4 percent. The Secretary of the Treasury
may limit the premium above or the discount below par.

(c) Group bids. A syndicate or other group submitting a bid must act through a representative who must be a member of the group. The representative must warrant to the Secretary of the Treasury that he has all necessary power and authority to act for each member and to bind the members jointly and severally. In addition to whatever other data may be required by the Secretary of the Treasury, in the case of a syndicate, the representative must file, within one hour after the time for opening of bids, at the place specified in the public notice for receipt of bids a final statement of the composition of the syndicate membership and the amount of each member’s underwriting participation.

§ 340.7 Deposits—retention—return.

Each bid must be accompanied by a deposit in the amount specified in the public notice. The deposit of any successful bidder will be retained as security for the performance of his obligation and will be applied toward payment of the bonds. All other deposits will be returned immediately. No interest will be allowed on account of any deposits.

§ 340.8 Acceptance of bids.

(a) Opening of bids. Bids will be opened at the time and place specified in the public notice.

(b) Method of determining accepted bids. The lowest basis cost of money computed from the date of the bonds to the date of maturity will be used in determining successful bids.

(c) Acceptance of successful bid. The Secretary of the Treasury, or his representative, will notify any successful bidder of acceptance in the manner and form specified in the public notice.

In cases where bidders are required to specify the coupon rate, the lowest basis cost of money will be determined by reference to a specially prepared table of bond yields, a copy of which will be made available to all prospective bidders upon written request to the Federal Reserve Bank of New York, or the Bureau of the Fiscal Service, Treasury Department, Washington, DC 20220. Straightline interpolation will be applied if necessary.

§ 340.9 Bids—revocations—rejections—postponements—reoffers.

The Secretary of the Treasury, in his discretion, may (a) revoke the public notice of invitation to bid at any time before opening bids, (b) return all bids unopened either at or prior to the time specified for their opening, (c) reject any or all bids, (d) postpone the time for presentation and opening of bids, and (e) waive any immaterial or obvious defect in any bid. Any action the Secretary of the Treasury may take in these respects shall be final. In the event of a postponement, known bidders will be advised thereof and their bids returned unopened.

§ 340.10 Payment for and delivery of bonds.

Payment for the bonds, including accrued interest, if any, must be made in immediately available funds on the date and at the place specified in the invitation. Delivery of bonds under this section will be made at the risk and expense of the United States at such place or places in the United States as may be provided in the invitation. Interim receipts, if necessary, will be issued pending delivery of the definitive bonds.

§ 340.11 Failure to complete transaction.

If any successful bidder shall fail to pay in full for the bonds on the date and at the place specified in the invitation, the money deposited by or in behalf of such bidder shall be forfeited to the Treasury Department.

§ 340.12 Reservations as to terms of circular.

The Secretary of the Treasury reserves the right, at any time, or from time to time, to amend, repeal, supplement, revise or withdraw all or any of the provisions of this part.

PART 341—REGULATIONS GOVERNING UNITED STATES RETIREMENT PLAN BONDS

Sec.
341.0 Offering of bonds.
341.1 Description of bonds.
341.2 Registration.
341.3 Purchase of bonds.