

indemnify Treasury for any loss, liability, cost, or expense associated with the State's receipt, use, or distribution of, or failure to adequately protect, records or any information contained therein.

**§ 323.12 Severability.**

The provisions of this subpart are severable, and if any section, subsection, clause, paragraph, or phrase of this subpart shall be adjudged to be invalid or unconstitutional by any court of competent jurisdiction, the judgment shall not affect, impair, or invalidate the remainder of this subpart, but shall be confined in its operation to the section, subsection, clause, paragraph, or phrase directly involved in the controversy in which such judgment shall have been rendered, and the remainder of this subpart shall continue to be in force and effect.

**PART 328—RESTRICTIVE ENDORSEMENTS OF U.S. BEARER SECURITIES**

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AUTHORITY: R.S. 3706; 40 Stat. 288, 502, 1309; 46 Stat. 20; 48 Stat. 343; 49 Stat. 20; 56 Stat. 189; 73 Stat. 622; 85 Stat. 5, 74 (31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a and 754b); and 5 U.S.C. 301.

SOURCE: 38 FR 10682, Apr. 30, 1973, unless otherwise noted.

**§ 328.1 Scope of regulations.**

The regulations in this part are applicable only to U.S. bearer securities<sup>1</sup> presented:

(a) By or through banks for payment at or after their maturity or call date,

<sup>1</sup>Certain agencies of the United States and certain Government and Government-sponsored corporations also authorize the restrictive endorsement of bearer securities.

or in exchange for any securities under any exchange offering,

(b) By banks for conversion to book-entry securities,

(c) By or through banks at any time prior to their maturity or call date for redemption at par and application of the entire proceeds in payment of Federal estate taxes, provided said securities by the terms of their issue are eligible for such redemption, and

(d) By Service Center Directors and District Directors, Internal Revenue Service, for redemption, with the proceeds to be applied in payment of taxes (other than securities presented under paragraph (c) of this section).

These regulations do not apply to bearer securities presented for any other transactions, or to registered securities assigned in blank, or to bearer, or so assigned as to become, in effect, payable to bearer.

**§ 328.2 Definitions.**

Certain words and terms, as used in these regulations, are defined as follows:

(a) *Banks* refer to, and include, incorporated banks (*i.e.*, banks doing a general commercial banking business), incorporated trust companies (*i.e.*, trust companies doing either a general banking business or a general trust business), and savings and loan associations, building and loan associations, and such other financial institutions as may be designated by the Federal Reserve banks. This definition is limited to institutions incorporated within the United States, its territories and possessions, the Commonwealth of Puerto Rico and the Canal Zone.

(b) *Bearer securities* or *securities* are those which are payable on their face to *bearer*, the ownership of which is not recorded. They include *Treasury bonds*, Treasury notes, Treasury certificates of indebtedness, and *Treasury bills*.

**§ 328.3 Authorization for restrictive endorsements.**

(a) *By banks.* Banks are authorized, under the conditions and in the form hereinafter provided, to place restrictive endorsements upon the face of bearer securities owned by themselves or their customers for the purpose of

presentation to Federal Reserve banks or branches, or to the Bureau of the Fiscal Service, as follows:

(1) For payment or redemption—at any time within 1 calendar month prior to their maturity date, or the date on which they become payable pursuant to a call for redemption, or at any time after their maturity or call date;

(2) For exchange—during any period for their presentation pursuant to an exchange offering;

(3) For redemption at par in payment of Federal estate taxes (only eligible securities)—at any time prior to their maturity or call redemption date; and

(4) For conversion to book-entry securities under subpart O of part 306 of this chapter—at any time prior to their maturity or call redemption date.

(b) *By Service Center Directors and District Directors, Internal Revenue Service.* Service Center Directors and District Directors, Internal Revenue Service, are authorized, under the conditions and in the form hereinafter provided, to place restrictive endorsements upon the face of bearer securities for the purpose of presentation to Federal Reserve banks or branches, or to the Bureau of the Fiscal Service, for redemption and application of the proceeds in payment of taxes (other than securities presented for redemption at par and application of the proceeds in payment of Federal estate taxes).

(c) *Instructions from Federal Reserve banks.* Federal Reserve banks will inform eligible banks and Service Center Directors and District Directors, Internal Revenue Service, in their respective districts as to the procedure to be followed under the authority granted by these regulations. Restrictive endorsements shall not be placed on securities until such information is received from the Federal Reserve banks.

#### § 328.4 Effect of restrictive endorsements.

Bearer securities bearing restrictive endorsements as herein provided will thereafter be nonnegotiable and payment, redemption, or exchange will be made only as provided in such endorsements.

#### § 328.5 Forms of endorsement.

(a) *When presented by banks—(1) For payment or exchange.* The endorsement placed on a bearer security presented for payment or exchange by a bank should be in the following form:

For presentation to the Federal Reserve Bank of \_\_\_\_\_, Fiscal Agent of the United States, for redemption or in exchange for securities of a new issue, in accordance with written instructions submitted by \_\_\_\_\_. (Insert name of presenting bank)

(2) *For redemption at par.* The endorsement placed on a bearer security presented for redemption at par in payment of Federal estate taxes should be in the following form:

For presentation to the Federal Reserve Bank of \_\_\_\_\_, Fiscal Agent of the United States, for redemption at par in payment of Federal estate taxes, in accordance with written instructions submitted by \_\_\_\_\_. (Insert name of presenting bank)

(b) *For conversion to book-entry securities.* The endorsement placed on a bearer security presented for conversion to a book-entry security shall be in the following form:

For presentation to the Federal Reserve Bank of \_\_\_\_\_, Fiscal Agent of the United States, for conversion to book-entry securities by \_\_\_\_\_. (Insert name of presenting bank)

(c) *When presented by Service Center Directors or District Directors, Internal Revenue Service.* The endorsement placed on a bearer security by a Service Center Director or a District Director, Internal Revenue Service, should be in the following form:

For presentation to the Federal Reserve Bank of \_\_\_\_\_; Fiscal Agent of the United States, for redemption, the proceeds to be credited to the account of the Service Center Director, Internal Revenue Service, at \_\_\_\_\_, for credit on the Federal \_\_\_\_\_ (Income, gifts, or other) taxes due from \_\_\_\_\_. (Name and address)

#### § 328.6 Requirements for endorsement.

(a) *On bearer securities.* The endorsement must be imprinted in the lefthand portion of the face of each security with the first line thereof parallel to the left edge of the security and in such manner as to be clearly legible and in such position that it will

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not obscure the serial number, series designation, or other identifying data, and cover the smallest possible portion of the text on the face of the security. The dimensions of the endorsement should be approximately 4 inches in width and 1½ inches in height, and must be imprinted by stamp or plate of such character as will render the endorsement substantially ineradicable. The name of the Federal Reserve bank of the district must appear on the plate or stamp used for the imprinting of the endorsement, and presentation to the appropriate branch of the Federal Reserve bank named will be considered as presentation to the bank. When securities are to be presented to the Bureau of the Fiscal Service, the words "United States Treasury" should be used in lieu of the words "Federal Reserve Bank of \_\_\_\_\_, Fiscal Agent of the United States." No subsequent endorsement will be recognized. If the form of endorsement on a security is different than that prescribed in § 328.5, the provisions of §§ 328.7 and 328.8 shall not apply to the security.

(b) *On coupons.* Unmatured coupons attached to restrictively endorsed securities should be canceled by imprinting the prescribed endorsement in such manner that a substantial portion of the endorsement will appear on each such coupon. If any such coupons are missing, deduction of their face amount will be made in cases of redemption, and in cases of exchange, remittance equal to the face amount of the missing coupons must accompany the securities. All matured coupons, including coupons which will mature on or before the date of redemption or exchange (except as otherwise specifically provided in an announcement of an exchange offering), should be detached from securities upon which restrictive endorsements are to be imprinted.

### § 328.7 Shipment of securities.

Securities bearing restrictive endorsements may be shipped, at the risk and expense of the shipper, by registered mail, messenger, armored car service, or express to the Federal Reserve bank of the district in which the presenting bank, the Service Center Director, or the District Director, Inter-

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nal Revenue Service, is located, or to the appropriate branch of such Federal Reserve bank, shipments to the Bureau of the Fiscal Service, Washington, DC, should be made by messenger or armored car.

### § 328.8 Loss, theft, or destruction of securities bearing restrictive endorsements.

(a) *General.* Relief will be provided on account of securities bearing restrictive endorsements proved to have been lost, stolen or destroyed, upon the owner's application, in the same manner as registered securities which have not been assigned. (See subpart N of the current revision of Department Circular No. 300, the general regulations governing United States securities.) Except for bearer securities submitted for redemption at par in payment of Federal estate taxes, a bank will be considered the owner of securities handled on behalf of customers unless it otherwise requests. The application for relief (Form PD 2211) and instructions will be furnished by the Federal Reserve banks.

(b) *Bond of indemnity.* Where securities bearing restrictive endorsements shipped by a bank have been lost, stolen, or destroyed, a bond of indemnity with surety satisfactory to the Secretary of the Treasury will be required from the owner. If such bond is executed by a bank or other corporation, the execution must be authorized by general or special resolution of the board of directors, or other body exercising similar functions under its bylaws. Ordinarily, no surety will be required on a bond executed by a presenting bank. The Secretary of the Treasury reserves the right, however, to require a surety in any case in which he considers such action necessary for the protection of the United States.

### § 328.9 Miscellaneous.

The provisions of this circular are subject to the current revision of Department Circular No. 300. The Secretary of the Treasury reserves the right at any time to amend, supplement, or withdraw any or all of the provisions of these regulations.

**PART 330—REGULATIONS GOVERNING PAYMENT UNDER SPECIAL ENDORSEMENT OF UNITED STATES SAVINGS BONDS AND UNITED STATES SAVINGS NOTES (FREEDOM SHARES)**

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 330.11 Supplements, amendments, or revisions.

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 3105.

SOURCE: 53 FR 37519, Sept. 26, 1988, unless otherwise noted.

**§ 330.0 Purpose.**

The regulations in this part establish a procedure under which qualified paying agents may specially endorse definitive United States Savings Bonds of certain series and United States Savings Notes (Freedom Shares), and either redeem the securities so endorsed, or forward them to a TRS Site for redemption, with or without the owner's signature to the request for payment.

[77 FR 16169, Mar. 20, 2012]

**§ 330.1 Definition of terms.**

As used in this part:

*Definitive security* means a Treasury security held in paper form.

*Federal Reserve Processing Site* means a Federal Reserve Bank (including any Branch or office thereof, as appropriate) referred to in 31 CFR part 321, to which the paying agent, or institution acting on its behalf, is instructed to transmit redeemed securities for payment pursuant to the Federal Reserve Operating Circular.

*Federal Reserve Treasury Retail Securities Site* or *TRS Site* means a Federal

Reserve Bank (including any Branch or office thereof, as appropriate) referred to in 31 CFR part 321, that is authorized to qualify paying agents, provide customer service, and provide other fiscal agency services under the provisions of this part. See § 330.9.

*Owner(s)* means the person(s) named as registered owner or coowners on a bond or note, or as the designated beneficiary who has succeeded to ownership of the bond or note upon the death of the owner. For the purposes of special endorsement, but not payment, by a qualified agent, the term may also include fiduciaries, corporations, partnerships, associations, and other entities named on a security, where such registration is authorized.

*Paying agent(s)* or *agent(s)* refers to an eligible financial institution qualified under the provisions of this part to specially endorse securities and qualified, under the provisions of Department of the Treasury Circular No. 750, current revision (31 CFR part 321), to redeem eligible savings bonds and notes. The term includes the branches of a qualified agent that redeem bonds and notes and are themselves directly accountable for such redemptions.

*Redemption* and *payment* are used interchangeably for payment of a bond or note in accordance with the terms of its offering and the regulations governing it, and include *redemption-exchange*.

*Redemption-exchange* means any authorized redemption of eligible securities for the purpose of applying the proceeds in payment for other securities offered in exchange by the Treasury.

*Savings bond(s)* or *bond(s)* means a definitive United States Savings Bond of Series A, B, C, D, E, EE, or I.

*Savings notes(s)* or *notes(s)* means a United States Savings Note (Freedom Share).

*Security* or *securities* means a savings bond or savings note, as defined in paragraphs (h) and (i) of this section.

*Special endorsement* means a procedure under which a security is redeemed by an agent, qualified under the provisions of this part, for cash or on redemption-exchange (or forwarded