

**DEPARTMENT OF THE TREASURY****Fiscal Service****31 CFR Parts 306, 315, 353, 357, 360, and 363**

[Docket No. BPD-33-05-01]

**General Regulations Governing U.S. Securities; Regulations Governing U.S. Savings Bonds, Series A, B, C, D, E, F, G, H, J, and K, and U.S. Savings Notes; Regulations Governing United States Savings Bonds, Series EE and HH; Regulations Governing Book-Entry Treasury Bonds, Notes and Bills (Department of the Treasury Circular, Public Debt Series No. 2-86); Regulations Governing Definitive United States Savings Bonds, Series I; Regulations Governing Securities Held in the New Treasury Direct System****AGENCY:** Bureau of the Public Debt, Fiscal Service, Treasury.**ACTION:** Final rule.

**SUMMARY:** New Treasury Direct is an account-based, book-entry, online system for purchasing, holding, and conducting transactions in Treasury securities. The system has been referred to as New Treasury Direct because there is an older system concurrently operating that is also named Treasury Direct, for marketable securities only, with different governing regulations. This rule renames the older version of Treasury Direct as Legacy Treasury Direct, and renames New Treasury Direct as, simply, TreasuryDirect (one word).

In addition, this rule simplifies the regulatory structure for TreasuryDirect. Initially, we began the system with only one security. Since that time, we have added several securities to the system, each with its own governing subpart. Many of the rules in the subparts governing individual securities are repetitive. For instance, the provisions for decedents' estates differ only slightly in subpart C (savings bonds) from provisions in subpart D (certificates of indebtedness), and subpart E (converted savings bonds). Rather than repeat similar provisions for each security, this rule will integrate the similar provisions into one provision that will apply to all securities in the system. The integrated provisions will be contained in subpart B, which applies to all securities held within the system. Provisions that affect only one security will be contained within the subpart governing that security. In condensing and moving substantive changes.

We are also amending provisions relating to Internal Revenue Service levies to provide that we will honor levies against the secondary owner of securities owned in the primary/secondary form of ownership if the levy is received at a date when the secondary owner has a right to redeem the security.

**DATES:** Effective: September 30, 2005.**ADDRESSES:** You can download this final rule at the following Internet addresses: <http://www.publicdebt.treas.gov> or <http://www.gpoaccess.gov/ecfr>.**FOR FURTHER INFORMATION CONTACT:**Elisha Whipkey, Director, Division of Program Administration, Office of Securities Operations, Bureau of the Public Debt, at (304) 480-6319 or [elisha.whipkey@bpd.treas.gov](mailto:elisha.whipkey@bpd.treas.gov).Susan Klimas, Attorney-Adviser, Dean Adams, Assistant Chief Counsel, Edward Gronseth, Deputy Chief Counsel, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or [susan.klimas@bpd.treas.gov](mailto:susan.klimas@bpd.treas.gov).**SUPPLEMENTARY INFORMATION:**

TreasuryDirect is an account-based, online, book-entry system for purchasing, holding, and conducting transactions in Treasury securities via the Internet. Currently, book-entry Series EE and Series I savings bonds and certificates of indebtedness are offered for purchase, and definitive savings bonds may be converted to book-entry savings bonds through TreasuryDirect.

The TreasuryDirect regulations have been written in a modular manner. We have added subparts as we have added securities to the system. Each subpart has its own provisions as to judicial matters, forms of registration, decedents' estates, evidentiary requirements, and forfeiture procedures. This is because it was unclear when we began the system with savings bonds what securities would later be added, and whether these securities would have the same terms and conditions as the savings bonds already in the system. Now, it is clear that many of the administrative provisions for all securities will be similar. Therefore, we have removed some provisions from the subparts specific to the securities, and added consolidated provisions to the subpart that is common to all securities held in TreasuryDirect. This will better clarify the terms and conditions for forms of registration, decedents' estates, judicial proceedings, evidentiary requirements, and forfeiture procedures, and will tailor these provisions to the system's current and planned configuration. We originally placed these provisions, and others, into subpart C, which deals specifically with book-entry savings

bonds, subpart D, which deals specifically with certificates of indebtedness, and subpart E, which deals with converted savings bonds. We are moving these provisions to subpart B, which is a subpart that is common to all securities held within the TreasuryDirect system. Generally, the substance of the moved provisions has not been changed, other than to make references to securities in general rather than to a specific security.

We are amending the provisions regarding Internal Revenue Service levies to provide that we will honor levies against the secondary owner of securities owned in the primary/secondary form of ownership if the levy is received at a time when the secondary owner has a right to redeem the security. Previously, levies were honored only against "owners" as defined in the TreasuryDirect governing regulations. Owners were defined as "either a single owner, the first person named in the registration of a security held in the owner with beneficiary form of registration, the primary owner of a security held in the primary owner with secondary owner form of registration, or either coowner of a converted savings bond." IRS levies were not permitted against secondary owners because of the nature of the ownership interest. However, during periods when a secondary owner has been given the right to redeem, he or she has an interest sufficient for an IRS levy to attach.

**Procedural Requirements**

This final rule does not meet the criteria for a "significant regulatory action" as defined in Executive Order 12866. Therefore, a regulatory assessment is not required.

Because this final rule relates to matters of public contract and procedures for United States securities, notice and public procedure and delayed effective date requirements are inapplicable, pursuant to 5 U.S.C. 553(a)(2).

As no notice of proposed rulemaking is required, the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) does not apply.

We ask for no new collections of information in this final rule. Therefore, the Paperwork Reduction Act (44 U.S.C. 3507) does not apply.

**List of Subjects***31 CFR Part 306*

Government securities.

*31 CFR Part 315*

Bonds.

## 31 CFR Part 353

Bonds.

## 31 CFR Part 357

Banks, Banking, Bonds, Electronic funds transfers, Government securities, Reporting and recordkeeping requirements.

## 31 CFR Part 360

Bonds.

## 31 CFR Part 363

Bonds, Electronic funds transfer, Federal Reserve system, Government securities, Securities.

■ Accordingly, for the reasons set out in the preamble, 31 CFR chapter II, subchapter B, is amended as follows:

### PART 306—GENERAL REGULATIONS GOVERNING U.S. SECURITIES

■ 1. The authority citation of part 306 continues to read as follows:

**Authority:** 31 U.S.C. Chapter 31; 5 U.S.C. 301; 12 U.S.C. 391.

■ 2. Amend § 306.2 by adding paragraph (u) to read as follows:

#### § 306.2 Definitions of words and terms as used in these regulations.

\* \* \* \* \*

(u) *Voluntary representative* means the person qualified by the Department of the Treasury to request payment or make an assignment of a decedent's securities pursuant to § 306.65.

■ 3. Revise § 306.65 to read as follows:

#### § 306.65 Decedent's estate.

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of matured securities to the estate, or may assign securities to or for the benefit of the persons entitled.

(2) Appropriate proof of appointment for the legal representative of the estate is required. Letters of appointment must be dated not more than one year prior to the date of submission of the letters of appointment.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the persons entitled may request payment of matured securities, or may request assignment of unmatured securities. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence is required.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person

appointed to receive or distribute the assets of a decedent's estate without regular administration under summary or small estates procedures under applicable local law may request payment of matured securities, or may request assignment of the securities. Appropriate evidence is required.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to request payment of a decedent's matured securities or to make an assignment of a decedent's unmatured securities. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's securities and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(iii) There is a person eligible to serve as the voluntary representative according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Request payment of the decedent's matured securities on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Assign the decedent's securities to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: a surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, as determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or securities is to or on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or securities. Upon payment or assignment of the securities at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(f) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for the amount of the debt, providing the debt has not been barred by applicable local law. The claim may only be satisfied by the proceeds of matured securities.

#### §§ 306.66 and 306.67 [Removed and Reserved]

■ 4. Remove and reserve §§ 306.66 and 306.67.

**PART 315—REGULATIONS  
GOVERNING U.S. SAVINGS BONDS,  
SERIES A, B, C, D, E, F, G, H, J, AND  
K, AND U.S. SAVINGS NOTES**

■ 5. The authority citation of part 315 continues to read as follows:

**Authority:** 31 U.S.C. 3105 and 5 U.S.C. 301.

■ 6. Amend § 315.2 by adding paragraph (r) to read as follows:

**§ 315.2 Definitions.**

\* \* \* \* \*

(r) *Voluntary representative* means the person qualified by the Department of the Treasury to request payment or distribution of a decedent's savings bonds pursuant to § 315.71.

■ 7. Revise § 315.71 to read as follows:

**§ 315.71 Decedent's estate.**

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of savings bonds to the estate, or may distribute the savings bonds to the persons entitled.

(2) Appropriate proof of appointment for the legal representative of the estate is required. Letters of appointment must be dated not more than one year prior to the date of submission of the letters of appointment.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the persons entitled may request payment or reissue of the savings bonds. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence is required.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under summary or small estates procedures under applicable local law may request payment or reissue of savings bonds. Appropriate evidence is required.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at

the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to redeem or to distribute a decedent's savings bonds. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's savings bonds and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(iii) There is a person eligible to serve as the voluntary representative according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Redeem the decedent's savings bonds on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Distribute the decedent's savings bonds to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: A surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or savings bonds is to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or savings bonds. Upon payment or distribution of the savings bonds at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(f) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for payment for the amount of the debt, providing the debt has not been barred by applicable local law.

**PART 353—REGULATIONS  
GOVERNING UNITED STATES  
SAVINGS BONDS, SERIES EE AND HH**

■ 8. The authority citation of part 353 continues to read as follows:

**Authority:** 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105, 3125.

■ 9. Amend § 353.2 by adding paragraph (n) to read as follows:

**§ 353.2 Definitions.**

\* \* \* \* \*

(n) *Voluntary representative* means the person qualified by the Department of the Treasury to request payment or distribution of a decedent's savings bonds pursuant to § 353.71.

■ 10. Revise § 353.71 to read as follows:

**§ 353.71 Decedent's estate.**

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of savings bonds to the estate, or may distribute the savings bonds to the persons entitled.

(2) Appropriate proof of appointment for the legal representative of the estate is required. Letters of appointment must be dated not more than one year prior

to the date of submission of the letters of appointment.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the persons entitled may request payment or reissue of savings bonds. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence is required.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under applicable local law summary or small estates procedures may request payment or reissue of savings bonds. Appropriate evidence is required.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to redeem or distribute a decedent's savings bonds. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's savings bonds and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(iii) There is a person eligible to serve as the voluntary representative

according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Redeem the decedent's savings bonds that are eligible for redemption on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Distribute the decedent's savings bonds to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: A surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or savings bonds is to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or securities. Upon payment or transfer of the securities at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(f) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no

person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for the amount of the debt, providing the debt has not been barred by applicable local law.

## **PART 357—REGULATIONS GOVERNING BOOK-ENTRY TREASURY BONDS, NOTES AND BILLS HELD IN LEGACY TREASURY DIRECT**

■ 11. The authority citation for part 357 continues to read as follows:

**Authority:** 31 U.S.C. chapter 31; 5 U.S.C. 301; 12 U.S.C. 391.

■ 12. Revise the heading for part 357 to read as set forth above.

■ 13. In part 357, the phrases "TREASURY DIRECT," "Treasury Direct," and "TreasuryDirect" are revised to read "Legacy Treasury Direct" wherever they appear.

■ 14. Amend § 357.0 by revising paragraph (c) to read as follows:

### **§ 357.0 Book-entry systems.**

\* \* \* \* \*

(c) *TreasuryDirect system.* TreasuryDirect is an Internet-based book-entry system maintained by the Department of the Treasury. The regulations governing TreasuryDirect are found at part 363 of this chapter. Legacy Treasury Direct is a separate, non-Internet-based book-entry system for marketable Treasury securities only.

■ 15. Amend § 357.2 by adding the definition of "Voluntary representative" in alphabetical order, to read as follows:

### **§ 357.2 Definitions.**

\* \* \* \* \*

*Voluntary representative* means the person qualified by the Department of the Treasury to accept payment or direct distribution of a decedent's securities pursuant to § 357.28.

■ 16. Amend § 357.28 by revising paragraph (c) to read as follows:

### **§ 357.28 Transaction requests.**

\* \* \* \* \*

(c) *Representatives.*

(1) *General.* Any representative of an owner's estate, other than a trustee, may execute a transaction request form if the representative submits to the Department properly authenticated evidence of the authority to act. The evidence will not be accepted if dated more than one year prior to the date of submission of the transaction request.

(2) *Decedent's estate has been settled previously.* If a decedent's estate has been settled previously through judicial proceedings, the persons entitled may

make a transaction request. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence will be required.

(3) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the decedent's estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under applicable local law summary or small estates procedures may make a transaction request. Appropriate evidence will be required.

(4) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(5) *Voluntary representative for small estates of decedents that are not being otherwise administered.* (i) *General.* A voluntary representative is a person qualified according to paragraph (c)(5)(iii) of this section, to make a transaction request. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's securities and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(A) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(B) The total redemption value of the Treasury securities and held payments, if any, that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(C) There is a person eligible to serve as the voluntary representative according to paragraph (c)(5)(iii) of this section.

(ii) *Authority of voluntary representative.* A voluntary representative may make a transaction request to distribute the securities to or for the benefit of the persons entitled by laws of the jurisdiction in which the

decedent was domiciled at the date of death.

(iii) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: A surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(iv) *Liability.* By serving, the voluntary representative warrants that the distribution of securities or proceeds is to or on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of securities or proceeds. Upon distribution of the securities or proceeds at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(v) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for payment of the amount of the debt, providing the debt has not been barred by applicable local law.

\* \* \* \* \*

**PART 360—REGULATIONS GOVERNING DEFINITIVE UNITED STATES SAVINGS BONDS, SERIES I**

■ 17. The authority citation for part 360 continues to read as follows:

**Authority:** 5 U.S.C. 301; 31 U.S.C. 3105 and 3125.

■ 18. Amend § 360.2 by adding paragraph (n) to read as follows:

**§ 360.2 Definitions.**

\* \* \* \* \*

(n) *Voluntary representative* means the person qualified by the Department of the Treasury to request payment or distribution of a decedent's savings bonds pursuant to § 360.71.

■ 19. Amend § 360.70 by revising the second sentence of the introductory paragraph, to read as follows:

**§ 360.70 General rules governing entitlement.**

\* \* \* Appropriate proof of death will be required.

\* \* \* \* \*

■ 20. Revise § 360.71 to read as follows:

**§ 360.71 Decedent's estate.**

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of savings bonds to the estate, or may distribute the savings bonds to the persons entitled.

(2) Appropriate proof of appointment for the legal representative of the estate is required. Letters of appointment must be dated not more than one year prior to the date of submission of the letters of appointment.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the persons entitled may request payment or reissue of the savings bonds. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence is required.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under applicable local law summary or small estates procedures may request payment or reissue of savings bonds. Appropriate evidence is required.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the

value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to request payment or distribution of a decedent's savings bonds. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's savings bonds and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(iii) There is a person eligible to serve as the voluntary representative according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Redeem the decedent's savings bonds that are eligible for redemption on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Distribute the decedent's savings bonds to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: A surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was

domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or savings bonds is to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or securities. Upon payment or distribution of the securities at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(f) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for payment of the amount of the debt, providing the debt has not been barred by applicable local law.

#### **PART 363—REGULATIONS GOVERNING SECURITIES HELD IN TREASURYDIRECT**

■ 21. The authority citation for part 363 continues to read as follows:

**Authority:** 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3102, *et seq.*; 31 U.S.C. 3121, *et seq.*

■ 22. Revise the heading for part 363 to read as set forth above.

■ 23–24. In part 363, revise all references to “New Treasury Direct” to read “TreasuryDirect” wherever they appear.

■ 25. Amend § 363.6 by:

■ a. Removing all references to “§ 363.15” and adding in their places the reference “§ 363.10”;

■ b. Adding the definition of “Voluntary representative” in alphabetical order;

■ c. Revising the definition of “Final maturity of a savings bond;”

■ d. Revising the definition of “Minor linked account,” and

■ e. Revising footnote 1 to read as follows:

#### **§ 363.6 What special terms do I need to know to understand this part?**

\* \* \* \* \*

*Final maturity of a savings bond* means the date beyond which an unredeemed savings bond no longer earns interest.<sup>1</sup>

\* \* \* \* \*

*Minor account* means an account that a custodian controls on behalf of a minor, that is linked to the custodian's primary account. (See §§ 363.10 and 363.27 for more information about minor accounts.)

\* \* \* \* \*

*Voluntary representative* means the person qualified by the Department of the Treasury to accept payment or direct distribution of a decedent's securities pursuant to § 363.44.

\* \* \* \* \*

<sup>1</sup> Series EE and Series I savings bonds currently have an original maturity period of 20 years and an extended maturity period of 10 years beyond original maturity during which the bonds continue to earn interest.

■ 26. Revise the heading for Subpart B to read as follows:

#### **Subpart B—General Provisions Governing Securities Held in TreasuryDirect**

■ 26a. Transfer §§ 363.9 through 363.14 to subpart B.

■ 27. Add § 363.9 to read as follows:

#### **§ 363.9 What does this subpart cover?**

This subpart provides general rules governing securities held within the TreasuryDirect system. Provisions in the subparts governing specific securities that conflict with these general rules will supersede these general rules.

■ 28. Redesignate §§ 363.15 and 363.16 as §§ 363.10 and 363.11, respectively.

■ 29. Add § 363.12 to read as follows:

#### **§ 363.12 Who may purchase and hold book-entry securities in TreasuryDirect?**

(a) A TreasuryDirect account owner may purchase and hold securities through his or her account.

(b) We do not permit a legally incompetent person to open an account, purchase securities, or convert savings bonds once we have been provided with an order from a court with appropriate jurisdiction determining incompetence to perform such activities.

(c) We do not permit a legal representative, a legal guardian, or a voluntary representative to purchase securities on behalf of the estate of a decedent or an incompetent person.

(d) We may reject any application for the purchase of a security, in whole or

in part. We may refuse to issue a security in any case or class of cases, if we deem the action to be in the public interest. Our decision in any such respect is final.

■ 30. Redesignate §§ 363.17 through 363.23 as §§ 363.13 through 363.19, respectively.

■ 31. Add new § 363.20 to read as follows:

**§ 363.20 What do I need to know about the forms of registration that are available for purchases of securities through my TreasuryDirect account?**

(a) *General principles.* (1) Registration must express the actual ownership of, and interest in, the security. Registration conclusively establishes ownership of a security.

(2) You must provide a last name and a first name for each individual included in the registration of the security.

(3) You must provide the valid taxpayer identification number for each person named in the registration of the security.

(b) *Forms of registration.* The forms of registration available for purchases of securities made through your TreasuryDirect account are single owner, owner with beneficiary, and primary owner with secondary owner, unless the forms of registration available for a security are specifically limited by the subpart governing that security.

(c) *Single owner.* (1) A single owner is the individual named in the registration of a book-entry security or a converted savings bond without a beneficiary, secondary owner, or coowner.

(2) A single owner may add a beneficiary or secondary owner.

(3) A single owner may conduct permitted online transactions on securities held in his or her account.

(4) Upon the death of the single owner, his or her estate is entitled to the security. In determining entitlement, the law of the decedent's domicile will be followed.

(5) Registration example: "John Doe, SSN 123-45-6789."

(d) *Owner with beneficiary.* (1) The purchaser must be named as the owner with another individual as beneficiary.

(2) The owner may remove or change the beneficiary without the consent of the beneficiary.

(3) The owner may conduct permitted online transactions on securities held in his or her account without the consent of the beneficiary.

(4) The beneficiary has no ownership rights to the security during the owner's lifetime. Upon the death of the owner, the security becomes the property of the

surviving beneficiary, despite any attempted testamentary disposition or any applicable local law to the contrary.

(5) If the beneficiary does not survive the owner, the security belongs to the estate of the owner.

(6) If both the owner and the beneficiary die under conditions where it cannot be established, either by presumption of law or otherwise, who died first, the security is the property of the estate of the owner.

(7) In order for the beneficiary to obtain the security or the redemption proceeds after the death of the owner, the beneficiary must provide proof of death of the owner. If the beneficiary has a TreasuryDirect account, the security will be transferred to that account. If the beneficiary does not have an account, he or she may establish an account. Alternatively, a beneficiary named on a savings bond may request redemption. If the beneficiary requests redemption, he or she must provide ACH instructions for the payment.

(8) Registration example: "John Doe, SSN 123-45-6789 POD (payable on death to) Jane Doe, SSN 987-65-4321."

(e) *Primary owner with secondary owner.* (1) The purchaser must be named in the registration as the primary owner with another individual as secondary owner.

(2) The primary owner holds the securities in his or her account and may view or conduct permitted online transactions in the securities.

(3) The primary owner may remove the secondary owner without the consent of the secondary owner.

(4) The secondary owner has no rights to view or conduct transactions in any security unless the primary owner gives the secondary owner these rights.

(5) The primary owner may give the secondary owner the right to view any security or rights to view and conduct transactions in any security online from the account of the secondary owner.

(6) Once the right to conduct transactions in a security has been given to the secondary owner, the primary owner may view and conduct transactions in the security from his or her account, and the secondary owner may view and conduct transactions in the security using his or her own account.

(7) The primary owner may revoke any rights previously given to the secondary owner at any time.

(8) Upon the death of either the primary or secondary owner, the security becomes the property of the survivor, despite any attempted testamentary disposition or any applicable local law to the contrary.

(9) If both the primary and the secondary owner die under conditions where it cannot be established, either by presumption of law or otherwise, who died first, the security is the property of the estate of the primary owner.

(10) In order for the secondary owner to obtain the security or the security proceeds after the death of the primary owner, the secondary owner must provide proof of death of the primary owner. If the secondary owner has a TreasuryDirect account, the security will be transferred to that account. If the secondary owner does not have an account, he or she may establish an account. Alternatively, a secondary owner named on a savings bond may request redemption. If the secondary owner requests redemption, he or she must provide ACH instructions.

(11) Registration example: "John Doe, SSN 123-45-6789 with Joseph Doe, SSN 987-65-4321."

■ 32. Redesignate §§ 363.24 as § 363.21.

■ 33. Add new § 363.22 to read as follows:

**§ 363.22 Who has the right to conduct online transactions in book-entry securities?**

(a) *Single owner form of registration.*

A single owner can conduct transactions in securities held in his or her TreasuryDirect account.

(b) *Owner with beneficiary form of registration.* The owner can conduct transactions in securities held in his or her TreasuryDirect account. The beneficiary has no rights during the lifetime of the owner and therefore cannot conduct transactions in the securities.

(c) *Primary owner with secondary owner form of registration.* The primary owner can conduct transactions in securities held in his or her TreasuryDirect account. The secondary owner can redeem savings bonds using his or her TreasuryDirect account providing the secondary owner has the right to redeem at the time of the transaction.

(d) *Converted savings bonds.* The rules for transactions governing converted savings bonds are contained in subpart E of this part.

**§§ 363.23 and 363.24 [Reserved]**

■ 34. Add and reserve new §§ 363.23 and 363.24.

■ 35. Add §§ 363.28 and 363.29 to read as follows:

**§ 363.28 Does Public Debt reserve the right to require that any TreasuryDirect transaction be conducted in paper form?**

We reserve the right to require any transaction to be conducted in paper

form. Signatures on paper transactions must be certified or guaranteed as provided in § 363.43.

**§ 363.29 May Treasury close an account, suspend transactions in an account, or refuse to open an account?**

We reserve the right to take any of the following actions if, in our sole discretion, we deem the action to be in the best interests of the United States:

- (a) Refuse to open an account for any person;
- (b) Close any existing account;
- (c) Suspend transactions with respect to an account or any security held in an account; or
- (d) Take any other action with regard to any account that we deem necessary, if not inconsistent with existing law and existing rights.

■ 36. Amend § 363.42 by removing the words "Series I" from the section.

■ 37. Amend § 363.43 by revising paragraph (a)(4)(i) to read as follows:

**§ 363.43 What are the procedures for certifying my signature on an offline application for a TreasuryDirect account, or on an offline transaction form?**

(a) \* \* \* \* \*

(4) \* \* \* \* \*

(i) We require a statement that the person executing the assignment is one whose signature the officer is authorized to certify under our regulations.

\* \* \* \* \*

■ 38. Add §§ 363.44, 363.45, and 363.46 to read as follows:

**§ 363.44 What happens when a TreasuryDirect account owner dies and the estate is entitled to securities held in the account?**

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of securities, if the securities are eligible for payment, to the estate or to the persons entitled, or may request transfer of the securities to the TreasuryDirect account of the persons entitled, if the securities are eligible for transfer.

(2) We will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated not more than one year prior to the date of submission of the letters of appointment.

(3) The legal representative of the estate may not purchase securities on behalf of the estate.

(4) If payment is requested, we will require ACH instructions to process the request.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the

persons entitled may request payment of securities, if the securities are eligible for redemption, or may transfer the securities to the TreasuryDirect accounts of the persons entitled, if the securities are eligible for transfer. We will require a certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence. If payment is requested, we will require ACH instructions to process the request.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under summary or small estates procedures under applicable local law may request payment of securities, if the securities are eligible for redemption, or may transfer the securities to or on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death, if the securities are eligible for transfer. We will require appropriate evidence. If payment is requested, we will require ACH instructions to process the request.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to redeem or transfer a decedent's securities. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's securities and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less, as of the date of death, and

(iii) There is a person eligible to serve as the voluntary representative according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Redeem the decedent's savings bonds that are eligible for redemption. Payment may be made to the voluntary representative on behalf of or directly to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Transfer the decedent's securities to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: a surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the laws of the decedent's domicile at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or securities are to or on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or securities.

Upon payment or transfer of the securities to the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount



no greater than the value received by the voluntary representative.

(5) *Creditor*. If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for payment of the amount of the debt, providing the debt has not been barred by applicable local law.

**§ 363.45 What are the rules for judicial and administrative actions involving securities held in TreasuryDirect?**

(a) *Notice of adverse claim or pending judicial proceedings*. We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving a security held in TreasuryDirect.

(b) *Competing claims to a security*. The Department of the Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a security held in TreasuryDirect.

(c) *Divorce decree*. We will recognize a divorce decree that either disposes of a security held in TreasuryDirect or ratifies a property settlement agreement disposing of a security that is the property of either of the parties. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

(d) *Final court order*. We will recognize a final order entered by a court that affects ownership rights in a security held in TreasuryDirect only to the extent that the order is consistent with the provisions of this part. The owner of the security must be a party to the proceedings.

(e) *Levy to satisfy money judgment*. We 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 a security held in TreasuryDirect pursuant to a money judgment against the owner of the security, as owner is defined in section 363.6 of this part. In the case of savings bonds, we will only make payment pursuant to the court order to the extent of the money judgment. We will not transfer the savings bonds.

(f) *IRS levy*. We will honor an IRS notice of levy under section 6331 of the Internal Revenue Code with respect to:

- (1) The owner, as owner is defined in section 363.6 of this part; and
- (2) A secondary owner, if the secondary owner has the right to conduct transactions in a security at the

date and time the notice of levy is delivered to Public Debt.

(g) *Trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer*. We will honor a transaction request submitted by a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner, as owner is defined in § 363.6 of this part. In the case of savings bonds, we will only make payment. We will not transfer the savings bonds.

(h) *Court order that attempts to defeat or impair survivorship rights*. We will not recognize a court order that attempts to defeat or impair the survivorship rights of a beneficiary, secondary owner, coowner of a converted savings bond, or the registered owner of an undelivered gift security held in TreasuryDirect.

**§ 363.46 What evidence is required to establish the validity of judicial proceedings?**

(a) We will require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A transaction request by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A transaction request by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate) must be supported by a copy of an order that authorizes the receiver or similar court officer to take possession and control of the security.

■ 39. Add §§ 363.47 to read as follows:

**§ 363.47 Will Public Debt pay Treasury securities pursuant to a forfeiture proceeding?**

(a) *General*. We will honor a judicial or administrative forfeiture order or declaration of forfeiture submitted by a federal agency. We will rely exclusively upon the information provided by the Federal forfeiting agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the transaction request. The amount to be paid or transferred is limited to the value of the security as of the date of forfeiture.

(b) *Definition of special terms relating to forfeitures*.

*Contact point* means the individual designated by the Federal investigative agency, United States Attorney's Office, or forfeiting agency, to receive referrals from Public Debt.

*Forfeiting agency* means the federal law enforcement agency responsible for the forfeiture.

*Forfeiture* means the process by which property may be forfeited by a federal agency. Administrative forfeiture is forfeiture by a federal agency without judicial proceedings resulting in a declaration of forfeiture; judicial forfeiture is a forfeiture through either a civil or criminal proceeding in a United States District Court resulting in a final judgment and order of forfeiture.

(c) *Procedures for a forfeiting agency to request forfeiture of Treasury securities*. A forfeiting agency must request forfeiture. An individual authorized by the forfeiting agency must sign the transaction request. The request must be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-7015.

(d) *Public Debt procedures upon receipt of forfeiture request*. Upon receipt and review of the transaction request, we will make payment to the forfeiture fund specified, if the security is eligible for payment, or we will transfer the security pursuant to the transaction request. We will record the forfeiture, the forfeiture fund into which the proceeds were paid or the security transfer records, the contact point, and any related information.

(e) *Inquiries from previous owner*. All inquiries or claims from the previous owner will be referred to the contact point of the forfeiting agency. We will tell the person who inquired that we referred his or her inquiry to the contact point. We will not investigate the inquiry. We will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate. Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

**§ 363.51 [Removed and reserved]**

■ 40. Remove and reserve § 363.51.

■ 41. Amend § 363.54 by revising the heading to read as follows:

**§ 363.54 What is the minimum amount of a book-entry savings bond that I must hold in my account?**

\* \* \* \* \*

■ 42. Amend § 363.55 by revising paragraph (a) to read as follows:

**§ 363.55 May I transfer my book-entry savings bond to another person?**

(a) You may transfer a savings bond or a portion of a savings bond to the TreasuryDirect account of another individual in a minimum amount of \$25. The transfer may only be made as a gift or in response to a final judgment,

court order, divorce decree, or property settlement agreement. You must certify online that the transfer is a gift or a specified exception.

\* \* \* \* \*

■ 43. Remove the undesignated center heading "Registration", located prior to 363.65.

**§§ 363.65–363.69 [Removed and reserved]**

■ 44. Remove and reserve §§ 363.65, 363.66, 363.67, 363.68, and 363.69.

■ 45. Amend § 363.83 by revising the heading to read as follows:

**§ 363.83 May an account owner transfer a book-entry savings bond to a minor?**

\* \* \* \* \*

■ 46. Remove the undesignated center heading "Deceased Owners," located prior to § 363.90.

**§ 363.90 [Removed and reserved]**

■ 47. Remove and reserve § 363.90.

■ 48. Amend § 363.95 by revising the heading and the introductory text to read as follows:

**§ 363.95 How may I give a book-entry savings bond as a gift?**

You may give a book-entry savings bond as a gift in two ways:

\* \* \* \* \*

■ 49. Amend § 363.97 by revising the heading to read as follows:

**§ 363.97 What do I need to know if I transfer a book-entry savings bond to another person as a gift?**

\* \* \* \* \*

■ 50. Remove the undesignated center heading "Transactions," located prior to § 363.105.

**§§ 363.105–363.107 [Removed and reserved]**

■ 51. Remove and reserve §§ 363.105, 363.106, and 363.107.

■ 52. Remove the undesignated center heading "Judicial and Administrative Proceedings," located prior to § 363.110.

**§§ 363.110–363.119 [Removed and reserved]**

■ 53. Remove and reserve §§ 363.110 through 363.119.

■ 54. Amend § 363.125 by revising the heading to read as follows:

**§ 363.125 How is payment made on a book-entry savings bond?**

\* \* \* \* \*

■ 55. Remove § 363.146.

**§§ 363.147–363.149 [Removed and reserved]**

■ 56. Remove and reserve §§ 363.147–363.149.

**§ 363.150 [Reserved]**

■ 57. Redesignate § 363.150 as § 363.146 and reserve § 363.150.

**§§ 363.151–363.152 [Removed and reserved]**

■ 58. Remove and reserve §§ 363.151 and 363.152.

■ 59. Amend § 363.160 by revising paragraph (a)(4) to read as follows:

**§ 363.160 What subparts govern the conversion of definitive savings bonds?**

(a) \* \* \*

(4) Converted savings bonds of all series that are held as gift bonds by the person who converted the bonds.

\* \* \* \* \*

■ 60. Amend § 363.165 by revising the heading and the first sentence of paragraph (b) to read as follows:

**§ 363.165 What happens when I convert a savings bond that is registered in my name as the owner, either coowner, or the owner with a beneficiary?**

\* \* \* \* \*

(b) *Savings bond that has reached final maturity.* A savings bond that has reached final maturity and is registered in the name of the Treasury Direct account owner as single owner, either coowner, or owner with beneficiary, will be converted to a book-entry bond and automatically redeemed. \* \* \*

■ 61. Amend § 363.166 by:

■ a. Revising the heading and the first sentence of paragraph (b)(1); and  
 ■ b. Revising the heading and first sentence of paragraph (b)(2), to read as follows:

**§ 363.166 What happens when I convert a savings bond that is not registered in my name as owner, either coowner, or owner with beneficiary (including a bond registered in the name of a minor)?**

\* \* \* \* \*

(b) *Savings bond that has reached final maturity.* (1) *General.* A savings bond that has reached final maturity and is registered in the name of someone other than the account owner will be converted to a book-entry bond, released as a gift bond into the account owner's conversion linked account, and automatically redeemed. \* \* \*

(2) *Delivery of bond proceeds to registered owner.* If the gift bond has reached final maturity and has been automatically redeemed, then the Treasury Direct account owner may direct that the held redemption proceeds be delivered to the Treasury Direct account of the registered owner (or minor linked account, if the registered owner is a minor), where we will use the proceeds to purchase a certificate of indebtedness in the name of the registered owner. \* \* \*

**§§ 363.172–363.174 [Removed and reserved]**

■ 62. Remove and reserve §§ 363.172, 363.173, and 363.174.

**§ 363.175 [Removed and reserved]**

■ 63. Remove and reserve §§ 363.175.

**§ 363.177 [Removed and reserved]**

■ 64. Remove and reserve §§ 363.177.

**§ 363.178 [Removed and reserved]**

■ 65. Remove and reserve §§ 363.178.

Dated: September 26, 2005.

**Donald V. Hammond,**

*Fiscal Assistant Secretary.*

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**DEPARTMENT OF THE TREASURY**

**Fiscal Service**

**31 CFR Parts 356, 357, and 363**

[Docket No. BPD–CC–05–2]

**Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (Department of the Treasury Circular, Public Debt Series No. 1–93); Regulations Governing Book-Entry Treasury Bonds, Notes and Bills Held in Legacy Treasury Direct®; Regulations Governing Securities Held in TreasuryDirect®**

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

**ACTION:** Final rule.

**SUMMARY:** TreasuryDirect is an account-based, book-entry, online system for purchasing, holding, and conducting transactions in Treasury securities. To date, the system has only been available for the purchase and holding of savings bonds and certificates of indebtedness. The Department of the Treasury (hereinafter referred to as "Treasury" or "We") is amending Regulations Governing Securities Held in TreasuryDirect to add marketable Treasury securities to the securities that may be purchased and held in TreasuryDirect and to provide the terms and conditions for marketable Treasury securities held in the system. We are amending Regulations Governing Book-Entry Treasury Bonds, Notes and Bills Held in Legacy Treasury Direct to provide for the transfer of securities between Legacy Treasury Direct and TreasuryDirect. We are also amending the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds to make the changes necessary to