

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