

§ 339.4

the total interest on the securities exchanged.⁶

(5) Each Series H bond issued under this section will be stamped "EX" or "EXCH" to show that it was issued upon exchange. Each bond also will bear a legend showing how much of its issue price represents interest on the securities exchanged. This interest must be treated as income for Federal income tax purposes for the year in which the Series H bond is redeemed, is disposed of, or finally matures, whichever is earlier.

(6) The Series H bonds will be dated as of the first day of the month in which the securities, the exchange subscription, any necessary cash difference and supporting evidence, if any, are accepted for exchange by an authorized agency.

§ 339.4 Exchanges without tax deferral.

Exchanges by owners who:

(a) Report the interest on all of their securities annually for Federal income tax purposes, or

(b) Who elect to report all such interest in the year of the exchange, or

(c) Who are tax-exempt under the provisions of the Internal Revenue Code of 1954 and the regulations issued thereunder,

Will be handled in the same manner and will be governed by the rules prescribed for exchanges under § 339.3. However, the Series H bonds will not bear the legend referred to in § 339.3(b)(5). Any part of the cash adjustment received which represents interest previously reported for Federal income tax purposes need not be accounted for. The Series H bonds may be registered in the name of the owner of the securities submitted in exchange in any authorized form of registration.

§ 339.5 Governing regulations.

All Series H bonds issued under this circular are subject to the regulations, now or hereafter prescribed, contained in Department Circular No. 530, current revision (part 315 of this chapter).

⁶The amount, if any, paid to the owner in excess of the interest is a repayment on account of the purchase price of the securities exchanged, not income.

31 CFR Ch. II (7-1-01 Edition)

§ 339.6 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them in connection with exchanges under these regulations.

§ 339.7 Preservation of rights.

The provisions of Treasury Department Circulars Nos. 530, 653, and 905, as currently revised, are hereby modified and amended to the extent that they are not in accordance with this circular. However, nothing contained herein shall limit or restrict rights which owners of Series H bonds received in earlier exchanges have heretofore acquired.

§ 339.8 Reservation as to terms of offer.

The Secretary of the Treasury reserves the right to reject any exchange subscription for Series H bonds, in whole or in part, and to refuse to issue or permit to be issued hereunder any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

The foregoing revision and amendment is made for the purpose of granting to owners of savings notes the same privilege afforded owners of Series E savings bonds for exchanging their securities for Series H bonds with or without tax deferral. As good cause exists for making this change, which involves public property and contracts relating to the fiscal and monetary affairs of the United States, I find that notice and public procedures are unnecessary. This action is effected under the provisions of sections 18, 20, and 22 of the Second Liberty Bond Act, as amended (40 Stat. 1309, 48 Stat. 343, 49 Stat. 21, 73 Stat. 621, all as amended; 31 U.S.C. 753, 754b, 757c), and 5 U.S.C. 301.

PART 340—REGULATIONS GOVERNING THE SALE OF TREASURY BONDS THROUGH COMPETITIVE BIDDING

Sec.

340.0 Authority for sale of Treasury bonds through competitive bidding.

Fiscal Service, Treasury

§ 340.5

- 340.1 Public notice—description of bonds—terms of offer.
- 340.2 Denominations and exchanges.
- 340.3 Taxation.
- 340.4 Acceptance as security for public deposits.
- 340.5 Notice of intent to bid.
- 340.6 Submission of bids.
- 340.7 Deposits—retention—return.
- 340.8 Acceptance of bids.
- 340.9 Bids—revocations—rejections—postponements—reoffers.
- 340.10 Payment for and delivery of bonds.
- 340.11 Failure to complete transaction.
- 340.12 Reservations as to terms of circular.

AUTHORITY: Sec. 8, 50 Stat. 481, as amended; R.S. 3706; secs. 1, 4, 18, 5, 40 Stat. 288, as amended, 290, as amended, 1309, as amended, 290, as amended; secs. 19, 20, 48 Stat. 343, as amended; 31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a, 754b.

SOURCE: 27 FR 12481, Dec. 18, 1962, unless otherwise noted.

§ 340.0 Authority for sale of Treasury bonds through competitive bidding.

(a) The Secretary of the Treasury may, from time to time, by public notice, offer Treasury bonds for sale and invite bids therefor. The bonds so offered and the bids made will be subject to the terms and conditions and the rules and regulations herein set forth, except as they may be modified in the public notice or notices issued by the Secretary in connection with particular offerings.¹ The bonds will be subject also to the general rules and regulations of the Treasury Department, now or hereafter prescribed, governing United States securities. They will be issued pursuant to the authority of the Second Liberty Bond Act, as amended.

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

¹These regulations do not apply to Treasury bills, which are governed by Department Circular No. 418, Revised, and do not constitute a specific offering of bonds.

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

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

§ 340.2 Denominations and exchanges.

Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be available in denominations of \$500, \$1,000, \$5,000, \$10,000, \$100,000, and \$1,000,000. Provisions will be made for the interchange of bonds of different denominations and of bearer and registered bonds, and for the transfer of registered bonds.

§ 340.3 Taxation.

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

§ 340.4 Acceptance as security for public deposits.

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

§ 340.5 Notice of intent to bid.

Any individual, or organization, syndicate, or other group which intends to

§ 340.6

submit a bid, must, when required by the public notice, give written notice of such intent on Form PD 3555 at the place and within the time specified in the public notice. The filing of such notice will not constitute a commitment to bid.

§ 340.6 Submission of bids.

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

(b) *Bidding.* Bids, except noncompetitive bids when authorized, must be expressed as a percentage of the principal amount in not to exceed five decimals, e.g., 100.01038 percent. Provisions relating to the coupon rate of interest on the bonds, if not set forth in the public notice, will be made in a supplemental announcement. The public notice will indicate the timing of any such announcement. If the bidders are required to specify the coupon rate, each bidder shall specify a single coupon rate of interest, which shall be a multiple of $\frac{1}{8}$ of 1 percent but not in excess of $4\frac{1}{4}$ percent. The Secretary of the Treasury may limit the premium above or the discount below par.

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

31 CFR Ch. II (7-1-01 Edition)

§ 340.7 Deposits—retention—return.

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

§ 340.8 Acceptance of bids.

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

(b) *Method of determining accepted bids.* The lowest basis cost of money² computed from the date of the bonds to the date of maturity will be used in determining successful bids.

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

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

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

²In cases where bidders are required to specify the coupon rate, the lowest basis cost of money will be determined by reference to a specially prepared table of bond yields, a copy of which will be made available to all prospective bidders upon written request to the Federal Reserve Bank of New York, or the Bureau of the Public Debt, Treasury Department, Washington, DC 20220. Straightline interpolation will be applied if necessary.

Fiscal Service, Treasury

§ 341.1

§ 340.10 Payment for and delivery of bonds.

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

§ 340.11 Failure to complete transaction.

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

§ 340.12 Reservations as to terms of circular.

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

PART 341—REGULATIONS GOVERNING UNITED STATES RETIREMENT PLAN BONDS

- Sec.
- 341.0 Offering of bonds.
- 341.1 Description of bonds.
- 341.2 Registration.
- 341.3 Purchase of bonds.
- 341.4 Proof of purchase.
- 341.5 Limitation on holdings.
- 341.6 Nontransferability.
- 341.7 Judicial proceedings.
- 341.8 Payment or redemption during lifetime of owner.
- 341.9 Payment or redemption after death of owner.
- 341.10 Reissue.
- 341.11 Use of power of attorney.
- 341.12 Lost, stolen, or destroyed bonds.
- 341.13 Taxation.
- 341.14 Certifying officers.
- 341.15 General provisions.

APPENDIX TO PART 341—TABLES OF REDEMPTION VALUES

AUTHORITY: Sec. 8, 50 Stat. 481, as amended; R.S. 3706; secs. 1, 4, 18, 40 Stat. 288, as amended, 290, as amended, 1309, as amended; secs.

19, 20, 48 Stat. 343, as amended; 31 U.S.C. 738a, 739, 752, 752a, 753, 754a, 754b.

SOURCE: 28 FR 405, Jan. 16, 1963, unless otherwise noted.

§ 341.0 Offering of bonds.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to the Self-Employed Individuals Tax Retirement Act of 1962, offers for sale, effective as of January 1, 1963, bonds of the United States, designated as United States Retirement Plan Bonds. The bonds will be available for investment only to:

- (a) Bond purchase plans and
- (b) Pension and profit-sharing plans, as described in sections 405 and 401, respectively, of the Internal Revenue Code of 1954.

This offering of bonds will terminate on April 30, 1982.

[28 FR 405, Jan. 16, 1963, as amended at 47 FR 18596, Apr. 30, 1982]

§ 341.1 Description of bonds.

(a) *Investment yield (interest).* United States Retirement Plan Bonds, hereinafter sometimes referred to as Retirement Plan Bonds, will be issued at par. The investment yields (interest) are as follows:

- (1) Bonds with issue dates of January 1, 1963, through May 1, 1966—3.75 percent per annum, compounded semi-annually (see Table of Redemption Values in the appendix).
- (2) Bonds with issue dates of June 1, 1966, through December 1, 1969—4.15 percent per annum, compounded semi-annually (see Table A in the appendix).
- (3) Bonds with issue dates of January 1, 1970, through January 1, 1974—5 percent per annum, compounded semi-annually (see Table B).
- (4) Bonds with issue dates of February 1, 1974, through July 1, 1979—6 percent per annum, compounded semi-annually (see Table C).
- (5) Bonds with issue dates of August 1, 1979, through October 1, 1980—6.5 percent per annum, compounded semi-annually (see Table D).
- (6) Bonds with issue dates of November 1, 1980, through September 1, 1981—8 percent per annum, compounded semiannually (see Table E).