

Fiscal Service, Treasury

§ 358.6

Coupon means a definitive bearer interest instrument associated with a United States Treasury bearer security.

CUBES means the Treasury's Coupon Under Book-Entry Safekeeping program.

CUBES security means a definitive coupon detached from a United States Treasury security and held in CUBES.

Definitive security means a security held in paper form.

Depository institution means:

(1) Any insured bank, mutual savings bank, or savings bank as defined in 12 U.S.C. 1813, or any institution eligible to become an insured bank under 12 U.S.C. 1815;

(2) Any insured credit union as defined in 12 U.S.C. 1752, or any credit union eligible to become an insured credit union under 12 U.S.C. 1781;

(3) Any member as defined in 12 U.S.C. 1422; and

(4) Any savings association as defined in 12 U.S.C. that is an insured depository institution as defined in the Federal Deposit Insurance Act, 12 U.S.C. 1811 *et seq.*, or is eligible to become an insured depository institution under that Act.

Non-callable means a United States Treasury bearer security not subject to call before maturity.

Non-callable coupons means coupons associated with a non-callable bearer security or coupons associated with a callable bearer security that are due on or before the date on which the callable bearer security is subject to call.

Non-transferable means the ownership of a security held in BECCS or CUBES may not be transferred. See § 358.5.

Transferable means the ownership of a security held in BECCS or CUBES may be transferred. See § 358.4 of this part.

We (or "us") refers to the Secretary of the Treasury and the Secretary's delegates at the Treasury Department and the Bureau of the Public Debt. The term also extends to any fiscal or financial agent we designate to act on behalf of the United States.

§ 358.2 What regulations cover these securities?

BECCS and CUBES securities are deemed to be securities for the purposes of 31 CFR part 357, subparts A, B,

and D, and are governed by that part. Notwithstanding the provisions of 31 CFR part 357, certain BECCS and CUBES securities are non-transferable. See § 358.5.

§ 358.3 Are there any bearer corpora or detached bearer coupons that are not eligible for conversion?

Bearer corpora and detached bearer coupons will not be accepted if they are submitted:

(a) Within 30 days of their maturity date; or

(b) If the call provision has been invoked, within 30 days of their call date.

§ 358.4 Which bearer corpora or detached bearer coupons are eligible for conversion to transferable BECCS or CUBES securities?

(a) For a callable corpus to be eligible for conversion to a transferable BECCS security, all associated callable coupons must be submitted with the corpus. These callable coupons will be linked with the corpus within BECCS when converted. Once the coupons are linked to the corpus, they may not be transferred separately.

(b) A corpus that is not subject to call will be converted to a transferable BECCS security.

(c) Non-callable coupons will be converted to transferable CUBES securities.

§ 358.5 Which bearer corpora or detached bearer coupons are eligible for conversion to non-transferable BECCS or CUBES securities?

If all of the callable coupons associated with the corpus are not submitted with the corpus, the corpus will be converted to a non-transferable BECCS security. Any remaining callable coupons submitted with the corpus will be converted to individual non-transferable CUBES securities.

§ 358.6 What is the procedure for converting bearer corpora and detached bearer coupons to book-entry?

Bearer corpora and detached bearer coupons must be submitted in accordance with our procedures. They must be accompanied by an approved form executed by an authorized officer of the submitting depository institution.

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Until we verify the submission, the bearer corpora and detached bearer coupons are subject to rejection or adjustment.

§ 358.7 Where do I send my bearer corpora and detached bearer coupons to be converted?

Send bearer corpora and detached bearer coupons to be converted to: Bureau of the Public Debt, Division of Customer Service, P. O. Box 426, Parkersburg, WV 26106-0426.

§ 358.8 Are there fees for the conversion of bearer corpora or detached bearer coupons?

We do not charge fees for the conversion of bearer corpora or detached bearer coupons to BECCS or CUBES securities.

§ 358.9 Who is responsible for the cost and risks associated with the shipment of securities?

The following guidelines apply to the transportation of bearer corpora and detached bearer coupons:

- (a) Shipment from the depository institution is at the risk and expense of the depository institution;
- (b) Shipment between our designated agent and the Department, if required, is at our risk and expense; and
- (c) Shipment of securities that are returned to the depository institution is at the risk and expense of the depository institution.

§ 358.10 How are amounts of less than one dollar credited?

Only full dollar amounts can be held in CUBES; principal amounts that include cents cannot be held in CUBES. Upon the conversion of coupons to CUBES, amounts of less than one dollar in aggregate per CUBES CUSIP will not be credited to the account of the depository institution.

Example: A depository institution submits five coupons with face amount of \$346.88 each, and a total dollar amount of \$1,734.40. Upon conversion of these coupons to CUBES, only \$1,734.00 will be credited to the depository institution's account.

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§ 358.11 What is required to establish the authority of a depository institution to request conversion?

By submitting bearer corpora and detached bearer coupons for conversion to BECCS and CUBES securities, a depository institution represents that it has the authority to request the conversion.

§ 358.12 What is Treasury's liability if the depository institution does not have authority to convert securities?

We are not liable if the depository institution has no authority to convert the bearer corpora and detached bearer coupons to book-entry form or to take other actions in respect to book-entry accounts in BECCS and CUBES.

§ 358.13 What is Treasury's liability if the depository institution incurs a loss because it does not follow required procedures?

We are not liable for any loss incurred by the depository institution as a result of its failure to properly follow our procedures.

§ 358.14 What happens when securities are accepted for conversion?

(a) After processing and initial verification, we will transfer the securities accepted to the depository institution's book-entry account, establishing a securities entitlement in TRADES according to 31 CFR part 357 subpart B.

(b) We will do the final verification within twenty (20) business days of initial receipt of the bearer corpora and detached bearer coupons.

(c) If at any time after this twenty (20) day period we determine that the security was improperly credited to the BECCS or CUBES account of the depository institution, such as in the case of a previously undetected, counterfeit security, we reserve the right to adjust the BECCS or CUBES account.

§ 358.15 What happens if securities are adjusted?

(a) If we make an adjustment to all or part of the submitted securities, we will instruct the depository institution to transfer BECCS or CUBES securities of the same payment date and face