

§ 330.3

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the application is approved, the designated Federal Reserve Bank will issue a certificate of qualification.

(b) *Agents previously qualified.* Paying agents qualified under previous revisions of this part are authorized to continue to act without requalification. They shall, however, be subject to the terms and conditions of the previously executed application and these regulations in the same manner and to the same extent as though they had requalified hereunder.

(c) *Termination of qualification.* The Secretary of the Treasury reserves the right to withdraw the special endorsement authority from any paying agent at any time. Such authority will also be terminated at any time at the request of the paying agent. In either event, formal notice of the termination shall be given to the agent in writing by the designated Federal Reserve Bank.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994]

§ 330.3 Special endorsement of securities.

(a) *Form of endorsement.* Each security processed under the provisions of this part shall bear the following endorsement:

Request by owner and validity of transaction guaranteed in accordance with T.D. Circular No. 888, as revised. (Name, location, and paying agent code number assigned by designated Federal Reserve Bank.)

This endorsement must be legibly impressed in black or other dark-colored ink on the back of the security in the space provided for the owner to request payment.

(b) *Endorsement stamps.* Endorsement stamps may be obtained from the designated Federal Reserve Bank or, with its approval, purchased by the agent. Requests for stamps to be furnished or approved by the Bank must be made in writing by an officer of the paying agent. Stamps procured by an agent may not exceed a space bounded by 1 $\frac{3}{4}$ inches vertically and 3 inches horizontally. They must follow exactly the wording prescribed. They may also include space for the transaction date and the initials or signature of the offi-

cer or employee authorized to approve the transaction.

(c) *Securities registered in coownership or beneficiary form.* In the case of securities registered in coownership or beneficiary form, the agent shall indicate which person, whose name is inscribed thereon, requested payment or exchange by encircling in black or other dark-colored ink the name of that person (or both coowners, if the request is joint) in the inscription on the face of the securities.

(d) *Restrictions.* Under no circumstances shall the special endorsement procedure be used to give effect to a transfer, hypothecation or pledge of a security, or to permit payment to any person other than the owner, co-owner, or, where appropriate, beneficiary. Violation of these provisions will be cause for withdrawal of an agent's authority to process securities under the special endorsement procedure, and may involve additional penalties if the circumstances warrant such action.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994]

§ 330.4 Guaranty given to the United States.

By the act of paying or presenting to a designated Federal Reserve Bank, for payment or exchange, a security on which it has affixed the special endorsement, a payment agent shall be deemed to have:

(a) Unconditionally guaranteed to the United States the validity of the transaction, including the identification of the owner and the disposition of the proceeds or the new bonds, as the case may be, in accordance with the presenter's instruction;

(b) Assumed complete and unconditional liability to the United States for any loss which may be incurred by the United States as a result of the transaction; and

(c) Unconditionally agreed to make prompt reimbursement for the amount of any loss, upon request of the Department of the Treasury.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994]