

**PART 1314—BOOK-ENTRY PROCEDURES FOR TVA POWER SECURITIES ISSUED THROUGH THE FEDERAL RESERVE BANKS**

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AUTHORITY: 16 U.S.C. 831-831dd.

SOURCE: 62 FR 920, Jan. 7, 1997, unless otherwise noted.

**§ 1314.1 Applicability and effect.**

(a) *Applicability.* The regulations in this part govern the issuance of, and transactions in, all TVA Power Securities issued by TVA in book-entry form through the Reserve Banks.

(b) *Effect.* The TVA Power Securities to which the regulations in this part apply are obligations which, by the terms of their issue, are available exclusively in book-entry form through the Reserve Banks' Book-entry System.

**§ 1314.2 Definition of terms.**

Unless the context requires otherwise, terms used in this part 1314 that are not defined in this section have the meanings as set forth in 31 CFR 357.2. Definitions and terms used in 31 CFR part 357 should be read as though modified to effectuate their application to Book-entry TVA Power Securities where applicable.

(a) *Book-entry System* means the automated book-entry system operated by the Reserve Banks acting as the fiscal agent for TVA on which Book-entry TVA Power Securities are issued, recorded, transferred, and maintained in book-entry form.

(b) *Book-entry TVA Power Security* means any TVA Power Security issued or maintained in the Book-entry System of the Reserve Banks.

(c) *CUSIP Number* is a unique identification for each security issue established by the Committee on Uniform Security Identification Procedures.

(d) *Depository Institution* means any Participant.

(e) *Entitlement Holder* means a Person to whose account an interest in a Book-entry TVA Power Security is credited on the records of a Securities Intermediary.

(f) *Funds Account* means a reserve and/or clearing account at a Reserve Bank to which debits or credits are posted for transfers against payment, book-entry securities transaction fees, or principal and interest payments.

(g) *Other TVA Power Evidences of Indebtedness* means any TVA Power Security issued consistent with section 2.5 of the TVA Basic Bond Resolution (see paragraph (r) of this section).

(h) *Participant* (also called "holder" in the TVA Basic Bond Resolution and in other resolutions adopted by the TVA Board of Directors relating to Book-entry TVA Power Securities) means a Person that maintains a Participant's Security Account with a Reserve Bank.

(i) *Participant's Security Account* means an account in the name of a Participant at a Reserve Bank to which Book-entry TVA Power Securities held for a Participant are or may be credited.

(j) *Person* means and includes an individual, corporation, company, governmental entity, association, firm, partnership, trust, estate, representative, and any other similar organization, but does not mean or include the United States or a Reserve Bank.

(k) *Reserve Banks* means the Federal Reserve Banks of the Federal Reserve System and their branches.

(l) *Reserve Bank Operating Circular* means the publication issued by each Reserve Bank that sets forth the terms and conditions under which the Reserve Bank maintains book-entry securities accounts and transfers book-entry securities.

(m) *Securities Documentation* means the applicable documents establishing the terms of a Book-entry TVA Power Security.

(n) *Securities Intermediary* means:

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(1) A Person that is registered as a “clearing agency” under the Federal securities law; a Reserve Bank; any other Person that provides clearance or settlement services with respect to a Book-entry TVA Power Security that would require it to register as a clearing agency under the Federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a Federal or State governmental authority; or

(2) A Person (other than an individual, unless such individual is registered as a broker or dealer under the Federal securities laws), including a bank or broker, that in the ordinary course of business maintains securities accounts for others and is acting in that capacity.

(o) *Security Entitlement* means the rights and property interests of an Entitlement Holder with respect to a Book-entry TVA Power Security.

(p) *State* means any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other territory or possession of the United States.

(q) *TVA* means the Tennessee Valley Authority, a wholly owned corporate agency and instrumentality of the United States of America created and existing under the Tennessee Valley Authority Act of 1933, as amended (16 U.S.C. 831–831dd).

(r) *TVA Basic Bond Resolution* means the Basic Tennessee Valley Authority Power Bond Resolution<sup>1</sup> adopted by the TVA Board of Directors on October 6, 1960, as heretofore and hereafter amended.

(s) *TVA Power Bond* means any TVA Power Security issued by TVA under section 2.2 of the TVA Basic Bond Resolution and the supplemental resolution adopted by the TVA Board of Directors authorizing the issuance thereof.

<sup>1</sup>A copy of the TVA Basic Bond Resolution may be obtained upon request directed to TVA, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1499, Attn.: Treasurer.

(t) *TVA Power Bond Anticipation Obligation* means any TVA Power Security issued consistent with section 2.4 of the TVA Basic Bond Resolution.

(u) *TVA Power Note* means any Other TVA Power Evidences of Indebtedness in the form of a note having a maturity at the date of issue of less than one year.

(v) *TVA Power Security* means a TVA Power Bond, TVA Power Bond Anticipation Obligation, TVA Power Note, or Other TVA Power Evidence of Indebtedness issued by TVA under Section 15d of the TVA Act, as amended.

[62 FR 920, Jan. 7, 1997; 62 FR 4833, Jan. 31, 1997, as amended at 62 FR 29288, May 30, 1997]

### § 1314.3 Authority of Reserve Banks.

(a) Each Reserve Bank is hereby authorized as fiscal agent of TVA to perform the following functions with respect to the issuance of Book-entry TVA Power Securities offered and sold by TVA to which this part 1314 applies, in accordance with the Securities Documentation, Reserve Bank Operating Circulars, this part 1314, and procedures established by the Secretary of the United States Treasury consistent with these authorities:

(1) To service and maintain Book-entry TVA Power Securities in accounts established for such purposes;

(2) To make payments with respect to such securities, as directed by TVA;

(3) To effect transfer of Book-entry TVA Power Securities between Participants’ Security Accounts as directed by the Participants;

(4) To perform such other duties as fiscal agent as may be requested by TVA.

(b) Each Reserve Bank may issue Reserve Bank Operating Circulars not inconsistent with this part 1314, governing the details of its handling of Book-entry TVA Power Securities, Security Entitlements, and the operation of the Book-entry System under this part 1314.

[62 FR 920, Jan. 7, 1997, as amended at 62 FR 29288, May 30, 1997]

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##### **§ 1314.4 Law governing the rights and obligations of TVA and Reserve Banks; law governing the rights of any Person against TVA and Reserve Banks; law governing other interests.**

(a) Except as provided in paragraph (b) of this section, the following rights and obligations are governed solely by the book-entry regulations contained in this part 1314, the Securities Documentation (but not including any choice of law provisions in such documentation), and Reserve Bank Operating Circulars:

(1) The rights and obligations of TVA and Reserve Banks with respect to:

(i) A Book-entry TVA Power Security or Security Entitlement; and

(ii) The operation of the Book-entry System as it applies to TVA Power Securities; and

(2) The rights of any Person, including a Participant, against TVA and Reserve Banks with respect to:

(i) A Book-entry TVA Power Security or Security Entitlement; and

(ii) The operation of the Book-entry System as it applies to TVA Power Securities.

(b) A security interest in a Security Entitlement that is in favor of a Reserve Bank from a Participant and that is not recorded on the books of a Reserve Bank pursuant to §1314.5(c) is governed by the law (not including the conflict-of-law rules) of the jurisdiction where the head office of the Reserve Bank maintaining the Participant's Security Account is located. A security interest in a Security Entitlement that is in favor of a Reserve Bank from a Person that is not a Participant, and that is not recorded on the books of a Reserve Bank pursuant to §1314.5(c), is governed by the law determined in the manner specified in paragraph (d) of this section.

(c) If the jurisdiction specified in the first sentence of paragraph (b) of this section is a State that has not adopted Revised Article 8, then the law specified in paragraph (b) of this section shall be the law of that State as though Revised Article 8 had been adopted by that State.

(d) To the extent not otherwise inconsistent with this part 1314, and notwithstanding any provision in the Se-

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curities Documentation setting forth a choice of law, the provisions set forth in 31 CFR 357.11 regarding law governing other interests apply and should be read as though modified to effectuate the application of 31 CFR 357.11 to Book-entry TVA Power Securities.

[62 FR 920, Jan. 7, 1997; 62 FR 8619, Feb. 26, 1997, as amended at 62 FR 29288, May 30, 1997]

##### **§ 1314.5 Creation of Participant's Security Entitlement; security interests.**

(a) A Participant's Security Entitlement is created when a Reserve Bank indicates by book-entry that a Book-entry TVA Power Security has been credited to a Participant's Security Account.

(b) A security interest in a Security Entitlement of a Participant in favor of the United States to secure deposits of public money, including without limitation deposits to the Treasury tax and loan accounts, or other security interest in favor of the United States that is required by Federal statute, regulation or agreement, and that is marked on the books of a Reserve Bank, is thereby effected and perfected, and has priority over any other interest in the securities. Where a security interest in favor of the United States in a Security Entitlement of a Participant is marked on the books of a Reserve Bank, such Reserve Bank may rely, and is protected in relying, exclusively on the order of an authorized representative of the United States directing the transfer of the security. For purposes of this paragraph, an "authorized representative of the United States" is the official designated in the applicable regulations or agreement to which a Reserve Bank is a party governing the security interest.

(c) TVA and Reserve Banks have no obligation to agree to act on behalf of any Person or to recognize the interest of any transferee of a security interest or other limited interest in favor of any Person except to the extent of any specific requirement of Federal law or regulation or to the extent set forth in any specific agreement with the Reserve Bank on whose books the interest of the Participant is recorded. To the extent required by such law or regulation or set forth in an agreement with

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a Reserve Bank or in a Reserve Bank Operating Circular, a security interest in a Security Entitlement that is in favor of a Reserve Bank or a Person may be created and perfected by a Reserve Bank marking its books to record the security interest. Subject to paragraph (b) of this section with respect to a security interest in favor of the United States, a security interest in a Security Entitlement marked on the books of a Reserve Bank shall have priority over any other interest in the securities.

(d) In addition to the method provided in paragraph (c) of this section, a security interest, including a security interest in favor of a Reserve Bank, may be perfected by any method by which a security interest may be perfected under applicable law as described in §1314.4(b) or (d). The perfection, effect of perfection or non-perfection, and priority of a security interest are governed by such applicable law. A security interest in favor of a Reserve Bank shall be treated as a security interest in favor of a clearing corporation in all respects under such law, including with respect to the effect of perfection and priority of such security interest. A Reserve Bank Operating Circular shall be treated as a rule adopted by a clearing corporation for such purposes.

[62 FR 920, Jan. 7, 1997; 62 FR 4833, Jan. 31, 1997; 62 FR 8619, Feb. 26, 1997]

### § 1314.6 Obligations of TVA.

(a) Except in the case of a security interest in favor of the United States or a Reserve Bank or otherwise as provided in §1314.5(c), for the purposes of this part 1314, TVA and Reserve Banks shall treat the Participant to whose securities account an interest in a Book-entry TVA Power Security has been credited as the Person exclusively entitled to issue a transfer message, to receive interest and other payments with respect thereof, and otherwise to exercise all the rights and powers with respect to such security, notwithstanding any information or notice to the contrary. Neither TVA nor the Reserve Banks are liable to a Person asserting or having an adverse claim to a Security Entitlement or to a Book-entry TVA Power Security in a Par-

ticipant's Security Account, including any such claim arising as a result of the transfer or disposition of a Book-entry TVA Power Security by a Reserve Bank pursuant to a transfer message that the Reserve Bank reasonably believes to be genuine.

(b) The obligation of TVA to make payments with respect to Book-entry TVA Power Securities is discharged at the time payment in the appropriate amount is made as follows:

(1) Interest or other payments on Book-entry TVA Power Securities are either credited by a Reserve Bank to a Funds Account maintained at such bank or otherwise paid as directed by the Participant.

(2) Book-entry TVA Power Securities are redeemed in accordance with their terms by a Reserve Bank withdrawing the securities from the Participant's Security Account in which they are maintained and by either crediting the amount of the redemption proceeds, including both principal and interest, where applicable, to a Funds Account at such bank or otherwise paying such principal and interest as directed by the Participant. No action by the Participant ordinarily is required in connection with the redemption of a Book-entry TVA Power Security.

[62 FR 920, Jan. 7, 1997; 62 FR 8619, 8620, Feb. 26, 1997]

### § 1314.7 Liability of TVA and Reserve Banks.

TVA and the Reserve Banks may rely on the information provided in a transfer message and are not required to verify the information. TVA and the Reserve Banks shall not be liable for any action taken in accordance with the information set out in a transfer message or evidence submitted in support thereof.

[62 FR 920, Jan. 7, 1997; 62 FR 4833, Jan. 31, 1997]

### § 1314.8 Identification of accounts.

Book-entry accounts may be established in such form or forms as customarily permitted by the entity (e.g., Depository Institution, Securities Intermediary, etc.) maintaining them, except that each account established by such entity (other than a Reserve

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Bank) should include data to permit both customer identification by name, address, and taxpayer identifying number, as well as a determination of the Book-entry TVA Power Securities being held in such account by amount, maturity, date, and CUSIP Number, and of transactions relating thereto.

[62 FR 920, Jan. 7, 1997; 62 FR 8620, Feb. 26, 1997]

### § 1314.9 Waiver of regulations.

TVA reserves the right in TVA's discretion to waive any provision of the regulations in this part in any case or class of cases for the convenience of TVA or in order to relieve any Person of unnecessary hardship, if such action is not inconsistent with law and does not adversely affect any substantial existing rights, and TVA is satisfied that such action will not subject TVA to any substantial expense or liability.

### § 1314.10 Additional provisions.

(a) *Additional requirements.* In any case or any class of cases arising under the regulations in this part, TVA may require such additional evidence and a bond of indemnity, with or without surety, as may in the judgment of TVA be necessary for the protection of the interests of TVA.

(b) *Notice of attachment for TVA Power Securities in Book-entry System.* The interest of a debtor in a Security Entitlement may be reached by a creditor only by legal process upon the Securities Intermediary with whom the debtor's securities account is maintained, except where a Security Entitlement is maintained in the name of a secured party, in which case the debtor's interest may be reached by legal process upon the secured party. The regulations in this part do not purport to establish whether a Reserve Bank is required to honor an order or other notice of attachment in any particular case or class of cases.

## PART 1315—NEW RESTRICTIONS ON LOBBYING

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APPENDIX A TO PART 1315—CERTIFICATION REGARDING LOBBYING

APPENDIX B TO PART 1315—DISCLOSURE FORM TO REPORT LOBBYING

AUTHORITY: 16 U.S.C. 831–831ee; 31 U.S.C. 1352.

SOURCE: 55 FR 6737, 6748, Feb. 26, 1990, unless otherwise noted.

CROSS REFERENCE: See also Office of Management and Budget notice published at 54 FR 52306, December 20, 1989.

### Subpart A—General

#### § 1315.100 Conditions on use of funds.

(a) No appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(b) Each person who requests or receives from an agency a Federal contract, grant, loan, or cooperative