

Subpart E—Mandatory Label Information

■ 3. Amend § 5.66 by revising paragraphs (f)(1) introductory text and (f)(1)(i) to read as follows:

§ 5.66 Name and address for domestically bottled distilled spirits that were wholly made in the United States.

* * * * *

(f) * * *

(1) The State of distillation, which is the State in which original distillation takes place, must appear on the label of any type of whisky defined in § 5.143(c)(2) through (7), (15), and (16), which is distilled in the United States. The State of distillation may appear on any label and must be shown in at least one of the following ways:

(i) By including a “distilled by” (or “distilled and bottled by” or any other phrase including the word “distilled”) statement as part of the mandatory name and address statement, followed by a single location;

* * * * *

■ 4. Amend § 5.72 by adding a sentence at the end of paragraph (c) to read as follows:

§ 5.72 Coloring materials.

* * * * *

(c) * * * Provided, if any amount of caramel color is used in American single malt whisky, or in straight American single malt whisky, a statement specifying the use of caramel color must appear on the label.

* * * * *

■ 5. Amend § 5.74 by revising paragraphs (a)(1) and (b)(4) to read as follows:

§ 5.74 Statements of age, storage, and percentage.

(a) * * *

(1) As defined in § 5.1, age is the length of time during which, after distillation and before bottling, the distilled spirits have been stored in oak barrels. For bourbon whisky, rye whisky, wheat whisky, malt whisky, or rye malt whisky, and straight whiskies other than straight corn whisky and straight American single malt whisky, aging must occur in charred new oak barrels.

* * * * *

(b) * * *

(4) In the case of whisky made in the United States and stored in reused oak barrels, other than corn whisky, light whisky, American single malt whisky, and straight American single malt whisky, in lieu of the words “___ years old” specified in paragraphs (b)(1) and (2) of this section, the period of storage in the reused oak barrels must appear on the label as follows: “stored ___ years in reused cooperage.”

* * * * *

Subpart I—Standards of Identity for Distilled Spirits

■ 6. Amend § 5.143 by:

- a. Redesignating paragraphs (c)(16) through (18) in table 2 as paragraphs (c)(17) through (19);
- b. Adding paragraphs (c)(15) and (16) to table 1; and
- c. Adding paragraph (d).

The additions read as follows:

§ 5.143 Whisky.

* * * * *

(c) * * *

TABLE 1 TO PARAGRAPH (c)—TYPES OF WHISKY AND PRODUCTION, STORAGE, AND PROCESSING STANDARDS

| Type | Source | Distillation proof | Storage | Neutral spirits permitted | Allowable coloring, flavoring, blending materials permitted |
|--|---|---|---|---------------------------|---|
| (15) American single malt whisky. | Fermented mash of 100 percent malted barley, produced in the United States. | 160 or less, distilled at the same distillery in the United States. | Used, charred new, or uncharred new oak barrels; 700-liter maximum capacity; stored only in the United States. | No | No, except for caramel coloring and only if disclosed on the label. |
| (16) Straight American single malt whisky. | Fermented mash of 100 percent malted barley, produced in the United States. | 160 or less, distilled at the same distillery in the United States. | Used, charred new, or uncharred new oak barrels for a minimum of 2 years; 700-liter maximum capacity; stored only in the United States. | No | No, except for caramel coloring and only if disclosed on the label. |

* * * * *

(d) *Transition period.* A label with the designation “American single malt whisky” or “straight American single malt whisky” may be used on distilled spirits bottled before January 19, 2030, if the distilled spirits conform to the applicable standards set forth in this part in effect prior to January 19, 2025.

Signed: December 12, 2024.

Mary G. Ryan,
Administrator.

Approved: December 12, 2024.

Aviva R. Aron-Dine,
Deputy Assistant Secretary for Tax Policy.

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DEPARTMENT OF THE TREASURY

Bureau of the Fiscal Service

31 CFR Part 323

[FISCAL–2023–0002]

RIN 1530–AA28

Disclosure of Records

AGENCY: Bureau of the Fiscal Service, Department of the Treasury.

ACTION: Final rule.

SUMMARY: The Bureau of the Fiscal Service (Fiscal Service) within the

Department of the Treasury (Treasury) is issuing regulations to implement statutory requirements under the SECURE 2.0 Act of 2022 that require Treasury to provide certain U.S. savings bond information to States. A State receiving the information with respect to an applicable savings bond may use the information to locate the owner of the bond pursuant to Treasury's regulations and the State's own standards and requirements under abandoned property rules and regulations of the State. Under the SECURE 2.0 Act of 2022, Treasury is required to issue regulations or guidance to protect the privacy of savings bond owners, prevent fraud, and ensure that information disclosed to a State is used solely to locate savings bond owners.

DATES: This rule is effective December 18, 2024.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

I. Background

The U.S. Department of the Treasury has issued savings bonds since 1935 on the credit of the United States to raise funds for Federal programs and operations. Article 8, Section 8, Clause 2 of the Constitution authorizes the Federal Government to "borrow money on the credit of the United States." Under this grant of power, "Congress authorized the Secretary of the Treasury, with the approval of the President, to issue savings bonds in such form and under such conditions as he may from time to time prescribe." *Free v. Bland*, 369 U.S. 663, 667 (1962) (citing the predecessor to 31 U.S.C. 3105). Congress provided that the proceeds of savings bonds may be used by the Federal Government for any expenditures authorized by law. See 31 U.S.C. 3105(a).

Congress expressly authorized the Secretary of the Treasury to establish the terms and conditions that govern the savings bond program. 31 U.S.C. 3105(c). Treasury's implementing regulations set forth "a contract between the United States and savings bond purchasers," giving "purchasers confidence that the United States will honor its debts when a purchaser surrenders a savings bond for payment" and protecting "the public fisc by ensuring that Treasury does not face multiple claims for payment on a single savings bond." 80 FR 80258 (Dec. 24,

2015). In general, savings bonds are not transferrable and are payable only to the registered owner, except as described in Treasury regulations detailing when payment will be made to a person or entity that is not the registered owner. See 31 CFR 315.15, 353.15, and 360.15.

To redeem a paper savings bond, the registered owner or a successor specified in the regulations must surrender the physical bond. See 31 CFR 353.35. Although there are exceptions to this surrender requirement, the exceptions are "carefully drawn to protect the owner's rights and to protect Treasury against competing claims." 80 FR 80258. For example, if a claimant cannot surrender the bond, the claimant must provide satisfactory evidence of the loss, theft, or destruction of the bond, or a satisfactory explanation of the mutilation or defacement, as well as sufficient information to identify the bond by serial number. See, e.g., 31 CFR parts 315 and 353, subpart F. Pursuant to express statutory authority, Treasury regulations allow owners to keep their bonds indefinitely and to surrender them for payment at any time after the bonds mature. See 31 U.S.C. 3105(b) and 31 CFR parts 315 and 353, subpart H.

Litigation Over State Escheat Claims

Many State escheat laws allow States to take custody of unclaimed or abandoned property. Treasury discussed the effect of escheat on the rights of savings bond owners in a 1952 bulletin to the Federal Reserve Banks addressing a State claim to the custody of four savings bonds in the State's possession, which had belonged to a ward of the State who died without heirs. In this context, where the State had possession of the bonds it sought to redeem, Treasury stated that it will not recognize a State claim to the custody of savings bonds, but will recognize an escheat judgment that confers title on a State because "in escheat the state is 'the ultimate heir.'" 80 FR 80258 (quoting Public Debt Bulletin No. 111, Subject: State Statutes Concerning Abandoned Property (Feb. 27, 1952) at 3). It was unnecessary for the 1952 bulletin to provide further detail about State escheat claims because in that case the State did not claim title over the bonds. *Id.*

Treasury addressed a new, broader custody escheat claim in 2004 and 2006, when several States attempted to claim the proceeds of all matured, unredeemed bonds registered to residents in their State. Unlike the claim addressed by the 1952 bulletin, these States did not possess the bonds they

sought to redeem, which presumably were still held by their owners. Treasury informed the States that they "must possess the bonds they seek to redeem." 80 FR 20259 & n.3 (citing 2004 and 2006 letters to various States). In the ensuing litigation, the U.S. Court of Appeals for the Third Circuit concluded that the State unclaimed property statutes conflicted with Federal law. See *New Jersey v. U.S. Dep't of the Treasury*, 684 F.3d 382, 407-09 (3d Cir. 2012), cert. denied, 569 U.S. 1004 (2013). The States' "efforts to impose the status of 'abandoned' or 'unclaimed' on the Federal Government's obligations" could not be reconciled with the fact that the bond proceeds are not 'abandoned' or 'unclaimed' under Federal law because the owners of the bonds may redeem them at any time after they mature." *Id.* at 409.

Subsequent litigation was prompted by certain States enacting title escheat laws specifically for savings bonds that the States deemed to be "unclaimed" or "abandoned." In 2000 and 2015, respectively, Kansas and Arkansas enacted statutes providing that a U.S. savings bond is presumed to be abandoned if it has not been redeemed by a certain time and further providing that such bonds escheat to the State a certain time after the bonds are presumed abandoned. See 80 FR 80259. Pursuant to those laws, Kansas and Arkansas initiated escheat proceedings to claim title to bonds in their possession, as well as to a broad class of bonds the States did not possess. With respect to the bonds not in their possession, Kansas and Arkansas published statements in local newspapers of their intention to claim title to bonds of a particular description. Although bond owners were not parties to the escheat proceeding, and may never have learned that the State was attempting to claim title over their bonds, they were obligated to respond to the escheat proceeding in order to protect their ownership of the bonds. *Id.* After obtaining *ex parte* escheat judgments, Kansas and Arkansas sought to redeem the savings bonds not in their possession. Treasury denied those requests.

The U.S. Court of Appeals for the Federal Circuit upheld Treasury's decision for two independent reasons. First, the Court of Appeals held that "federal law preempts the States' escheat laws." *LaTurner v. United States*, 933 F.3d 1354, 1357 (Fed. Cir. 2019), cert. denied, 141 S. Ct. 239 (2020). The court explained that, whereas "Treasury regulations impose no time limit on the redemption of savings bonds," the State laws provide

that, “if bond holders do not redeem their bonds promptly enough (as decided by the States), they lose ownership and the bonds will transfer to the state.” *Id.* at 1361. The court determined that, because “federal law takes precedence,” *id.* (quoting *Murphy v. National Collegiate Athletic Ass’n*, 584 U.S. 453, 477 (2018)), “the bonds belong to the original bond owners, not the States, and thus the States cannot redeem the bonds,” *id.* at 1357.

Second, the Court of Appeals held that, “even if the States owned the bonds, they could not obtain any greater rights than the original bond owners,” and Treasury’s regulations make clear that “a bond owner must provide the serial number to redeem” the specific bonds at issue. *LaTurner*, 933 F.3d at 1357. The court observed that “the States do not have the physical bonds or the bond serial numbers.” *Id.* The court therefore determined that, “even if the bonds here are considered lost,” *id.* at 1364, “Treasury properly denied [the States’] request for redemption,” *id.* at 1357. The court also concluded that the States could not “circumvent the [regulatory] requirement” to “provide the serial number” of the bonds by asking “the government to disclose the bond serial numbers as a matter of discovery.” *Id.* at 1366. The Court of Appeals denied the States’ petitions for rehearing *en banc*, and the Supreme Court denied the States’ petitions for writs of certiorari. *LaTurner v. United States*, 141 S. Ct. 239 (2020); *Lea v. United States*, 141 S. Ct. 240 (2020).

While that litigation was ongoing, Treasury amended its regulations in 2015 through notice-and-comment rulemaking to clarify that it “will not recognize an escheat judgment that purports to vest a State with title to a bond that the State does not possess.” 31 CFR 315.88(a); *see also* 31 CFR 315.20(b) (“Escheat proceedings will not be recognized under this subpart.”), 80 FR 80264–65. In a separate suit filed in Federal district court, Kansas and four other States challenged the amended regulations as an allegedly unjustified departure from Treasury’s past practice. The district court rejected that challenge, concluding that the regulations clarified rather than changed Treasury’s practice. *See Estes v. U.S. Dep’t of the Treasury*, 219 F. Supp. 3d 17, 22 (D.D.C. 2016). The States appealed but voluntarily dismissed the appeal. *See Order, LaTurner v. U.S. Dep’t of the Treasury*, No. 17–5015 (D.C. Cir. Nov. 21, 2017).

Thus, under 31 U.S.C. 3105 and Treasury’s implementing regulations, U.S. savings bond owners are entitled to redeem their bonds at any time after

maturity without penalty; the United States honors those debts in perpetuity. *See* 31 CFR 353.35. State laws that treat matured but not yet redeemed U.S. savings bonds that are not in a State’s possession as “abandoned” property subject to escheatment undermine the rights of registered owners or their heirs to redeem matured bonds whenever they choose through the simple act of turning in the physical bonds to a designated payor such as a local bank. Treasury’s existing regulations preempt any State law that deems U.S. savings bonds “abandoned” because they are not yet redeemed or otherwise interferes with the Federal-law rights of the registered owners or their heirs to redeem them.

SECURE 2.0 Act of 2022

Against that backdrop, Congress considered legislation to amend 31 U.S.C. 3105. As discussed further below, Congress declined to enact a 2021 legislative proposal that would have allowed States to escheat matured, unredeemed savings bonds that are not in their possession. Instead, Congress enacted the SECURE 2.0 Act of 2022¹ (Secure 2.0 Act), which was signed into law on December 29, 2022.

The Secure 2.0 Act added subsection (f) to 31 U.S.C. 3105, requiring Treasury to share certain U.S. savings bond information with States for the purpose of locating savings bond owners. Under new subsection (f), Treasury “shall provide each State, in digital or other electronic form, with information describing any applicable savings bond which has an applicable address that is within such State, including (i) the name and applicable address of the registered owner; and (ii) the name and applicable address of any registered co-owner or beneficiary.”² “Applicable address” is defined as the registered address for the registered owner (or co-owner or beneficiary) of the savings bond or the last-known address for the registered owner (or co-owner or beneficiary) available to the Secretary.³ “Applicable savings bond” is defined as a savings bond (1) which is more than three years past its final maturity date, (2) is in paper form, or is in paperless or electronic form and there is no designated bank account or routing information or the designated bank account or routing information is incorrect; and (3) has not been redeemed.⁴

¹ Public Law 117–328 (Dec. 29, 2022), Division T; 31 U.S.C. 3105(f).

² 31 U.S.C. 3105(f)(1)(A).

³ 31 U.S.C. 3105(f)(1)(C).

⁴ 31 U.S.C. 3105(f)(6).

The new subsection (f) expressly limits the purpose for which a State may use the information shared by Treasury to locating the registered savings bond owner. The statute provides: “Any State that receives information described in paragraph (1)(A) with respect to an applicable savings bond may use such information to locate the owner of such bond pursuant to the same standards and requirements as are applicable under” State abandoned property rules and any regulations or guidance promulgated by Treasury pursuant to the Secure 2.0 Act. 31 U.S.C. 3105(f)(4). The Secure 2.0 Act does not override the Treasury regulations described above, which do not allow States to escheat savings bonds that are not in their possession.

The Secure 2.0 Act directs Treasury to prescribe regulations or guidance as may be necessary to carry out the purposes of subsection (f), including rules to protect the privacy of the owners of applicable savings bonds, prevent fraud, and ensure that any information provided to a State is used solely for the purposes of the new subsection (f).⁵ Under the Secure 2.0 Act, regulations or guidance issued by Treasury must not have the effect of prohibiting, restricting, or otherwise preventing a State from obtaining the information described above, except as deemed necessary to protect privacy or prevent fraud or misuse of savings bond information.⁶

II. Public Comments and Fiscal Service’s Responses

On October 31, 2023, Fiscal Service published a notice of proposed rulemaking (NPRM) to carry out the purposes of the Secure 2.0 Act.⁷ Fiscal Service received 14 substantive comment letters in response to the NPRM. Twelve comments were from State treasurers’ offices or their legal representatives, one was a joint comment from the National Association of Unclaimed Property Administrators (NAUPA) and the National Association of State Treasurers (NAST), and one comment was from a private individual. The comments largely fell into four general categories: (1) the restriction on using shared information about savings bonds to escheat those bonds, (2) the lack of Congressional appropriations for States to use in attempting to locate savings bond owners, (3) the lack of a claims servicing role for the States after locating savings bond owners, and (4) the prohibition on publicly releasing

⁵ 31 U.S.C. 3105(f)(2)(A).

⁶ 31 U.S.C. 3105(f)(2)(B).

⁷ 88 FR 74386.

savings bond information without the express consent of Treasury. There were also comments on certain other topics, which we also address below.

Restriction on Using Shared Information to Escheat Bonds

Eight commenters objected to the proposed regulation's restriction on using the information shared by Treasury under the Secure 2.0 Act to escheat the applicable savings bonds. According to those commenters, escheat would be more efficient and cost effective to unite the bond owners with their property than the process outlined in the proposed regulation. One commenter also asserted that (1) the regulations exceed Treasury's statutory authority by prohibiting escheat, (2) denying escheatment to the States is arbitrary and capricious, and (3) prohibiting escheatment using information obtained under the Secure 2.0 Act is a departure from Treasury's existing possession escheat policy.

These objections disregard the express limitations that the Secure 2.0 Act imposes on a State's use of the information shared pursuant to the Secure 2.0 Act. As described above, the Secure 2.0 Act only authorizes a State to use the shared information for the purpose of locating the bond owners. Under the Secure 2.0 Act, "any State that receives information [from Treasury] with respect to an applicable savings bond may use such information to locate the owner of such bond."⁸ The statute also requires Treasury to prescribe regulations or guidance as may be necessary to "ensure that any information provided to a State under [new subsection (f)] shall be used solely to carry out the purposes of" that subsection.⁹ By restricting the use of information provided to a State under these regulations, Treasury is implementing the statute in accordance with its express terms.

Further, the Secure 2.0 Act does not override existing Treasury regulations that prohibit a State from escheating a bond that the State does not have in its possession. Under regulations that predate the Secure 2.0 Act, a matured U.S. savings bond does not expire and may be redeemed by the registered owner (or heir) at any time. As the Federal Circuit explained in *LaTurner*, those Federal regulations preempt inconsistent State law.

To the extent that commenters suggest that the Secure 2.0 Act was intended to override the *LaTurner* decision and Treasury's regulations by allowing

States to escheat matured, unredeemed savings bonds that are not in their possession, Treasury disagrees. In 2021, proposed legislation that would have had that effect was introduced in Congress but never passed.¹⁰ The 2021 proposed legislation's language specifically would have allowed not only for the transfer of applicable savings bond information to the States but would have allowed the States to obtain title to the applicable savings bond through a valid judgment of escheatment. The 2021 proposed legislation stated that "[n]otwithstanding any other Federal law, the ownership of an applicable savings bond may be transferred pursuant to a valid judgment of escheatment vesting a State with title to the bond," and that "[n]othing in this section, or in any regulation promulgated by the Secretary to implement this section, may be construed to preempt State law providing for, or governing the escheatment of, applicable savings bonds."¹¹ The 2021 proposed legislation further stated that "[t]he Secretary may not prescribe any regulation which prevents or prohibits a State from obtaining title to an applicable savings bond or redeeming such bond" under the act.¹² However, the 2021 proposed legislation failed to move past the House Ways and Means Committee and the Senate Finance Committee. Instead, when a version of the proposed legislation reemerged in 2022 as part of the Secure 2.0 Act, the title-escheat language had been removed along with the language prohibiting Treasury from promulgating regulations that would preempt State law on escheatment.

Because U.S. savings bonds do not expire and Treasury has imposed no time limit for savings bond owners to redeem them, savings bond information shared with States under the Secure 2.0 Act does not pertain to savings bonds that are abandoned or lost, but simply unredeemed. The restriction in this final rule on using information shared under the Secure 2.0 Act to escheat savings bonds serves to protect the bond owner's rights and to prevent future double payments from Treasury when the rightful owner presents the savings bond for redemption. As Treasury has previously explained, "[t]he potential for competing claims exposes Treasury to the risk of double-payment and costly litigation, as well as threatens the vested

rights of bond owners." 80 FR 80259. Under State escheatment laws, a State could attempt to claim savings bonds that are still in the possession of registered owners, who can submit them for payment at any time. A State could also attempt to claim bonds that are in the possession of another State, where both States have a claim to title under their own State laws. Allowing States to escheat unredeemed savings bonds that are not in the States' possession would be contrary to existing Treasury regulations, as well as the agreement made between Treasury and a bond owner when the bond is purchased.

In providing that States may use the information shared by Treasury to "locate the owner" of savings bonds pursuant to the States' abandoned property rules and Treasury regulations and guidance, the Secure 2.0 Act leaves in place the balance Treasury has struck to protect bond owners' rights and the public fisc. As discussed above, the Secure 2.0 Act did not override the *LaTurner* decision or override existing Treasury regulations by allowing States to escheat matured, unredeemed savings bonds that are not in their possession.

Although several commenters expressed a concern that the proposed regulation could interfere with States' ability to redeem bonds that are in their possession, the Secure 2.0 Act and this final rule address only bonds that are not in a State's physical possession. Where a State has the physical bond, the State has the serial number and other information needed to ask Treasury—under existing regulations unchanged here—to redeem that bond. For similar reasons, prohibiting title escheat using information obtained under the Secure 2.0 Act is not a departure from Treasury's possession escheat policy, which has long recognized that States may be able to redeem bonds that are in their physical possession under circumstances that provide evidence that the bonds were, in fact, abandoned property.¹³ Under existing Treasury regulations, States may request payment on an escheat judgment purporting to vest a State with title to a matured savings bond in the State's possession.¹⁴ Those existing regulations are not affected by this final rule. This final rule continues to support Treasury's policy requiring States to be in possession of any savings bond they are purporting to escheat. States may still pursue title escheat for savings bonds in their possession, as they would be using the information found on the savings bond itself to complete the escheatment

¹⁰ See Unclaimed Savings Bond Act of 2021, H.R. 4085, 117th Congress; S. 2854, 117th Congress.

¹¹ *Id.* 3105(f)(1).

¹² *Id.* 3105(f)(4)(B).

¹³ See 80 FR 80260–61.

¹⁴ 31 CFR 353.88.

⁸ 31 U.S.C. 3105(f)(4).

⁹ 31 U.S.C. 3105(f)(2)(A).

process, rather than using any information provided to them by Treasury under the Secure 2.0 Act.

Lack of Congressional Appropriations To Support States' Locator Services

Some commenters expressed concern about the lack of Federal funding available to assist the States in locating savings bond owners. For example, one commenter suggested that a lack of funds will “hinder the resources States have available to provide enhanced outreach efforts beyond currently established efforts.” Another noted that “certain challenges are created for participating States by not actually receiving the funds that are associated with the bond records,” leaving the States to bear the financial burden of locator services.

However, the Secure 2.0 Act does not grant funding to assist the States in providing optional locator services. The Secure 2.0 Act only directs Treasury to make applicable savings bond information available to the States for the purpose of locating the owner or owner's representatives. In prior litigation and in their comments on the NPRM, multiple States have claimed that they “have both the dedicated resources and the solemn responsibility to locate the missing property owners and reunite them with their property,” Arkansas Brief at 6–7, *LaTurner v. United States*, 933 F.3d 1354 (Fed. Cir. 2019) (No. 18–1509), ECF No. 37, and have proclaimed that their ultimate goal is to “help the original owners learn of, and be paid on, th[eir] bonds,” Kansas Brief at 14, *LaTurner v. United States*, 933 F.3d 1354 (Fed. Cir. 2019) (No. 18–1509), ECF No. 36. States are free to use their resources for such efforts, but nothing in the Secure 2.0 Act requires the States to undertake these administrative efforts to locate bond owners if a State chooses not to do so.

Lack of a Claims-Servicing Role

A number of commenters expressed a concern regarding the lack of a “claims servicing” role for States in the proposed regulations. These comments appear to propose that States—not Treasury—should accept State-specific property claim forms and require that savings bond owners redeem their bonds through the State's unclaimed property procedures rather than Treasury's savings bond redemption procedures. Commenters raised concerns about the efficiency and effectiveness of the overall Secure 2.0 Act framework, stating that a streamlined process to locate and pay bond owners is essential. These commenters indicated that Treasury

should rely upon the States' experience in reuniting their respective citizens with unclaimed funds, rather than asking States to refer savings bond owners to Treasury for redemption. Another commenter noted that a State's role in the program is unclear if the States do not provide the proceeds of the savings bonds to their owners.

However, the Secure 2.0 Act does not contemplate overriding the longstanding Federal regulations, procedures, and agreements under which individuals redeem their U.S. savings bonds for payment by the Federal Government. Under existing Treasury regulations, there is a well-established framework for savings bond owners to redeem their bonds.¹⁵ Any savings bond owner may redeem a savings bond directly from Fiscal Service, whether they have physical possession of the bond or need to declare the bond lost, stolen, or destroyed. Fiscal Service also has dedicated customer service staff trained to process complex redemption requests, which may include decedents' estates, trusts, and attorneys-in-fact. All necessary forms for redemption are available to the public through the *TreasuryDirect.gov* website.

Additionally, any bond owner who has physical possession of a Series EE or Series I savings bond, which is in a single owner, co-ownership, or beneficiary ownership registration, is permitted to redeem the savings bond at any financial institution designated by Treasury as a paying agent. These two methods of redemption, through Fiscal Service and through designated paying agents, promote efficient, consistent, and reliable pathways to redemption for savings bond owners. Under this final rule, Treasury will continue to process redemptions through established methods.

Restriction on Public Release of Savings Bond Information

Twelve commenters expressed concern over the NPRM's proposed restriction of a State's public release of the applicable savings bond information without Treasury's express consent. Commenters stated that this restriction would place an increased administrative burden on State agencies by preventing them from using their current reunification methods to reunite bond owners with their bonds. The Secure 2.0 Act requires Treasury to issue regulations or guidance as may be necessary to “protect the privacy of the owners of applicable savings bonds” and to “prevent fraud.”¹⁶ In order to

balance the competing interests, rather than adopting a blanket prohibition on public release of relevant information, the NPRM and the final rules permit the public release of information by States if they first obtain Treasury's consent. In determining whether to grant such consent, Treasury will consider the risks to savings bond owners' privacy and the risk of fraud. In recent years, as printing technologies have advanced, it has become easier for criminals to create fraudulent paper savings bonds using publicly available information. Since 2021, there have been over \$40 million in redemptions of counterfeit savings bonds. Fiscal Service has responded by taking certain steps that have reduced the opportunities for fraud. By reducing publicly available information and taking other precautionary steps, Treasury has significantly reduced the number of counterfeit savings bonds presented for redemption. Based on its experience addressing fraud, Fiscal Service believes that making records of matured, unredeemed savings bonds available to the public creates substantial risks of fraud.

A few commenters stated that they believe that some savings bond information is already publicly available; however, savings bond records are not currently available to the public. Moreover, savings bond information is subject to the Privacy Act of 1974, which generally prohibits the release of such information to the public. Fiscal Service further protects this information in its Privacy Act regulations,¹⁷ as well its Privacy Act System of Records Notice Treasury/Fiscal Service .014—United States Securities and Access.¹⁸ Consistent with Treasury's obligation to protect savings bond owners' personal information, the Treasury Hunt website restricts the disclosure of savings bond information and only suggests that a requestor contact Fiscal Service to inquire further about their Treasury securities; it does not provide any specific information regarding any securities that may be held. Only after Fiscal Service verifies the requestor's identity will it release any information to the owner as permitted under the law and its regulations.

Miscellaneous Comments

Treasury received comments regarding what information will be made available to the States under the final rule. One commenter requested

¹⁷ 31 CFR 323.2.

¹⁸ 85 FR 11776, (Feb. 27, 2020). Fiscal Service intends to modify this System of Records Notice to assist in implementing the Secure 2.0 Act.

¹⁵ 31 CFR 353.39, 31 CFR 360.39.

¹⁶ 31 U.S.C. 3105(f)(2).

additional information on whether Social Security numbers, savings bond denominations, and serial numbers will be released to the States. Another commenter suggested that the release of savings bond serial numbers is mandatory under the Secure 2.0 Act.

Under the Secure 2.0 Act, Treasury is required to provide each State, in digital or other electronic form, with information describing the name and applicable address of a registered owner, co-owner, or beneficiary of an applicable savings bond with an applicable address within that State.¹⁹ Accordingly, Treasury will release the name and applicable address of such registered owners, co-owners, and beneficiaries to the States, pursuant to the statute.

The final rule does not include provisions for releasing Social Security numbers, saving bond denominations, or bond serial numbers. Based on Treasury's experience, the serial number and Social Security number are the two items of information most likely to facilitate fraud. Further, the Secure 2.0 Act provides that the information Treasury shares "may include the serial number of any applicable savings bond," not that serial numbers must be shared.²⁰ In addition, in Treasury's long experience administering the savings bond program, bond denominations have marginal or no utility in locating bond owners. Denominations and bond serial numbers are important in the redemption of a savings bond, but do not offer Treasury or a participating State information regarding the location or identity of the savings bond owner.

One commenter submitted questions regarding the contracting and enforcement of information sharing with the States. At this time, Fiscal Service is working to develop a technical solution for sharing the mandated information with the States. Any mandatory security requirements for accessing the information will be included in the information-sharing contracts with the States. Fiscal Service intends to work closely with the States to ensure compliance with our security requirements, monitoring the use of the information in accordance with the information-sharing contract.

III. Summary of Final Rule Amendments

Overview

Fiscal Service is adding these Secure 2.0 Act regulations to 31 CFR part 323, which includes regulations adopted

under the Freedom of Information Act (FOIA) regarding the disclosure of records.²¹ Fiscal Service is maintaining the current FOIA regulations found in part 323 by moving the existing provisions in §§ 323.1 through 323.5 into a new subpart A. A new subpart B contains the regulations to implement the Secure 2.0 Act requirements to provide information and records containing applicable savings bond information to States. Subpart B includes definitions necessary to implement the regulations, requirements for a State to receive applicable savings bond information, conditions regarding the use of the information, and liability terms. Separating the regulations implementing the two different statutory authorities, FOIA and the Secure 2.0 Act, by subpart is intended to assist the public in identifying the two separate authorities under which an individual or a State may request information.

Treasury believes the new disclosure of applicable savings bond information requirements is closely associated with the purpose of FOIA and its existing disclosure regulations. While the Secure 2.0 Act only allows for disclosure of certain information to States, rather than to the public at large, a savings bond owner could look to a single regulation, part 323, to determine the various ways in which their savings bond information could be disclosed.

Subpart A, § 323.1

As noted above, subpart A as amended contains regulations that implement FOIA for Fiscal Service, previously found at part 323. Accordingly, the final rule makes a technical modification to the first sentence of § 323.1 to identify "this subpart" rather than "this part."

Subpart B

Following are summaries of the provisions in the new subpart B, all of which are being added in this final rule.

Purpose of the Regulations, § 323.10

This section briefly describes the purpose of the new regulatory provisions, namely to implement the Secure 2.0 Act.

Rules Governing Sharing of Applicable Savings Bond Information With States, § 323.11

Section 323.11 includes the definitions and terms necessary to provide States the information required by the Secure 2.0 Act. In addition, the

amendments add new provisions to help protect the privacy of the owners of applicable savings bonds, prevent fraud, and ensure that shared information is used only for permissible purposes under the Secure 2.0 Act.

Definitions, § 323.11(a)

The Secure 2.0 Act requires Treasury to provide, in digital or other electronic form, each State with information describing any "applicable savings bond" that has an "applicable address" within such State. The statute requires this information to include the name and applicable address for each registered owner, co-owner, or beneficiary. "Applicable address" is defined in the statute as the registered address for the registered owner, co-owner, or beneficiary of the savings bond or the last-known address for the foregoing if it is available to Treasury.²² The final rule defines "last-known address" to mean an address available to Fiscal Service after a reasonable search of its records.

While the level of effort dedicated to the search could be expressed in various degrees, a "reasonable" search balances the goals of efficiency and effectiveness. An exhaustive search, for example, would be unduly costly and burdensome on Fiscal Service, given the breadth of our systems of records, and unlikely to significantly change the results of the search. "Record" is broadly defined to include any data or documentation containing or composed of information describing relevant applicable savings bonds, including the applicable addresses of the owners. This definition allows Fiscal Service to protect savings bond owners from unauthorized disclosure of their information, as any information received from Treasury will remain a record subsequent to disclosure.

The term "State" is also broadly defined in the final rule to mean U.S. territories, possessions, and the District of Columbia, as well as the 50 States. This definition is consistent with available registered addresses over the lifetime of the savings bond program.

Requests for Records

Section 323.11(b) provides that each State may request applicable savings bond records from Fiscal Service. Upon request, the State must enter into an information-sharing agreement with Fiscal Service to receive the requested records. Fiscal Service expects that this agreement will require a State to make representations regarding protecting the savings bond records from unauthorized

¹⁹ 31 U.S.C. 3105(f)(1)(A).

²⁰ See 31 U.S.C. 3105(f)(1)(B).

²¹ 31 CFR part 323.

²² 31 U.S.C. 3105(f)(1)(C).

disclosure, including security requirements for receiving and storing the records. These security requirements are appropriate to minimize the risk of fraud or misuse or misappropriation of information.

Use of Records

Section 323.11(c) specifies how the records or information contained therein may be used by States, in compliance with the Secure 2.0 Act. As stated at 31 U.S.C. 3105(f), Treasury's regulations are required to ensure that applicable savings bond information provided to a State will be used solely to carry out the purpose of locating the owner of the savings bond.²³ In accordance with this statutory requirement, the regulation provides that the applicable savings bond information cannot be used to escheat savings bond ownership to a State. The purpose of the Secure 2.0 Act is for Treasury to provide information regarding applicable savings bonds to States to assist in locating the owner of the bonds. The Secure 2.0 Act does not allow States to use the provided records and information to escheat the bonds, which would conflict with the rights of savings bond owners to redeem matured savings bonds whenever they choose.

Under the regulation, in order to protect the savings bond owner's privacy, any applicable savings bond information provided to States cannot be released to the public or any third party without Treasury's express written approval. This requirement is also expected to be incorporated into the information-sharing agreement described above. The requirement to obtain such approval from Treasury is also intended to ensure that the release of savings bond records or the information therein does not subject Fiscal Service customers to fraud risk. In recent years, Fiscal Service has taken steps that have reduced the opportunities for fraud, and making records of matured, unredeemed savings bonds available to the public would create an unacceptable risk of fraud. Fiscal Service will continue to monitor savings bond fraud and consider implementing further risk-mitigation strategies, which may eventually allow for certain savings bond records to be distributed publicly.

Liability

Under § 323.11(d), Treasury will not be responsible for any loss, liability, cost, or expense that results from a State's receipt, use, or distribution of records regarding applicable savings

bonds or any information contained therein. Any misuse of savings bond records or information provided to a State under the regulations could result in fraudulent activity, breach of privacy for a savings bond owner, and financial loss for bond owners. Under the regulations, a State that receives information under the regulations bears the responsibility for, and indemnifies Treasury against, any loss or other costs associated with the State's receipt, use, distribution of, or failure to adequately protect, any records or information.

Severability, § 323.12

This provision clarifies Treasury's intent with respect to the severability of provisions of this rule. In the event any section, subsection, clause, paragraph, or phrase of this subpart is deemed invalid or unconstitutional by a court of competent jurisdiction, all remaining provisions shall continue in effect.

IV. Procedural Requirements

A. Executive Order 12866

This rule is not a significant regulatory action as defined in E.O. 12866, dated September 30, 1993, as amended, and is not a major rule under 5 U.S.C. 804.

B. Administrative Procedure Act (APA)

Because this rule relates to United States securities, which are contracts between Treasury and the owner of the security, this rule falls within the contract exception to the APA, 5 U.S.C. 553(a)(2). Treasury voluntarily sought public comment to assist the agency in assessing the impact of the rule.

C. Regulatory Flexibility Act

This rule relates to matters of public contract and procedures for United States securities. Since a notice of proposed rulemaking is not required, the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, do not apply. In any event, Treasury certifies that this rule, which implements the Secure 2.0 Act's requirements that Treasury provide certain U.S. savings bond information to States, will not have a significant economic impact on a substantial number of small entities.²⁴

D. Paperwork Reduction Act

The provisions of the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.*, and its implementing regulations, 5 CFR part 1320, do not apply to this rule because there are no new or revised recordkeeping or reporting requirements.

List of Subjects in 31 CFR Part 323

Archives and records, Freedom of information, Privacy, Savings bonds.

Accordingly, for the reasons set forth in the preamble, Treasury amends 31 CFR part 323, as follows:

PART 323—DISCLOSURE OF RECORDS

- 1. The authority citation for part 323 continues to read as follows:

Authority: 80 Stat. 379; sec. 3, 60 Stat. 238, as amended; 5 U.S.C. 301, 552.

- 2. Add subpart A to read as follows:

Subpart A—Freedom of Information Act

§§ 323.1 through 323.5 [Designated as Subpart A]

- 3. Designate §§ 323.1 through 323.5 as subpart A.
- 4. Revise the first sentence of § 323.1 to read as follows:

§ 323.1 Purpose of regulations.

The regulations of this subpart are issued to implement 5 U.S.C. 552(a)–(2) and (3). * * *

- 5. Add subpart B to read as follows:

Subpart B—SECURE 2.0 Act of 2022

Sec.

323.10 Purpose of this subpart.

323.11 Rules governing sharing of applicable savings bond information with States.

323.12 Severability.

Authority: 31 U.S.C. 3105(f).

Subpart B—SECURE 2.0 Act of 2022

§ 323.10 Purpose of this subpart.

The regulations of this subpart are issued to implement section 122 of the SECURE 2.0 Act of 2022, 31 U.S.C. 3105(f). The requirements of 31 U.S.C. 3105(f) are additionally met through the publication of a new Routine Use in the applicable Fiscal Service System of Record Notice.

§ 323.11 Rules governing sharing of applicable savings bond information with States.

(a) *Definitions.* For purposes of this section:

Applicable address has the meaning set forth in 31 U.S.C. 3105(f)(1)(C).

Applicable savings bond has the meaning set forth in 31 U.S.C. 3105(f)(6).

Last known address means the full street address, if available, found after a reasonable search of Fiscal Service records.

Name means the full registered name of the owner, co-owner, or beneficiary of

²³ 31 U.S.C. 3105(f)(2).

²⁴ 5 U.S.C. 605(b).

an applicable savings bond, as it appears on the savings bond inscription.

Record means data or documentation, whether in paper, digital, or other electronic form, containing or composed of information describing any applicable savings bond which has an applicable address within a State, including the name and registered address or last known address of the registered owner, co-owner, or beneficiary, as further defined in 31 U.S.C. 3105(f)(1).

Registered address means the address included in the savings bond inscription.

State means the fifty States, the District of Columbia, American Samoa, the Federated States of Micronesia, Guam, the United States Virgin Islands, the Marshall Islands, the Commonwealth of the Northern Mariana Islands, Palau, and the Commonwealth of Puerto Rico.

(b) *Requests for records.* Records will be made available to States in compliance with 31 U.S.C. 3105(f) and this subpart, upon request by a State to Fiscal Service. Prior to receiving access to records, each State, through an authorized State representative, must enter into an information-sharing agreement with Fiscal Service using a form that will be provided by Fiscal Service. Such agreements may contain, among other things, requirements that Treasury deems necessary or appropriate to ensure the security of the information.

(c) *Use of records.* Any records or any information made available to a State under this subpart:

(1) Must be used only for the purpose of locating the owner of an applicable savings bond;

(2) Must not be used to escheat savings bond ownership to a State; and

(3) Must not be released by a State to the public or any third party, unless explicitly approved in writing, in advance, by Treasury.

(d) *Liability.* Treasury is not liable for any loss, liability, cost, or expense that may result from a State's receipt, use, or distribution of records or any information contained therein. A State receiving records under this subpart shall 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.

By the Department of the Treasury.

David Lebryk,

Fiscal Assistant Secretary.

[FR Doc. 2024–29988 Filed 12–17–24; 8:45 am]

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 587

Publication of Russian Harmful Foreign Activities Sanctions Regulations Web General Licenses 53A, 55C, 113, and 114

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Publication of web general licenses.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing four general licenses (GLs) issued pursuant to the Russian Harmful Foreign Activities Sanctions Regulations: GLs 53A, 55C, 113, and 114, each of which was previously made available on OFAC's website.

DATES: GLs 53A, 55C, 113, and 114 were issued on November 21, 2024. See **SUPPLEMENTARY INFORMATION** for additional relevant dates.

FOR FURTHER INFORMATION CONTACT: OFAC: Assistant Director for Licensing, 202–622–2480; Assistant Director for Regulatory Affairs, 202–622–4855; or Assistant Director for Compliance, 202–622–2490 or <https://ofac.treasury.gov/contact-ofac>.

SUPPLEMENTARY INFORMATION:

Electronic Availability

This document and additional information concerning OFAC are available on OFAC's website: <https://ofac.treasury.gov/>.

Background

On November 21, 2024, OFAC issued GLs 53A, 55C, 113, and 114 to authorize certain transactions otherwise prohibited by the Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR part 587. Each GL was made available on OFAC's website

(<https://ofac.treasury.gov>) when it was issued. GL 53A replaced and superseded GL 53. GL 55C replaced and superseded GL 55B. GL 55C has an expiration date of June 28, 2025; GLs 113 and 114 each have an expiration date of December 20, 2024. The text of these GL is provided below.

OFFICE OF FOREIGN ASSETS CONTROL

Russian Harmful Foreign Activities Sanctions Regulations 31 CFR Part 587

GENERAL LICENSE NO. 53A

Authorizing Transactions for Diplomatic Missions of the Russian Federation Involving Gazprombank Joint Stock Company or Prohibited by Directive 4 Under Executive Order 14024

(a) Except as provided in paragraph (c) of this general license, U.S. persons are authorized to engage in all transactions ordinarily incident and necessary to the official business of diplomatic or consular missions of the Government of the Russian Federation (“Russian missions”) that are prohibited by Executive Order (E.O.) 14024 and involve Gazprombank Joint Stock Company (Gazprombank), or any entity in which Gazprombank owns, directly or indirectly, a 50 percent or greater interest, or are prohibited by Directive 4 under E.O. 14024, *Prohibitions Related to Transactions Involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of the Russian Federation.*

(b) Except as provided in paragraph (c) of this general license, U.S. persons are authorized to engage in all transactions ordinarily incident and necessary to the compensation of employees of Russian missions, including payment of salaries and reimbursement of expenses, that are prohibited by E.O. 14024 and involve Gazprombank, or any entity in which Gazprombank owns, directly or indirectly, a 50 percent or greater interest, or are prohibited by Directive 4 under E.O. 14024.

(c) This general license does not authorize:

(1) Any transactions prohibited by Directive 2 under E.O. 14024, *Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain Foreign Financial Institutions;*

(2) Any debit to an account on the books of a U.S. financial institution of the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation; or