

FEDERAL REGISTER

Vol. 67, No. 247

Rules and Regulations

DEPARTMENT OF THE TREASURY

Fiscal Service

Bureau of the Public Debt

31 CFR Part 352

Offering of United States Savings Bonds, Series HH

67 FR 78384

DATE: Tuesday, December 24, 2002

ACTION: Final rule.

[*78384]

SUMMARY: This Final Rule amends the offering of Series HH United States Savings Bonds to permit the investment yield to be changed by announcement by the Secretary of the Treasury or the Secretary's designee. The change affects bonds that are issued or enter into an extended maturity period on or after January 1, 2003. Permitting the investment yield to be set by announcement provides flexibility in reflecting changes in prevailing interest rates.

EFFECTIVE DATE: January 1, 2003.

ADDRESSES: You can download this final rule at the following Internet address: <http://www.publicdebt.treas.gov>.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: We are amending the offering regulations for United States Savings Bonds of Series HH. Effective January 1, 2003, the investment yield for Series HH savings bonds that are issued or enter into an extended maturity period on or after January 1, 2003, will be set by announcement by the Secretary or the Secretary's designee. We are also removing the table at the end of the offering regulations, since the information

contained in the table will change with each announcement of change in the investment yield.

Currently, the investment yield must be changed by an amendment to the regulations.

The purpose of permitting the investment yield to be set by announcement is to provide greater flexibility for the Secretary in responding to market conditions and prevailing interest rates.

Procedural Requirements

This final rule does not meet the criteria for a "significant regulatory action" as defined in Executive Order 12866. Therefore, the regulatory review procedures contained therein do not apply.

This final rule relates to matters of public contract and procedures for United States securities. The notice and public procedures requirements and delayed effective date requirements of the Administrative Procedure Act are inapplicable, pursuant to 5 U.S.C. 553(a)(2).

As no notice of proposed rulemaking is required, the Regulatory Flexibility Act (5 U.S.C. 601, et seq.) does not apply.

We ask for no new collections of information in this final rule. Therefore, the Paperwork Reduction Act (44 U.S.C. 3507) does not apply.

List of Subjects in 31 CFR Part 352

Bonds, Government securities.

Accordingly, for the reasons set out in the preamble, 31 CFR Chapter II, Subchapter B, is amended as follows:

PART 352--OFFERING OF UNITED STATES SAVINGS BONDS, SERIES HH

1. The authority citation for part 352 continues to read as follows:

Authority: 31 U.S.C. 3105, 5 U.S.C. 301.

2. Amend § 352.2 as follows:

- a. Redesignate current paragraphs (e)(1)(i) through (e)(1)(vii) as paragraphs (e)(1)(ii) through (e)(1)(viii);
- b. Add new paragraph (e)(1)(i);
- c. Revise redesignated paragraph (e)(1)(ii); and
- d. Revise paragraph (e)(2). The addition and revisions read as follows:

§ 352.2 -- Description of bonds.

* * * * *

(e) *Investment yield (interest).* -(1) *During original maturity.* The investment yields for Series HH bonds during their original maturity periods are as specified in paragraphs (e)(1)(i) and (ii) of this section.

(i) *Bonds with issue dates of January 1, 2003, and thereafter.* The investment yield applicable to Series HH bonds issued on or after January 1, 2003, will be furnished in rate announcements by the Secretary or the Secretary's designee. The rate announced will apply to bonds issued during the period covered by the announcement.

(ii) *Bonds with issue dates of March 1, 1993, through December 1, 2002.* [*78385] Series HH bonds with issue dates of March 1, 1993, through December 1, 2002, yield 4 percent per annum, paid semiannually, to original maturity.

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(2) *During extended maturity.* The investment yields for Series HH bonds during their extended maturity periods are as specified in paragraphs (e)(2)(i), (ii), and (iii) of this section.

(i) *Bonds that enter an extended maturity period on or after January 1, 2003.* The investment yield applicable to Series HH bonds that enter an extended maturity period on or after January 1, 2003, will be furnished in rate announcements by the Secretary or the Secretary's designee. The rate announced will apply to bonds that enter an extended maturity period during the period covered by the announcement.

(ii) *Bonds that entered an extended maturity period from March 1, 1993, through December 1, 2002.* The investment yield applicable to Series HH bonds that entered an extended maturity period from March 1, 1993, through December 1, 2002, is 4 percent per annum, paid semiannually.

(iii) *Bonds that entered an extended maturity period from January 1, 1990, through February 1, 1993.* The investment yield applicable to Series HH bonds that entered into an extended maturity period from January 1, 1990, through February 1, 1993, is 6 percent per annum, paid semiannually.

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3. Remove Table 1 at the end of part 352.

Dated: November 19, 2002.

Donald V. Hammond,

Fiscal Assistant Secretary.

[FR Doc. 02-32378 Filed 12-19-02; 1:33 pm]

BILLING CODE 4810-39-P