and such other financial institutions as may be designated by the Federal Reserve banks. This definition is limited to institutions incorporated within the United States, its territories and possessions, the Commonwealth of Puerto Rico and the Canal Zone.

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

§ 328.3 Authorization for restrictive endorsements.

(a) By banks. Banks are authorized, under the conditions and in the form hereinafter provided, to place restrictive endorsements upon the face of bearer securities owned by themselves or their customers for the purpose of presentation to Federal Reserve banks or branches, or to the Bureau of the Public Debt, as follows:

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

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

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

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

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

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

§ 328.4 Effect of restrictive endorsements.

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

§ 328.5 Forms of endorsement.

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

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

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

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

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

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

(c) When presented by Service Center Directors or District Directors, Internal Revenue Service.
§ 328.6 Requirements for endorsement.

(a) On bearer securities. The endorsement must be imprinted in the lefthand portion of the face of each security with the first line thereof parallel to the left edge of the security and in such manner as to be clearly legible and in such position that it will not obscure the serial number, series designation, or other identifying data, and cover the smallest possible portion of the text on the face of the security. The dimensions of the endorsement should be approximately 4 inches in width and 1 1/2 inches in height, and must be imprinted by stamp or plate of such character as will render the endorsement substantially ineradicable. The name of the Federal Reserve bank of the district must appear on the plate or stamp used for the imprinting of the endorsement, and presentation to the appropriate branch of the Federal Reserve bank named will be considered as presentation to the bank. When securities are to be presented to the Bureau of the Public Debt, the words “United States Treasury” should be used in lieu of the words “Federal Reserve Bank of.” No subsequent endorsement will be recognized. If the form of endorsement on a security is different than that prescribed in §328.5, the provisions of §§328.7 and 328.8 shall not apply to the security.

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

§ 328.7 Shipment of securities.

Securities bearing restrictive endorsements may be shipped, at the risk and expense of the shipper, by registered mail, messenger, armored car service, or express to the Federal Reserve bank of the district in which the presenting bank, the Service Center Director, or the District Director, Internal Revenue Service, is located, or to the appropriate branch of such Federal Reserve bank, shipments to the Bureau of the Public Debt, Washington, DC, should be made by messenger or armored car.

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

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

(b) Bond of indemnity. Where securities bearing restrictive endorsements shipped by a bank have been lost, stolen, or destroyed, a bond of indemnity with surety satisfactory to the Secretary of the Treasury will be required from the owner. If such bond is executed by a bank or other corporation,