Assistant Secretary on September 24, 1997.

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DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 343

[Department of the Treasury Circular, Public Debt Series No. 3–68]

Regulations Governing the Offering of United States Mortgage Guaranty Insurance Company Tax and Loss Bonds

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

ACTION: Final rule.

SUMMARY: The Department of the Treasury (Department) or (Treasury) is issuing in final form an amendment to its regulations governing United States Mortgage Guaranty Insurance Company Tax and Loss Bonds, referred to as tax and loss bonds. These securities are available for purchase only by companies organized and engaged in the business of writing mortgage guaranty insurance within the United States. Previously, these securities were issued in definitive (paper) form. They were only available in a ten year maturity. The Department has determined that maintaining and servicing these securities in definitive form is not cost-effective. The Department had also received many requests to offer a twenty year maturity. This final rule will reduce administrative overhead and costs by providing that on or after the effective date of the regulation, the securities will only be offered in book-entry form and that the securities may, at the option of the holder, be converted to book-entry form. It will also provide for maturities of either ten or twenty years. Minor changes to redemption notices have been added and all addresses have been updated.

EFFECTIVE DATE: September 24, 1997.

ADDRESSES: Copies are available for downloading from the Bureau of the Public Debt home page at: http://www.publicdebt.treas.gov/or may be obtained from the Division of Special Investments, 200 3rd St., P.O. Box 396, Parkersburg, WV 26106–0396.

FOR FURTHER INFORMATION CONTACT: Howard Stevens, Director, Division of Special Investments, at 304–480–7752, or Edward C. Gronseth, Deputy Chief Counsel, at 304–480–5192 or Jim Kramer-Wilt, Attorney/Adviser, Office of the Chief Counsel, at 304–480–5190.

SUPPLEMENTARY INFORMATION:

I. Background

The Department of the Treasury, Bureau of the Public Debt, is providing for the voluntary conversion of outstanding definitive tax and loss securities to book-entry form and further providing for the issuance of only book-entry securities. This conversion will improve the cost-effectiveness of this program and the ease of administering transactions involving these securities.

II. Section-by-Section Summary

Subpart A—General Information

Provisions included in the general information paragraph apply to the offering of these securities. Part 343 has been substantially rewritten. Changes from the 1968 regulations are as follows:

(1) Paragraph 343.1—This paragraph has been renumbered from 343.6.

(2) Paragraph 343.1(a)—This paragraph has been renumbered from 343.6(a). It is amended to state that copies of 31 CFR part 306 may be obtained from the Division of Special Investments.

(3) Paragraph 343.1(b)—This is a new paragraph titled Issuance. It states that on or after the effective date of this regulation, tax and loss bonds will be issued only in book-entry form on the books of the Treasury Department. The bonds will now be issued with ten or twenty year maturities designated by the purchaser and are non-interest bearing. Transfer by sale, exchange, assignment, pledge, or otherwise is prohibited. The bonds may be reissued as provided in paragraph 343.4.

(4) Paragraph 343.1(c)—This paragraph has been renumbered from 343.6(b). It is amended to state that selected Federal Reserve Banks and branches, as fiscal agents of the United States, may be designated to perform such services requested of them by the Secretary of the Treasury in connection with purchases, transactions and redemptions of these bonds.

(5) Paragraph 343.1(d)—This is a new paragraph titled Debt limit contingency. It states that the Department of the Treasury reserves the right to change or suspend the terms and conditions of the offering of tax and loss securities. This right includes provisions relating to the purchase and redemption of these bonds and any related notices. This may be done at any time the Secretary determines that the issuance of obligations sufficient to conduct the orderly financing operations of the United States cannot be made without exceeding the statutory debt limit. Announcement of such changes shall be provided by such means as the Secretary deems appropriate.

(6) 343.1(3)—This paragraph has been renumbered from 343.3. It is amended to state that upon maturity of a bond, the Department will make payment of the principal amount due to the owner. A bond scheduled for maturity on a non-business day will be redeemed on the next business day with the same force and effect as if made on the maturity date.

(7) Paragraph 343.1(f)—This paragraph is titled Reservations. It includes language of the former paragraph 343.3. It is revised to state that the Secretary of the Treasury may supplement or amend the terms of this circular or any related amendments and supplements. Transaction requests, including purchases or redemptions of bonds, are not acceptable if unsigned, inappropriately completed, or not timely submitted. The non-acceptance of inappropriate transaction requests is final. The authority of the Secretary to waive regulations under 31 CFR 306.126 applies to part 343.

(8) Paragraph 343.1(g)—This is a new paragraph titled Forms and additional information. It states that PD Form 3871 ''Application for Issue of United States Mortgage Guaranty Insurance Company Tax and Loss Bonds'', Fedwire instructions and other information will be furnished by the Division of Special Investments upon request. Interested parties may write to the Division of Special Investments or may telephone at (304) 480–7752. Application forms may also be downloaded from the Internet at Public Debt's home page at: http://www.publicdebt.treas.gov/.

Subpart B—Tax and Loss Bonds

This is a new subpart which includes information on the issue date, purchase, redemption, reissue and taxation of these bonds.

(9) Paragraph 343.2—This paragraph has been renumbered. It combines the former paragraphs 343.1(c) and 343.2. This paragraph is revised to state that the issue date must be a business day. The securities will also be issued as of the date of receipt of Form PD F 3871, along with remittance of funds for the full amount of the bond(s). Applications under this offering must be submitted to the Division of Special Investments. An application may be submitted by fax at (304) 380–7786 or (304) 480–6818, by mail or by other carrier. Applications submitted by mail should be sent by certified or registered mail.

(10) Paragraph 343.2(b)—This paragraph has been renumbered from

343.2. It is revised to state that tax and loss bonds may be purchased only from the Division of Special Investments.

(11) Paragraph 343(a)—This sub-paragraph has been renumbered from 343.3. It has been revised to state that partial redemptions of bonds may be requested in any whole dollar amount; however, an account balance of less that $1,000 will be redeemed in total. The address to which redemptions are sent is changed to the address now listed in paragraph 343.3(d).

(12) Paragraph 343.3(b)—This sub-paragraph has been renumbered from 343.3. This paragraph has been revised to state that payment will be made by the Automated Clearing House (ACH) method to the owner's account at a financial institution designated by the owner. To the extent applicable, provisions of Paragraph 357.26 on ''Payments'', and provisions of 31 CFR part 370, shall govern ACH payments made under this offering. The Department of the Treasury may employ alternate payment procedures, in lieu of ACH, in any case or class of cases where operational considerations require such action.

(13) Paragraph 343.3(c)—This is a new paragraph titled Book-entry. It states that bonds will be redeemed automatically upon maturity. Payment will be made in accordance with the ACH payment instructions on file. Redemptions prior to maturity will be made upon receipt of a redemption request. Notice of redemption prior to maturity must be submitted by letter, on company letterhead, to the Division of Special Investments or faxed to (304) 480–7786 or (304) 480–6818.

The notice must be received by the Division of Special Investments not less than three business days prior to the requested redemption date. It must contain the owner's name and Tax Identification Number, the requested redemption date, any changed payment routing instructions, the case number(s) to be redeemed, including original issue date(s) and the amount to be redeemed.

(14) Paragraph 343.3(d)—This is a new paragraph titled Registered and provides for the redemption of a registered tax and loss bond. The bond(s) with the assignment for redemption properly completed and executed must be presented to the Division of Special Investments. Payment routing instructions must also be included with the bond(s) at redemption. Upon partial redemption of a registered bond, the remaining balance will be reissued in book-entry form with the original issue and maturity date.

(15) Paragraph 343.4—This paragraph has been renumbered from 343.5.

(16) 343.4(a)—This paragraph has been renumbered from 343.5(a). It is revised to state that reissues must be sent to the Division of Special Investments. It also states that a bond will only be reissued in book-entry form but will continue to bear the same issue date and maturity as the original bond.

(17) 343.4(b)—This paragraph has been renumbered from 343.5(b).

(18) 343.4(c)—This paragraph has been renumbered from 343.5(c).

(19) 343.4(d)—This paragraph has been renumbered from 343.5(d).

(20) 343.4(e)—This is a new paragraph titled Conversion to book-entry. It provides that any owner of tax and loss bonds held in registered form after the effective date of this regulation may submit the bonds to the Division of Special Investments for conversion to book-entry.

(21)—Paragraph 343.5—This paragraph has been renumbered from 343.4.

Procedural Requirements

It has been determined that this final rule is not a significant regulatory action as defined in Executive Order 12866. Therefore, an assessment of anticipated benefits, costs and regulatory alternatives is not required.

This final rule relates to matters of public contract. The notice and public procedures requirements 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.

Because, as stated above, this regulation is being issued without prior notice and public procedure, the collection of information contained in this regulation has been reviewed under the requirements of the Paperwork Reduction Act (44 U.S.C. 3507 (j)) and, pending receipt and evaluation of public comments, approved by the Office of Management and Budget (OMB) under control number 1535–0127. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

Comments concerning the collection of information should be directed to OMB, Attention: Desk Officer for the Bureau of the Public Debt, Office of Information and Regulatory Affairs, Washington, DC, 20503, with copies to the Bureau of the Public Debt, Office of Administration, Graphics, Printing and Records Branch, Room 301, 200 Third Street, Parkersburg, WV 26106. Any such comments should be submitted not later than November 24, 1997. Comments are specifically requested concerning:

1. Whether the proposed collection of information is necessary for the proper performance of the functions of the Bureau of the Public Debt, including whether the information will have practical utility;

2. The accuracy of the estimated burden associated with the proposed collection of information (see below);

3. How to enhance the quality, utility and clarity of the information to be collected;

4. How to minimize the burden of complying with the proposed collection of information, including the application of automated collection techniques or other forms of information technology; and

5. Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

The collection of information in this regulation is in 31 CFR 343.2, 343.3 and 343.4. This information is required to establish and maintain accounts for holding Mortgage Guaranty Insurance Company Tax and Loss Bonds. This information will be used to issue a Statement of Account to the entity, establish issue and maturity dates for the bonds, and provide electronic payment routing instructions for the proceeds. The collection of information is required to obtain a benefit. The likely respondents are companies engaged in the business of writing mortgage guaranty insurance with the United States.

The estimated total annual reporting burden: 20 hours.

The estimated average annual burden hours per respondent: 15 minutes.

The estimated number of respondents: 37 respondents.

The estimated annual frequency of responses: 2.16 times.

List of Subjects in 31 CFR Part 343

United States Mortgage Guaranty Insurance Company Tax and Loss Bonds.

Dated: September 19, 1997.

Gerald Murphy,

Fiscal Assistant Secretary.

For the reasons set forth in the preamble, part 343 of Title 31 of the Code of Federal Regulations is revised to read as follows:

PART 343—REGULATIONS GOVERNING THE OFFERING OF UNITED STATES MORTGAGE GUARANTY INSURANCE COMPANY TAX AND LOSS BONDS

Subpart A—General Information

Subpart B—Tax and Loss Bonds

Authority: 5 U.S.C. 301; 26 U.S.C. 832; 31 U.S.C. 3102.

Subpart A—General Information

§ 343.0 Offering of bonds.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to paragraph 832(e) of the Internal Revenue Code of 1954, offers for sale only to companies organized and engaged in the business of writing mortgage guaranty insurance within the United States, bonds of the United States designated as Mortgage Guaranty Insurance Company Tax and Loss Bonds, hereinafter referred to as tax and loss bonds. The bonds are issued in a minimum amount of $1,000 or in any larger amount, in increments of not less than $1.00. This offering will continue until terminated by the Secretary of the Treasury.

§ 343.1 General provisions.

(a) *Regulations.* Tax and loss bonds are subject to the general regulations with respect to United States securities, which are set forth in the Department of the Treasury Circular No. 300 (31 CFR part 306), to the extent applicable. Copies of the circular may be obtained from the Bureau of the Public Debt, Division of Special Investments, Room 309, 200 Third St., P.O. Box 396, Parkersburg, WV 26106–0396 or downloaded from Public Debt's home page on the Internet at: http://www.publicdebt.treas.gov/.

(b) *Issuance.* Tax and loss bonds are issued in book-entry form on the books of the Treasury that are maintained by the Division of Special Investments. The bonds are issued with 10 or 20 year maturities as designated by the purchaser. These bonds are non-interest bearing. Any transfer by sale, exchange, assignment, pledge or otherwise, is prohibited. The bonds may be reissued as provided in § 343.4.

(c) *Fiscal agents.* Selected Federal Reserve Banks and Branches, as fiscal agents of the United States, may be designated to perform such services requested of them by the Secretary of the Treasury in connection with the purchase, redemption and other transactions involving these bonds.

(d) *Debt limit contingency.* The Department of the Treasury reserves the right to change or suspend the terms and conditions of this offering, including provisions relating to the purchase of, and redemption of, the bonds as well as notices relating hereto, at any time the Secretary determines that the issuance of obligations sufficient to conduct the orderly financing operations of the United States cannot be made without exceeding the statutory debt limit. Announcement of such changes shall be provided by such means as the Secretary deems appropriate.

(e) *General redemption provisions.* A bond may not be called for redemption by the Secretary of the Treasury prior to maturity. When the bond matures, payment will be made of the principal amount due to the owner. A bond scheduled for maturity on a non-business day will be redeemed on the next business day.

(f) *Reservations.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this circular or any related amendments or supplements. Transaction requests, including purchases or redemptions of bonds, are not acceptable if unsigned, inappropriately completed, or not timely submitted. Any of these actions shall be final. The authority of the Secretary to waive regulations under 31 CFR 306.126 applies to part 343.

(g) *Forms and additional information.* The application form for subscriptions, Fedwire instructions and other information will be furnished by the Division of Special Investments upon request by writing to the Division of Special Investments or by calling (304) 480–7752. Application forms may also be downloaded from the Internet at Public Debt's home page at: http://www.publicdebt.treas.gov/.

Subpart B—Tax and Loss Bonds

§ 343.2 Issue date and purchase.

(a) *Issue date.* The issue date must be a business day. The bonds will be issued as of the date of receipt of Form PD F 3871 ''Application for Issue of United States Mortgage Guaranty Insurance Company Tax and Loss Bonds'' and receipt of the remittance of funds for the full amount of the bond(s). Applications under this offering must be submitted to the Division of Special Investments. An application may be submitted by fax at (304) 480–7786 or (304) 480–6818, by mail, or by other carrier. Applications submitted by mail should be sent by certified or registered mail.

(b) *Purchase.* Tax and loss bonds may only be purchased from the Division of Special Investments. The purchaser will instruct their financial institution to submit the exact amount of funds on the requested issue date to the Division of Special Investments via the Fedwire funds transfer system, with credit directed to the Treasury's General Account, according to wire instructions obtained from the Division of Special Investments (see § 343.1(g)). Full payment should be submitted by 3:00 P.M. Eastern time to ensure that settlement of the transaction occurs.

[Approved by the Office of Management and Budget under control number 1535–0127.]

§ 343.3 Redemption.

(a) *General.* Tax and loss bonds may not be called for redemption by the Secretary of the Treasury prior to maturity, but may be redeemed in whole or in part at the owner's option at any time after three months from issue date. The Director of the Internal Revenue Service District in which the owner's principal place of business is located will be given notice of all redemptions. Partial redemptions of bonds may be requested in any whole dollar amount; however, an account balance of less than $1,000 will be redeemed in total.

(b) *Method of payment.* Payment will be made by the Automated Clearing House (ACH) method for the owner's account at a financial institution designated by the owner. To the extent applicable, provisions of § 357.26, Payments, and provisions of 31 CFR part 370, shall govern ACH payments made under this offering. The Department of the Treasury may employ alternate payment procedures in lieu of ACH in any case or class of cases where operational considerations require such action.

(c) *Book-entry.* Bonds will be redeemed automatically upon maturity. Payment will be made in accordance with the ACH payment instructions on file. Redemptions prior to maturity will be made upon receipt of a redemption request. Notice of redemption prior to maturity must be submitted in writing on company letterhead to the Division of Special Investments, or faxed to (304) 480–7786 or to (304) 480–6818. The notice must be received by the Division of Special Investments not less than three business days prior to the requested redemption date. It must contain the owner's name and Tax Identification Number, the requested redemption date, any changed payment routing instructions, the case number(s) to be redeemed, including original issue date(s), and the amount to be redeemed.

(d) *Registered.* To obtain redemption, a bond with the assignment for redemption properly completed and executed must be presented to the Division of Special Investments. Payment routing instructions must also be included with the bond at redemption. Upon partial redemption of a registered bond, the remaining balance will be reissued in book-entry form with the original issue and maturity date.

[Approved by the Office of Management and Budget under control number 1535–0127.]

§ 343.4 Reissue.

(a) *General.* Reissue of a tax and loss bond may be made only under the conditions specified in this paragraph. A request for reissue must be made by an officer of the beneficial owner who is authorized to assign the bond for redemption. The request must be submitted to the Division of Special Investments. A bond will only be reissued in book-entry form and will bear the same issue date and maturity as the original bond.

(b) *Correction of error.* The reissue of a bond may be made to correct an error in the original issue upon an appropriate request, supported by satisfactory proof of the error.

(c) *Change of name.* An owner whose name is changed in any legal manner after the issue of the bond should submit the bond with a request for reissue, substituting the new name for the name inscribed on the bond. The signature on the request for reissue should show the new name, the legal reason which caused the change to be made and the former name. It must be supported by satisfactory proof of the change of name.

(d) *Legal succession.* A bond registered in the name of a company which has been succeeded by another company as the result of a merger, consolidation, incorporation, reincorporation, conversion, reorganization, or which has been lawfully succeeded in any manner whereby the business or activities of the original organization are continued without substantial change, will be paid to or reissued in the name of the successor upon an appropriate request on its behalf, supported by satisfactory evidence of successorship.

(e) *Conversion to book-entry.* Although not required, any owner of tax and loss bonds held in registered form after the effective date of this regulation, may submit those bonds to the Division of Special Investments, for conversion to book-entry form.

[Approved by the Office of Management and Budget under control number 1535–0127.]

§ 343.5 Taxation

Tax and loss bonds will be exempt from all taxation now or hereafter imposed on the principal by any state or any possession of the United States or of any local taxing authority.

[FR Doc. 97–25450 Filed 9–22–97; 12:17 pm]

BILLING CODE 4810–39–P

POSTAL SERVICE

39 CFR Part 20

Implementation of Global Package Link Service

AGENCY: Postal Service.

ACTION: Interim rule with request for comments.

SUMMARY: Global Package Link Service (GPL) is an international mail service designed for mailers sending merchandise to other countries. To implement an agreement previously entered into with the postal administration of Hong Kong Special Administrative Region (Hong Kong), Hong Kong is now being added as a destination country. This action is consistent with the Postal Service's original plan to add destination countries as mailer needs dictate (59 FR 65961; December 22, 1994). GPL Service previously has been made available to Brazil, Canada, Chile, China, France, Germany, Japan, Mexico, Singapore, and the United Kingdom (U.K.). To use GPL Service, a mailer must mail at least 10,000 GPL packages a year and agree to link its information systems with the Postal Service's so that the Postal Service can extract certain information about the contents of the mailer's packages for customs clearance and other purposes. Initially, one level of service to Hong Kong will be offered to mailers. Interim regulations have been developed and are set forth below for comment and suggested revision prior to adoption in final form.

DATES: The interim regulations take effect September 24, 1997. Comments must be received on or before October 24, 1997.

ADDRESSES: Written comments should be mailed or delivered to Global Package Link Service, U.S. Postal Service, 475 L'Enfant Plaza SW, Room 370 IBU, Washington, DC 20260–6500. Copies of all written comments will be available for public inspection and photocopying at the above address between 9 a.m. and 4 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Robert Michelson at the above address. Telephone: (202) 268–5731. Marc Solnick at the above address. Telephone: (202) 268–3916.

SUPPLEMENTARY INFORMATION:

I. Introduction

One of the most important goals of the Postal Service's international mission is developing services that enhance the ability of U.S. mailers to do business in other countries. This responsibility was delineated in 39 U.S.C. 403(b)(2) which makes it the obligation of the Postal Service ''to provide types of mail service to meet the needs of different categories of mail and mail users.'' GPL is designed to more closely meet the needs of mailers who send merchandise packages from the United States to multiple international addressees by simplifying the process mailers use to prepare their packages for mailing and by reducing the costs those mailers incur in mailing merchandise to other countries.

In late 1994, with implementation of International Package Consignment Service, later renamed Global Package Link, to Japan (59 FR 65961; December 22, 1994), the Postal Service announced that, when feasible, it would expand this service to other destination countries based on mailer requests. Consistent with this policy, the Postal Service later expanded GPL by adding Canada and the United Kingdom as destination countries for qualifying mailers (61 FR 13765; March 28, 1996), subsequently expanded GPL further by announcing Brazil, Chile, and Germany as GPL destinations (62 FR 17072; April 9, 1997), added the People's Republic of China as a GPL destination (62 FR 25515; May 9, 1997), added Mexico and Singapore as GPL destinations (62 FR 45160; August 26, 1997), and added France as a GPL destination (62 FR 47558; September 10, 1997). The USPS is hereby further expanding GPL by adding Hong Kong as a GPL destination for qualifying mailers. This action implements an agreement with the postal administration of Hong Kong dated August 29, 1997.

II. GPL to Hong Kong Special Administrative Region

A. Qualifying Criteria

A mailer who wants to use GPL to Hong Kong must enter into a service agreement with the Postal Service providing for the following. First, the mailer must commit to mail at least