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| **Title:** | **FINAL RULE--Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations--12 CFR Part 615** |
| **Date of Issuance:** | **1/12/1989** |
| **Agency:** | **FCA** |
| **Federal Register Cite:**  | **54 FR 1156** |

FARM CREDIT ADMINISTRATION

12 CFR Part 615

Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations

**ACTION:** Final rule.

**SUMMARY:** On April 5, 1988 the Farm Credit Administration Board (Board) proposed amendments to Subparts A, B, C, and O of Part 615, which govern the funding of Farm Credit System (System) institutions by means of issuance of securities. The proposed amendments were necessary to conform the current regulations with certain amendments to the Farm Credit Act of 1971 (Act), made by the Agricultural Credit Act of 1987 (1987 Act), Pub. L. 100-233, which was enacted on January 6, 1988. The Board determined that these amendments to the regulations should be proposed for public comment and after receiving some comments, on September 28, 1988, resolicited comments. The comment period established by the resolicitation of comments ended on November 4, 1988. After reviewing the proposed rule in the light of comments received, and incorporating changes which reflect comments received, the Board adopts a final rule.

**EFFECTIVE DATE:** This regulation shall become effective upon the expiration of 30 days from publication during which either or both houses of Congress is in session. Notice of effective date will be published.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:** The present amendments ([53 FR 16963](file://fcahome/DavWWWRoot/readingrm/fedreg/Federal%20Register%20Documents/53%20FR%2016963.docx), May 12, 1988, [53 FR 39099](file://fcahome/DavWWWRoot/readingrm/fedreg/Federal%20Register%20Documents/53%20FR%2039099.docx), October 5, 1988) are necessary to conform the regulations with certain amendments to the Farm Credit Act of 1971 (Act), made by the Agricultural Credit Act of 1987 (1987 Act) Pub. L. 100-233, which was enacted on January 6, 1988. On April 5, 1988 the Board proposed amendments to Subparts A, B, C, and O of Part 615, and requested public comment. Comments were received from the Farm Credit System banks in the Springfield, Baltimore and Texas Districts, the Central Bank for Cooperatives, and the Farm Credit Corporation of America. After reviewing the proposed rule and incorporating changes reflecting comments received, on September 28, 1988 the Board resolicited comments on the proposed rule. In response to the resolicitation of comments, comments were received from the Farm Credit System banks in the Louisville and Baltimore Districts. The Board now adopts a final rule.

Subpart A of Part 615 contains regulations that define the funding activities of the banks of the Farm Credit System and the role of the Federal Farm Credit Banks Funding Corporation (Funding Corporation). The only comment concerning proposed amendments to the regulations contained in Subpart A was received in response to the resolicitation of comments, from the Farm Credit Banks of Louisville (Louisville), which commented that § 615.5030(a) needed to be reworded in order to make it clear that each bank's board must authorize that bank's commercial borrowing. Since the System bank's boards of directors cannot act jointly in one resolution, the Board believes the meaning to be clear, but revises the wording to make that meaning more explicit. In addition, the Board revises the wording of § 615.5010(a) to more closely follow the wording of § 4.9 of the Act.

Subpart B of Part 615 contains regulations concerning the collateral required to support obligations issued by Farm Credit System banks. Comments concerning proposed amendments to Subpart B were initially received from the Farm Credit Corporation of America (FCCA) and the Farm Credit System banks in the Springfield District. In addition, in response to the resolicitation of comments, comments were received from the Farm Credit System banks in the Louisville District.

FCCA commented that proposed § 615.5050 might be read to imply a requirement that promissory notes given in conventional banking transactions be collateralized. Regulations of Subpart B of Part 615 are meant to protect investors in bonds, notes, debentures, and similar obligations by setting minimum standards for collateral required to support those types of obligations issued by Farm Credit System banks. These standards are not meant to require that all credit extended to a Farm Credit System institution from whatever source be similarly collateralized, nor to restrict commercial banks and other creditors from making their own credit decisions in private lending transactions. Accordingly, § 615.5050(a) has been revised to delete the words "all other known and recorded liabilities."

In addition, in response to the resolicitation of comments, Louisville, noting that the Farm Credit System Financial Assistance Corporation (FAC) is issuing uncollateralized debt, commented that § 615.5050(a) should be revised to permit the Farm Credit System to issue uncollateratized securities. However, § 4.3(c) of the Act requires that "any note, bond, debenture or similar obligation" issued by any Farm Credit System bank be collateralized. The Agricultural Credit Act of 1987 amended § 4.3(c) of the Act by deleting the words "long-term," making it clear that all obligations issued by Farm Credit System banks, regardless of maturity, must be collateralized. FAC is not a Farm Credit System bank, subject to the collateral requirements of § 615.5050(a), but, rather, is expressly authorized by § 6.26 of the Act to issue "uncollateralized bonds, notes, debentures, and similar obligations." Farm Credit System banks are not authorized to issue uncollateralized securities. Accordingly, the Board does not make the suggested revision to § 615.5050(a).

Finally, the wording of § 615.5050(a) has been revised to more closely follow the wording of section 4.3(c) of the Act, and to provide that cash equivalents approved by the Farm Credit Administration may serve as collateral.

The Farm Credit System banks in the Springfield District (Springfield commented concerning proposed § 615.5050(c). Springfield suggested that the collateral value of loans and acquired property should be their "net value less allowance for losses," and that the reference to "recovery value" in § 615.5050(c)(2) should be replaced with "net realizable value." Section 615.6050(c) is now being revised to clarify the method for determining the value of collateral. The terms "recovery value" and "investment value" are eliminated. The revised § 615.5050(c)(1) provides that, in general, the collateral value of a loan is the unpaid balance of the loan, less any appropriate allowance for losses. Revised § 615.5050(c)(2) provides that the collateral value of loans in the process of liquidation or foreclosure, judgments, and sales contracts is the unpaid balance of the loans, judgments or contracts, less any appropriate allowance for losses. Revised § 615.5050(c)(3) provides that the collateral value of a restructured loan is the unpaid balance of the loan, less any appropriate allowance for losses. Section 615.5050(c)(4) is redesignated as § 615.5050(c)(5) and a new § 615.5050(c)(4) provides that the collateral value of property acquired in the liquidation of loans is the book value, determined in accordance with generally accepted accounting practices adjusted for any allowance for losses. In order to accurately reflect the value of the collateral, the allowance for losses must be updated on an ongoing basis.

In response to the resolicitation of comments, Louisville commented that § 615.5050(c)(4) does not specify the collateral value of acquired property sold or otherwise disposed of. Section 615.5050(c)(2), as revised, provides for the valuation of all sales contracts, including sales contracts for acquired property, if such sales are financed by the bank.

FCCA suggested that the proposed regulation could be read to eliminate secured interbank loans from eligible collateral. In response to the comment, the Board is adding § 615.5050(c)(6) to specifically state that a secured interbank loan may serve as collateral for obligations issued by the bank making such loan, provided that the loan is adequately secured by assets which, if held by the lending bank, would have been eligible collateral. In computing its eligible collateral, the borrowing bank is prohibited from counting the assets securing the loan. A new § 615.5045 provides definitions for "cost," "market value," "secured interbank loan," and "unpaid balance," as these terms are used in subpart B.

In response to the resolicitation of comments, Louisville commented that § 615.05050(c)(5), which excludes from collateral the excess of any loan over the "maximum amount authorized under the Act or Part 614 of these regulations," should be revised to exclude the excess of any loan over the maximum amount authorized under the Act and "those provisions of the regulations strictly adhering to the amounts set by the Act." Section 4.3(c) of the Act requires that each Farm Credit System bank hold as collateral "notes and obligations representing loans made under this Act" (emphasis added). That portion of a loan which exceeds maximum limitations contained in the Act or in any FCA regulation made pursuant to the Act, is properly excluded from collateral. The Board does not make the suggested revision, as the regulations conform to the provisions of the Act.

FCCA commented that the words "or association" should be added after the word "bank" each time it appears in § 615.5060(a). FCCA also suggested that a reference to section 1.7(a) of the Act be added. The Board is making these revisions in the language of § 615.5060(a) to clarify that the entire paragraph is meant to apply not only to banks, but also to those associations which may have direct real estate lending authority.

Louisville requested that a de minimis exception for small real estate mortgage loans be added to § 615.5060(a). Section 1.10 of the Act requires that real estate mortgage loans be secured by a first lien. Section 615.5060(a) provides a grace period for obtaining evidence of the first lien. Although the Board believes it is appropriate to continue to provide such a grace period for obtaining evidence of the first lien, the Board does not feel it is appropriate to dilute the statutory requirement that a first lien exist.

Subpart C of Part 615 contains regulations governing the issuance of notes, bonds, debentures, and similar obligations by Farm Credit System institutions. Subpart C was revised to reflect new responsibilities of the Funding Corporation which were previously exercised by the Farm Credit System finance committee. Comments were received from the Farm Credit System banks in the Baltimore District, the Farm Credit System banks in the Texas District, the Central Bank for Cooperatives, and FCCA concerning the proposed amendments to regulations contained in Subpart C.

FCCA indicated concern that reference to sales of securities to "members of the general public" in § 615.5100 (a) through (c) might be interpreted to preclude private placement of securities. The Board agrees and has deleted the references in § 615.5100 to "members of the general public."

Section 615.5101(b) requires that each debt obligation be authorized by a resolution of the board of directors of the issuing Farm Credit System banks. FCCA expressed concern that this regulation could be read to require that the banks adopt a specific resolution for each issue of debt. At present, each bank's board of directors authorizes Systemwide obligations by a periodic resolution which states a maximum amount of obligations which may be issued. The proposed regulation does not require a change in this practice, but does require that each obligation of whatever kind be authorized by an appropriate resolution of the board of directors of each issuing bank. The frequency of resolutions consistent with the duty of directors or exercise their judgment effectively is left to the determination of the board of directors of the issuing bank. The introductory paragraph of the proposed regulation is clarified by deleting the words "issuance of" and inserting an exception referring to the provisions of section 4.2(e) of the Act.

Section 615.5101(e)(1) requires consultation by Farm Credit System representatives with the Secretary of Treasury. FCCA suggested that, in order to avoid uncertainty, FCA should, in its regulation, expressly designate the Funding Corporation as the Farm Credit System's representative for this purpose. The FCA Board does not agree with the FCCA suggestion. The decision whether to delegate this responsibility to the Funding Corporation is a management decision for the Farm Credit System banks.

The Farm Credit System banks in the Texas District and the Central Bank for Cooperative raised a concern that § 615.5102(a) might be read to imply that the Funding Corporation has authority to approve the amount, maturities, rates of interest, terms and conditions of individual bank obligations. The FCA Board amends § 615.5102(a) to clarify that this aspects of the Funding Corporation's authority is limited to joint, consolidated and Systemwide obligations.

The Farm Credit System banks in the Texas District (Texas) also expressed concern that the revision of § 615.5102(a) not imply that the Funding Corporation has absolute authority over the funding operations of individuals banks. Texas points out that the former law provided that the finance committees determined each bank's participation in joint, consolidated and Systemwide debt issues. Texas suggested that the phrase "taking into consideration the needs of the individual System banks" be added after the word "Act." The Board does not make this revision of § 615.5102(a), but does revise the wording of § 615.5101(a) to make these provisions more consistent. Section 615.5102(a), as originally proposed, basically restates § 4.9. Section 4.9 of the Act and § 615.5102(a) both include the words "acting for the banks of the Farm Credit System." Sensitivity to the needs of the banks is also built into the Funding Corporation's structure, since four of the members of its board of directors are required to be current or former directors of System banks, and three are required to be Chief Executive Officers or presidents of Farm Credit System banks. Section 615.5102 was not meant to change the relationship of the Funding Corporation with the Farm Credit System banks. It is not the intent of this section of the regulation to further define the relationship that exists between the Funding Corporation and the Farm Credit System banks. Although it is correct that the Funding Corporation does not have absolute authority over the funding of the banks, the amendment of § 615.5102(a) suggested by Texas is deemed unnecessary in light of the overall tenor of this section. Furthermore, it is to be noted that § 4.9(b)(2) of the Act provides that the Funding Corporation shall, with Farm Credit Administration approval, establish "conditions of participation" in issuances of joint, consolidated or Systemwide obligations. If a bank were to fail to meet such conditions, it could be excluded from participation in such issuances.

The FCCA requests clarification of §§ 615.5101(d) and 615.5102(c), which require FCA approval of each issue of debt. FCCA is concerned that these sections might be interpreted to preclude the current FCA method of approving guidelines for sales of daily discount notes. At present, the Farm Credit System banks utilize several different marketing strategies, each requiring different FCA approval methods to provide necessary program monitoring and to enable the Funding Corporation to market the debt instruments. The Board believes that the method of FCA's approval should continue to have flexibility to adjust to the Farm Credit System banks' funding program and does not prescribe in § 615.5101 or § 615.5102 only one method of FCA approval of the issuance of securities.

In order to clarify FCA approval responsibility for all debt issues, the Board is revising § 615.5101(d) to eliminate the cross-reference to § 615.5102.

The Farm Credit System banks in the Baltimore District commented initially that proposed changes in Part 615 did not appear to affect the mode of operations of its Puerto Rican subsidiary and the Farm Credit Bank of Baltimore submitted the same comment in response to the resolicitation of comments. Both comments were addressed to the application of the regulation to a particular institution. The Board does not express any opinion about such comments. Each Farm Credit institution must determine for itself how the proposed regulation affects it.

Subpart O of Part 615 contains regulations governing the form in which Farm Credit securities may be issued. FCCA suggested that the listing of denominations in § 615.5450 is more reflective of definitive securities than a mature book-entry system. The Board agrees that specific mention of denominations other than a minimum denomination is unnecessary. However, consistent with a book-entry system, a minimum multiple amount is specified. The revised regulation deletes paragraph (b) of the proposed regulation and redesignates paragraphs (c) and (d) as paragraphs (b) and (c). FCCA commented that § 615.5450(b) (as redesignated) should be revised to provide for issuance of consolidated notes, debentures or similar obligations, as well as consolidated bonds, in book-entry form. The Board is making this revision in § 615.5450(b) and a similar revision in § 615.5450(a), in order to standardize procedures for issuance of Systemwide and consolidated debt securities in book-entry form.

It is unnecessary to add additional language to § 615.5450(c) (as redesignated), as suggested by FCCA, in order to permit delegation of approval of issuance of securities in definitive form, since such authority may generally be delegated.

Finally, the Board has made other minor editorial and technical changes in the regulations contained in Subparts A, B, C, and O of Part 615.

**List of Subjects in 12 CFR Part 615**

Accounting, Agriculture, Banks, banking, Government securities, Investments, Rural areas.

For the reasons stated in the preamble, Part 615 of Chapter VI, Title 12 of the Code of Federal Regulations is amended as follows:

**PART 615 -- FUNDING AND FISCAL AFFAIRS, LOAN POLICIES AND OPERATIONS, AND FUNDING OPERATIONS**

1. The authority citation for Part 615 continues to read as follows:

**Authority:** Secs. 3.11, 3.25, 4.3, 4.9, 4.14B, 5.9, 5.17, 6.20, 6.26, 12 U.S.C. 2132, 2146, 2154, 2160, 2202b, 2243, 2252, 2278b, 2278b-6; Sec. 301(a) of Pub. L. 100-233.

**Subpart A -- Funding**

2. Section 615.5000, 615.5010, and 615.5030 of Part 615 are revised to read as follows:

**§ 615.5000 General responsibilities.**

(a) The System banks, acting through the Federal Farm Credit Banks Funding Corporation (Funding Corporation), have the primary responsibility for obtaining funds for the lending operations of the System institutions.

(b) The System's funding operations have a significant impact upon the investment community, the general public, and the national economy in both the volume and the manner by which funds are raised. The Farm Credit Administration supervises compliance with the statutory collateral requirements for the debt obligations issued. The Chairman of the Farm Credit Administration, under policies adopted by the Board, consults with the Secretary of the Treasury concerning the System's funding activities, pursuant to section 5.10 of the Act.

**§ 615.5010 Funding Corporation.**

(a) The Funding Corporation shall issue, market, and handle the obligations of the banks issued under section 4.2 (b) through (d) of the Act and interbank or intersystem flow of funds as may from time to time be required, and, upon request of the banks, shall handle investment portfolios. The Funding Corporation shall maintain accurate and timely records. The System banks shall provide for the sale of such obligations through the Funding Corporation by negotiation, offer, bid, or syndicate sale, and for the delivery of such obligations by book entry, wire transfer, or such other means as may be appropriate.

(B) The interaction of the System with the financial community shall be conducted principally through the Funding Corporation. The Funding Corporation shall be subject to regulation and examination by the Farm Credit Administration.

**§ 615.5030 Borrowings from commercial banks.**

(a) Each System bank board, by resolution, shall authorize all commercial bank borrowings by that System bank.

(b) The Financial Assistance Corporation may borrow from commercial banks with the approval of the Farm Credit Administration.

3. Subpart B of Part 615, consisting of §§ 615.5045 through 615.5090, is revised to read as follows:

**Subpart B -- Collateral**

615.5045 Definitions.

615.5050 Collateral requirements.

615.5060 Special collateral requirement.

615.5090 Reduction in carrying value of collateral.

**Subpart B -- Collateral**

**§ 615.5045 Definitions.**

(a) "Cost" means the actual amount paid for any asset.

(b) "Market value" means the price at which a willing seller would sell to a willing buyer, neither under any compulsion to buy or sell.

(c) "Unpaid balance" means total principal and accrued interest owed.

(d) "Secured interbank loan" means a loan from one Farm Credit System bank to another Farm Credit System bank, secured by assets of the borrowing Farm Credit System bank.

**§ 615.5050 Collateral requirements.**

(a) Each bank shall have on hand at the time of issuance of any notes, bonds, debentures, or other similar obligations, and at all times thereafter maintain, free from any lien or other pledge, assets consisting of notes and other obligations representing loans made under the authority of the Act, real or personal property acquired in connection with loans made under the Act, obligations of the United States or any agency thereof direct or fully guaranteed, other bank assets (including marketable securities) approved by the Farm Credit Administration, cash, or cash equivalents approved by the Farm Credit Administration, in an aggregate value equal to the total amount of notes, bonds, debentures, or other similar obligations outstanding for which the bank is primarily liable.

(b) The collateral value of eligible investments (as defined in § 615.5140) shall be the lower of cost or market value.

(c)(1) Except as otherwise provided in this paragraph, the collateral value of notes and other obligations representing loans made under the authority of any Farm Credit Act shall be the unpaid balance of such loans adjusted for any allowance for loan losses (except as provided for in § 615.5090).

(2) The collateral value of loans in process of liquidation or foreclosure, judgments, and sales contracts shall be the unpaid balance of such loans, judgments, and contracts adjusted for any allowance for losses.

(3) The collateral value of loans which have been restructured by any action, such as an extension, deferment, or partial release, shall be the new unpaid balance of the loans adjusted for any allowance for losses.

(4) The collateral value of property acquired in the liquidation of loans shall be the book value of such property adjusted for any allowance for losses.

(5) Collateral shall not include the amount of any loan that exceeds the maximum amount authorized under the Act or Part 614 of these regulations.

(6) Collateral may include the collateral value of secured interbank loans, computed as provided in § 615.5050(c)(1), provided that the assets securing the loan could serve as collateral supporting the issuance of obligations under § 615.5050(a). In computing its eligible collateral, the borrowing bank shall not count the assets securing such loan.

(d) Each bank shall have procedures which will ensure that the bank is in compliance with the statutory requirements for maintenance of collateral. Such procedures shall include provisions for:

(1) Adequate safekeeping facilities;

(2) Methods to determine that debt instruments meet all requirements of law and regulations;

(3) A report signed by an authorized bank officer at each regular meeting of the board of directors certifying the eligibility and the adequacy of collateral. Items to be reported will include but not be limited to the total amount of eligible collateral, amount of ineligible loans, amount of deductions, and the amount of excess collateral; and

(4) Written procedures and practices to ensure that there will be a high degree of accuracy in protecting and accounting for the collateral.

**§ 615.5060 Special collateral requirement.**

(a) If the counsel for a System bank or association has determined, in writing, that bank or association procedures provide sufficient safeguards to assure that a real estate mortgage loan, within the meaning of section 1.7(a) of the Act, made by the bank or association will be secured by a first lien, or its equivalent, on the borrower's interest in the primary real estate security, an attorney lien certification need not be obtained at the time a note is accepted for collateral. However, the note shall be withdrawn from collateral upon the expiration of 1 year from the date of loan closing, unless, before the end of such period, an attorney has certified that the interest of the bank or association in the primary real estate security for the loan is a first lien on the borrower's interest or its equivalent from a security standpoint.

(b) A loan participation agreement to which a System bank or association is a participant and involving a loan originated by another lender shall constitute an obligation meeting the collateral requirements of § 615.5050(a).

**§ 615.5090 Reduction in carrying value of collateral.**

When the bank or Farm Credit Administration determines that a loan did not conform to the requirements of the law or regulations at the time the loan was closed, such loan shall be withdrawn from collateral until the cause of ineligibility is remedied. When a loan has been classified as a loss loan, the bank shall adjust the collateral value of the loan accordingly.

**Subpart C -- Issuance of Bonds, Notes, Debentures and Similar Obligations**

4. Sections 615.5100, 615.5101, and 615.5102 are revised to read as follows:

**§ 615.5100 Authority to issue.**

The Act authorizes each bank of the System, subject to the collateral requirements of section 4.3(c) of the Act, to issue:

(a) Notes, bonds, debentures, or other similar obligations;

(b) Consolidated obligations, together with any or all banks organized and operating under the same title of the Act;

(c) Systemwide obligations, together with other banks of the System; and

(d) Investment bonds to the authorized purchases subject to the limitations contained in the regulations set forth in Subpart D.

**§ 615.5101 Requirements for issuance.**

Except as provided in section 4.2(e) of the Act, each debt obligation shall meet the following requirements:

(a) Each debt obligation shall be issued through the Federal Farm Credit Banks Funding Corporation acting for System banks.

(b) Each debt obligation shall be authorized by resolution of the board(s) of directors of the issuer(s). Each participating bank shall provide, in its authorizing resolution, for its primary liability on the portion of any consolidated or Systemwide obligation issued on its behalf and be jointly and severally liable for the payment of any additional sums as called upon by the Farm Credit Administration, in accordance with section 4.4 of the Act, in the event any bank primarily liable therefore is unable to pay.

(c) Each issuance of debt obligations shall meet the collateral requirements set forth in Subpart B.

(d) Each issuance of debt obligations shall be approved by the Farm Credit Administration.

(e)(1) Consultation with the Secretary of the Treasury required by 31 U.S.C. 9108 shall be conducted by System representatives and shall have occurred prior to each debt issuance.

(2) Under policies adopted by the Board of the Farm Credit Administration, the Chairman will consult with the Secretary of the Treasury on a regular basis concerning the exercise by the System of the powers conferred under section 4.2 of the Act.

**§ 615.5102 Issuance of debt obligations through the Funding Corporation.**

(a) The amount, maturities, rates or interest, terms and conditions of participation by the System banks in each issue of joint, consolidated or Systemwide obligations shall be determined by the Funding Corporation established pursuant to section 4.9 of the Act, acting for the banks of the System, subject to the approval of the Farm Credit Administration in accordance with § 615.5102.

(b) The Funding Corporation shall plan and develop funding guidelines, priorities, and objectives based upon the asset/liability management policies of the System institutions and the requirements of the market. The guidelines, priorities, and objectives shall be designed to ensure that the debt marketing responsibilities of the Funding Corporation will continue to provide flexibility for the banks and are fiscally sound.

(c) For all debt issuances conducted by the Funding Corporation, the specific prior approval of the Farm Credit Administration must be obtained prior to the distribution and sale of the obligation pursuant to section 4.9 of the Act.

5. Section 615.5105 is amended by revising paragraph (b) to read as follows:

**§ 615.5105 Consolidated Systemwide notes.**

\*

(b) Prices shall be on a discount yield basis or as determined by the Funding Corporation.

\* \* \* \*

**Subpart O -- Issuance of Farm Credit Securities**

6. Section 615.5450 is revised to read as follows:

**§ 615.5450 Book entry and definitive notes and bonds.**

(a) The System banks operating under the same title of the Army may issue consolidated notes, bonds, debentures, and other similar obligations dated on or after January 1, 1978, in book-entry form, in denominations of $1,000 or multiples thereof. There are still outstanding consolidated bonds of the Federal land banks dated before January 1, 1979, in definitive form in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, and $500,000.

(b) The System banks may issue consolidated Systemwide notes, bonds, debentures, or other similar obligations in book-entry form, in denominations of $1,000 or multiples thereof for issues with an original maturity over 1 year and 1 month and $5,000 or multiples thereof for issues with an original maturity of under 1 year and 1 month.

(c) Consolidated and consolidated Systemwide bonds and discount notes may be issued in definitive form as determined to be appropriate by the Funding Corporation and as approved by the Chairman of the Farm Credit Administration.

**§§ 615.5451 through 615.5453 [Removed and reserved]**

7. Sections 615.5451 through 615.5453 are removed and reserved.

8. Sections 615.5460 is amended by revising paragraphs (b) and (c) to read as follows:

**§ 615.5460 Definition of terms for book-entry issuance of Farm Credit securities.**

\* \* \* \* \*

(b) "Banks of the Farm Credit System" means all of the Farm Credit Banks or all the banks for cooperatives, or all of the banks of the System.

(c) "Farm Credit securities" means consolidated notes, bonds, debentures, or other similar obligations of the System banks and Systemwide notes, bonds, debentures, or similar obligations issued under the Farm Credit Act of 1971, or laws repealed thereby, the completion and delivery of which is or has been undertaken by a Reserve Bank as agent of the banks of the System.

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**§ 615.5497 [Removed and reserved]**

6. Section 615.5497 is removed and reserved.

Date: January 6, 1989.

**David A. Hill,**

*Secretary, Farm Credit Administration Board.*

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