

through October 1, 1982, will yield 8.5 percent per annum, paid semiannually, to original maturity.

(vi) *Bonds with issue dates of November 1, 1980, through April 1, 1981.* Series HH bonds with issue dates of November 1, 1980, through April 1, 1981, were originally offered to yield 7.5 percent per annum, paid semiannually. The yield to original maturity was increased by 1 percent, effective with the first full semiannual interest accrual period beginning on or after May 1, 1981.

(vii) *Bonds with issue dates of January 1, 1980, through October 1, 1980.* Series HH bonds with issue dates of January 1, 1980, through October 1, 1980, were originally offered to yield 6.5 percent per annum, paid semiannually. The yield to original maturity was increased by 1 percent, effective with the first full semiannual interest accrual period beginning on or after November 1, 1980, and an additional 1 percent, effective with the first full semiannual interest accrual period beginning on or after May 1, 1981.

(2) *During extended maturity.* The investment yield during the 10-year extended maturity period authorized for Series HH bonds is 4 percent per annum, paid semiannually, unless changed prior to the beginning of such period, for any Series HH bond that entered or enter such period on or after March 1, 1993; and, 6 percent per annum, paid semiannually, for any Series HH bond that entered into such period from January 1, 1990, through February 1, 1993.

(f) *Payment of interest.* The interest on a Series HH bond is paid semiannually beginning six months from the issue date. Interest ceases at final maturity or, if the bond is redeemed before final maturity, as of the end of the interest period preceding the date of redemption. If the redemption date falls on an interest payment date, interest ceases on that date.

(1) *Bonds issued on or after October 1, 1989.* Interest on Series HH bonds issued on or after October 1, 1989, will be paid by the automated clearing house (ACH) method to the registered owner or co-owner's account at a financial institution, unless the Bureau of the Public Debt determines that extraordinary

circumstances warrant payment by check or other means.

(2) *Bonds issued prior to October 1, 1989.* Interest on Series HH bonds issued prior to October 1, 1989, will be paid as follows:

(i) By check drawn to the order of the registered owner or both coowners; or

(ii) Upon request, by the ACH method to the owner or coowner's account at a financial institution.

(g) *Rules governing payment of interest by the ACH method.* Provisions contained in §353.31 of Department of the Treasury Circular, Public Debt Series No. 3-80, as amended (31 CFR part 353), apply to the submission of deposit account information for Series HH interest payments made on and after October 1, 1989, for which ACH payment:

(1) Is required under paragraph (f)(1) of this section;

(2) Is requested by an owner or co-owner on or after October 1, 1989, pursuant to paragraph (f)(2) of this section; or

(3) Was requested by an owner or co-owner prior to October 1, 1989.

Interest payments made by the ACH method on and after October 1, 1989, will be processed in accordance with 31 CFR part 370.

(Approved by the Office of Management and Budget under control number 1535-0094)

(h) *Tables of interest payments and redemption values.* Tables showing the interest payments and redemption values of bonds issued under previous revisions of this Circular will be available from the Bureau of the Public Debt and designated Federal Reserve Banks.

[54 FR 40249, Sept. 29, 1989, as amended at 58 FR 60947, Nov. 18, 1993; 59 FR 10540, Mar. 4, 1994]

§ 352.3 Registration and issue.

(a) *Registration.* Series HH bonds may be registered as set forth in subpart B of 31 CFR part 353, also published as Department of the Treasury Circular, Public Debt Series No. 3-80.

(b) *Validity of issue.* A bond is validly issued when it is registered as provided 31 CFR part 353, also published as Department of the Treasury Circular, Public Debt Series No. 3-80, and bears an issue date and appropriate validation indicia.

§ 352.4

(c) *Taxpayer identifying number.* The inscription of a bond must include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable.

[54 FR 40249, Sept. 29, 1989, as amended at 57 FR 14286, Apr. 17, 1992]

§ 352.4 Limitation on purchases.

Series HH bonds issued under the terms of this Circular are not subject to a purchase limitation.

§ 352.5 Authorized issuing and paying agents.

Series HH bonds may be issued or redeemed only by Federal Reserve Banks (see § 352.13) and the Bureau of the Public Debt.

[54 FR 40249, Sept. 29, 1989, as amended at 59 FR 10540, Mar. 4, 1994]

§ 352.6 [Reserved]

§ 352.7 Issues on exchange.

(a) *Securities eligible for exchange.* Owners may exchange United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares) at their current redemption values for Series HH bonds. Series E bonds and savings notes remain eligible for exchange for a period of one year from the month in which they reached final maturity. Series EE bonds become eligible for exchange six months after their issue dates.

(b) *Basis for issue.* Series HH bonds will be issued on exchange by an authorized issuing agent upon receipt of a properly executed exchange application with eligible securities, and additional cash, if any, and any supporting evidence that may be required under the regulations. If eligible securities are submitted directly to a Federal Reserve Bank referred to in § 351.13, each must bear a properly signed and certified request for payment. Checks in payment of additional cash needed to complete a transaction (see paragraph (d) of this section) must be drawn to the order of the Federal Reserve Bank.

(c) *Role of financial institutions.* Department of the Treasury Circular No. 750, current revision (31 CFR part 321),

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authorizes financial institutions qualified as paying agents for savings bonds and notes to redeem eligible securities presented for exchange and to forward an exchange application and full payment to a Federal Reserve Bank referred to in § 351.13 for the issue of Series HH bonds. The securities redeemed on exchange by such an institution must be securities which it is authorized to redeem for cash.

(d) *Computation of issue price.* The total current redemption value of the eligible securities submitted for exchange in any one transaction must be \$500 or more. If the current redemption value is an even multiple of \$500, Series HH bonds must be issued in that exact amount. If the current redemption value exceeds, but is not an even multiple of, \$500, the owner has the option either:

(1) To add the cash necessary to bring the amount of the application to the next higher multiple of \$500, or

(2) To receive a payment to reduce the amount of the application to the next lower multiple of \$500.

(e) *Registration.* A Series HH bond issued on exchange may be registered in any form authorized in subpart B of Circular No. 3-80, subject to the following restrictions:

(1) If the securities submitted for exchange are in single ownership form, the owner must be named as owner or first-named coowner on the Series HH bonds. A coowner or beneficiary may be named.

(2) If the securities submitted for exchange are in coownership form, and one coowner is the "principal coowner", that person must be named as owner or first-named coowner on the Series HH bonds. A coowner or beneficiary may also be named. The "principal coowner" is the coowner who purchased the securities presented for exchange with his or her own funds, or received them as a gift, inheritance or legacy, or as a result of judicial proceedings, and had them reissued in coownership form, provided he or she has received no contribution in money or money's worth for designating the other coowner on the securities.

(3) If the securities presented for exchange are in coownership form, and both coowners shared in their purchase