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form of a definitive FmHA or its successor agency under Public Law 103–354 security or a book-entry FmHA or its successor agency under Public Law 103–354 security.

(3) *Definitive FmHA or its successor agency under Public Law 103–354 security.* An FmHA or its successor agency under Public Law 103–354 security in engraved on printed form.

(4) *Book-entry FmHA or its successor agency under Public Law 103–354 security.* An FmHA or its successor agency under Public Law 103–354 security in the form of an entry made as prescribed in this subpart on the records of a Reserve bank.

(5) *Pledge.* A pledge of, or any other security interest in, FmHA or its successor agency under Public Law 103–354 securities as collateral for loans or advances, or to secure deposits of public moneys or the performance of an obligation.

(6) *Date of call.* The date fixed in the official notice of call published in the FEDERAL REGISTER on which FmHA or its successor agency under Public Law 103–354 will make payment of the security before maturity in accordance with its terms.

(7) *Member bank.* Any national bank, state bank, or bank or trust company which is a member of a Reserve bank.

§ 1901.504 Authorities and responsibilities.

The Administrator will approve all methods of FmHA or its successor agency under Public Law 103–354 financing and major changes in existing methods. The Director, Finance Office, is responsible for servicing of all certificates of beneficial ownership and insured notes issued by the Finance Office, the Federal Reserve Bank of New York for the servicing of insurance contracts, and the Federal Reserve banks for certificates of beneficial ownership for which the Reserve banks are FmHA or its successor agency under Public Law 103–354's fiscal agents.

§ 1901.505 Certificates of beneficial ownership in FmHA or its successor agency under Public Law 103–354 loans.

(a) *Special trust of loans*—(1) *Establishment of special trusts.* From time to time FmHA or its successor agency under Public Law 103–354 will place in special trusts unmature loans evidenced by notes or other instruments. Loans may be placed into or removed from a special trust, but there will always be maintained in such trusts loans on which the unpaid amount is at least equal to the face value of the outstanding unmature certificates evidencing beneficial ownership in such special trust as provided in paragraph (a)(2) of this section.

(2) *Beneficial ownership of special trusts.* To permit interested persons to acquire a beneficial ownership of loans comprising a special trust established under paragraph (a)(1) of this section, FmHA or its successor agency under Public Law 103–354 will sell certificates which will evidence beneficial ownership of an interest in the special trust to the extent of the face value of such certificates. FmHA or its successor agency under Public Law 103–354 will own an interest in special trusts equal to the amount by which the unpaid principal amount of loans comprising the trusts exceeds the face value of all outstanding certificates evidencing beneficial ownership in such trusts.

(b) *Sale of certificates.* FmHA or its successor agency under Public Law 103–354 will offer certificates for sale from time to time on such terms and conditions it may deem appropriate. Sales made by the Finance Office shall be made by its Director. No sale in excess of $1 million will be made to any one investor without prior approval of the Associate Administrator or his designee. The terms and limitations of sales are subject to change from time to time, and may be obtained from the Finance Office.

(1) *Form of certificates.* The certificates may be interest-bearing or non-interest-bearing. The certificates may

be made payable to the bearer or registered holder thereof, and will be negotiable. The certificates will be issued in denominations specified in the invitations for bid or other announcement of sale.

(2) *Issue date and maturity date of certificates.* The certificates will be issued on such dates and mature on such dates as specified in the invitation for bids or other announcement of sale. Such dates will appear on the face of the certificates.

§ 1901.506 Book-entry procedure for FmHA or its successor agency under Public Law 103–354 securities—issuance and redemption of certificate by Reserve bank.

(a) *Authority of Reserve bank.* Each Reserve bank is hereby authorized in accordance with the provisions of this subpart to:

(1) Issue book-entry FmHA or its successor agency under Public Law 103–354 securities by means of entries on its records which shall include the name of the depositor, the amount, the securities title (or series) and maturity date.

(2) Effect conversions between book-entry FmHA or its successor agency under Public Law 103–354 securities and definitive FmHA or its successor agency under Public Law 103–354 securities.

(3) Otherwise service and maintain book-entry FmHA or its successor agency under Public Law 103–354 securities.

(4) Issue a confirmation of transaction in the form of a written advice (serially numbered or otherwise) which specifies the amount and description of any securities (that is, the securities title (or series) and the maturity date) sold or transferred and the date of the transaction.

(b) *Scope and effect of book-entry procedure.* (1) A Reserve bank as fiscal agent of the United States acting on behalf of FmHA or its successor agency under Public Law 103–354 may apply the book-entry procedure provided for in this subpart to any FmHA or its successor agency under Public Law 103–354 securities which have been or are hereafter deposited for any purpose in accounts with it in its individual capacity under terms and conditions which indicate that the Reserve bank will continue to maintain such deposit accounts in its individual capacity, notwithstanding application of the book-entry procedure to such securities. This paragraph shall be applicable but not limited to FmHA or its successor agency under Public Law 103–354 securities deposited:

(i) As collateral pledged to a Reserve bank (in its individual capacity) for advances by it.

(ii) By a member bank for its sole account.

(iii) By a member bank held for the account of its customers.

(iv) In connection with deposits in a member bank of funds of States, Municipalities, or other political subdivisions.

(v) In connection with the performance of an obligation or duty under Federal, State, Municipal, or local law, or judgments or decrees of courts.

(2) The application of the book-entry procedure under paragraph (b)(1) of this section shall not detract from or adversely affect the relationships that would otherwise exist between a Reserve bank in its individual capacity and its depositors concerning any deposit under this paragraph. Whenever the book-entry procedure is applied to such FmHA or its successor agency under Public Law 103–354 securities, the Reserve bank is authorized to take all action necessary in respect of the book-entry procedure to enable such Reserve bank in its individual capacity to perform its obligation as depositary with respect to such FmHA or its successor agency under Public Law 103–354 securities.

(3) A Reserve bank as fiscal agent of the United States acting on behalf of FmHA or its successor agency under Public Law 103–354 may apply the book-entry procedure to FmHA or its successor agency under Public Law 103–354 securities deposited as collateral pledged to the United States under Treasury Department Circular Nos. 92 and 176, both as revised and amended, and may apply the book-entry procedure, with the approval of the Secretary of the Treasury, to any other FmHA or its successor agency under Public Law 103–354 securities deposited with a Reserve bank as fiscal agent of the United States.