

the interest payments on long-term notes, bonds, debentures, or other obligations issued by other banks operating under the same subchapter of this chapter. Each bank shall also be primarily liable for the portion of any issue of consolidated or System-wide obligations made 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 order to make payments of interest or principal which any bank primarily liable therefor shall be unable to make. Such calls shall be made first upon the other banks operating under the same subchapter of this chapter as the defaulting bank, and second upon banks operating under other subchapters of this chapter, taking into consideration the capital, surplus, bonds, debentures, or other obligations which each may have outstanding at the time of such assessment."

Subsec. (c). Pub. L. 100-233, §207(c), redesignated subsec. (d) as (c), and struck out former subsec. (c) which provided that for purposes of this part, the term "bank" included the Capital Corporation.

Subsec. (d). Pub. L. 100-399 redesignated subsec. (e) as (d).

Pub. L. 100-233, §207(c), redesignated subsec. (d) as (c).
Subsec. (e). Pub. L. 100-399 redesignated subsec. (e) as (d).

Pub. L. 100-233, §303(b), added subsec. (e).
1985—Subsec. (b). Pub. L. 99-205, §205(f)(2), substituted "execution of" for "Governor to execute" in first sentence and struck out "by the Governor" after "shall be executed" in second sentence.

Subsecs. (c), (d). Pub. L. 99-205, §101(4), added subsec. (c) and redesignated former subsec. (c) as (d).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

§ 2156. Repealed. Pub. L. 100-233, title II, § 204(b), Jan. 6, 1988, 101 Stat. 1607

Section, Pub. L. 92-181, title IV, §4.5, Dec. 10, 1971, 85 Stat. 611; Pub. L. 96-592, title IV, §401, Dec. 24, 1980, 94 Stat. 3446; Pub. L. 99-205, title II, §205(f)(3), Dec. 23, 1985, 99 Stat. 1706, provided for establishment of a finance committee for banks organized and operated under subchapters I, II, and III of this chapter. See section 2160 of this title.

§ 2157. Bonds as investments

The bonds, debentures, and other similar obligations issued under the authority of this chapter shall be lawful investments for all fiduciary and trust funds and may be accepted as security for all public deposits.

(Pub. L. 92-181, title IV, §4.6, Dec. 10, 1971, 85 Stat. 612.)

§ 2158. Purchase and sale by Federal Reserve System

Any member of the Federal Reserve System may buy and sell bonds, debentures, or other similar obligations issued under the authority of this chapter and any Federal Reserve bank may buy and sell such obligations to the same extent and subject to the same limitations placed upon the purchase and sale by said banks of State,

county, district, and municipal bonds under section 355 of this title.

(Pub. L. 92-181, title IV, §4.7, Dec. 10, 1971, 85 Stat. 612.)

§ 2159. Purchase and sale of obligations

Each bank of the System may purchase its own obligations and the obligations of other banks of the System and may provide for the sale of obligations issued by it, consolidated obligations, or Systemwide obligations through a fiscal agent or agents, by negotiation, offer, bid, syndicate sale, and to deliver such obligations by book entry, wire transfer, or such other means as may be appropriate.

(Pub. L. 92-181, title IV, §4.8, Dec. 10, 1971, 85 Stat. 612; Pub. L. 99-509, title I, §1034, Oct. 21, 1986, 100 Stat. 1878; Pub. L. 100-233, title II, §205(a), Jan. 6, 1988, 101 Stat. 1607; Pub. L. 115-334, title V, §5411(18), Dec. 20, 2018, 132 Stat. 4680.)

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-334 struck out subsec. (a) designation before "Each bank" and struck out subsec. (b) which described conditions under which each bank of the System could reduce the cost of its borrowings and amortize certain capitalizations through Dec. 31, 1992.

1988—Subsec. (b). Pub. L. 100-233 substituted "December 31, 1992" for "December 31, 1988" in two places.

1986—Pub. L. 99-509 designated existing provisions as subsec. (a) and added subsec. (b).

§ 2160. Federal Farm Credit Banks Funding Corporation

(a) Establishment

There is hereby established the Federal Farm Credit Banks Funding Corporation (hereinafter in this section referred to as the "Corporation"), which shall be an institution of the Farm Credit System.

(b) Duties

The Corporation—

(1) shall issue, market, and handle the obligations of the banks of the Farm Credit System, and interbank or intersystem flow of funds as may from time to time be required;

(2) acting for the banks of the Farm Credit System, subject to approval of the Farm Credit Administration, shall determine the amount, maturities, rates of interest, terms, and conditions of participation by the several banks in each issue of joint, consolidated, or System-wide obligations; and

(3) shall exercise such other powers as were provided to the predecessor Federal Farm Credit Banks Funding Corporation in accordance with its charter issued under section 2211 of this title, in effect immediately before January 6, 1988.

(c) Officers and committees

(1) Designation

The board of directors may designate such officers and committees for such terms and such purposes as may be agreed on by the board.

(2) Issuance of obligations

When appropriate to the board's functions under this section, a committee of the board of directors of the Corporation, or representatives thereof, may act on behalf of the board in connection with the issuance of joint, consolidated, and System-wide obligations.

(d) Board of directors**(1) Composition**

The board of directors shall be composed of nine voting members and one nonvoting member, as follows:

(A) Four voting members shall be current or former directors of the System banks elected by the shareholders of the Corporation.

(B) Three voting members shall be chief executive officers or presidents of System banks elected by the shareholders of the Corporation.

(C) Two voting members shall be appointed by the members elected under subparagraphs (A) and (B) after the elected members have received recommendations for such appointments from, and consulted with, the Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System. The appointed members shall be selected from United States citizens—

(i) who are not borrowers from, shareholders in, or employees or agents of any System institution, who are not affiliated with the Farm Credit Administration, and who are not actively engaged with a bank or investment organization that is a member of the Corporation's selling group for System-wide securities; and

(ii) who are experienced or knowledgeable in corporate and public finance, agricultural economics, and financial reporting and disclosure.

(D) The president of the Corporation shall serve as a nonvoting member of the board.

(2) Considerations

In selecting candidates under subparagraphs (A) and (B) of paragraph (1), due consideration shall be given to choosing individuals knowledgeable in agricultural economics, public and corporate finance, and financial reporting and disclosure.

(3) Representation of board

The Farm Credit System Insurance Corporation shall not have representation on the board of directors of the Corporation.

(e) Succession**(1) Assets and liabilities**

The Corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor Federal Farm Credit Banks Funding Corporation (hereinafter referred to in this subsection as "the predecessor corporation") chartered under this chapter, or any court, succeed to the assets of and assume all debts, obligations, contracts, and other liabilities of the predecessor corporation, matured or unmatured, accrued, absolute, contingent or otherwise, and

whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

(2) Contracts

The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Corporation.

(3) Stock

The stock of the predecessor corporation issued before January 6, 1988, shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into stock of the Corporation established by this section.

(4) Taxation

The succession to assets, assumption of liabilities, conversion of obligations, instruments, and stock, and effectuation of any other transaction by the Corporation to carry out this subsection shall not be treated as a taxable event under the laws of any State or political subdivision thereof.

(Pub. L. 92-181, title IV, §4.9, Dec. 10, 1971, 85 Stat. 612; Pub. L. 100-233, title II, §204(a), Jan. 6, 1988, 101 Stat. 1605; Pub. L. 100-399, title II, §203(a)-(d), Aug. 17, 1988, 102 Stat. 992, 993; Pub. L. 102-552, title V, §507, Oct. 28, 1992, 106 Stat. 4131; Pub. L. 115-334, title V, §5411(19), Dec. 20, 2018, 132 Stat. 4681.)

Editorial Notes

REFERENCES IN TEXT

January 6, 1988, referred to in subsec. (e)(3), was in the original "the date of the enactment of this section", which was translated as meaning the date of enactment of Pub. L. 100-233, which amended this section generally, to reflect the probable intent of Congress.

AMENDMENTS

Subsec. (d)(2). Pub. L. 115-334, §5411(19)(A), designated concluding provisions of subsec. (d)(1) as par. (2), inserted heading, inserted "of paragraph (1)" after "(A) and (B)", and struck out former par. (2) which related to Assistance Board non-voting representatives and post-termination representation on the board of directors of the Corporation.

Subsec. (d)(3). Pub. L. 115-334, §5411(19)(A)(i), added par. (3).

Subsecs. (e), (f). Pub. L. 115-334, §5411(19)(B), (C), redesignated subsec. (f) as (e) and struck out former subsec. (e) which set out transitional authority until a majority of the voting members of the board of directors of the Corporation was elected.

1992—Subsec. (d)(2). Pub. L. 102-552 amended par. (2) generally. Prior to amendment, par. (2) read as follows:

"(A) ASSISTANCE BOARD.—During the period in which the Assistance Board is in existence, the board of directors of the Assistance Board shall designate one of its directors to serve as a nonvoting representative to the board of directors of the Corporation.

"(B) INSURANCE CORPORATION.—After such period, the board of directors of the Farm Credit System Insurance Corporation may designate one of its directors to serve as a nonvoting representative to the board of directors of the Corporation.

“(C) MEETINGS.—The persons so designated by the Assistance Board and by the Farm Credit System Insurance Corporation may attend and participate in all deliberations of the board of directors of the Corporation.”

1988—Pub. L. 100-233 amended section generally. Prior to amendment, section read as follows: “A fiscal agency shall be established by the banks for such of their functions relating to the issuance, marketing, and handling of their obligations, and interbank or intersystem flow of funds as may from time to time be required.”

Subsec. (b)(3). Pub. L. 100-399, §203(b), inserted “predecessor Federal Farm Credit Banks” before “Funding Corporation”.

Subsec. (d)(2)(B), (C). Pub. L. 100-399, §203(c), substituted “directors of the Corporation” for “directors of the Federal Farm Credit Banks Funding Corporation”.

Subsec. (e). Pub. L. 100-399, §203(d), amended subsec. (e) generally. Prior to amendment, subsec. (e) read as follows: “Until a quorum of the board of directors of the Corporation is elected or appointed, the finance committee established under section 2156 of this title in effect before January 6, 1988, and the fiscal agency established under section 2160 of this title in effect before January 6, 1988, shall continue to operate as if this section had not been enacted.”

Subsec. (f). Pub. L. 100-399, §203(a), added subsec. (f).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2161. Repealed. Pub. L. 100-399, title I, § 101(a), Aug. 17, 1988, 102 Stat. 989

Section, Pub. L. 92-181, title IV, §4.9A, as added Pub. L. 99-205, title I, §105, Dec. 23, 1985, 99 Stat. 1687, authorized a central reserve for Farm Credit System.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF REPEAL

Repeal effective immediately after enactment of Pub. L. 100-233, approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2162. Protection of borrower stock

(a) Retirement of stock

Notwithstanding any other section of this chapter, each institution of the Farm Credit System, when retiring eligible borrower stock in accordance with this chapter, shall retire such stock at par value.

(b) Certain powers not affected

This section does not affect the authority of any institution of the Farm Credit System—

- (1) to retire or cancel borrower stock at par value for application against a loan in default;
- (2) to cancel borrower stock at par value under section 2202b of this title; or
- (3) to apply, against any outstanding indebtedness to a System association arising out of or in connection with a liquidation referred to in subsection (d)(2), the par value of borrower stock frozen in such liquidation.

(c) Inability to retire stock at par value

(1) In general

If an institution is unable to retire eligible borrower stock at par value due to the liquida-

tion of the institution, the Farm Credit System Insurance Corporation, acting as receiver, shall retire such stock at par value as would have been retired in the ordinary course of business of the institution.

(2) Funding

The Farm Credit System Insurance Corporation shall use such funds from the Farm Credit Insurance Fund as are sufficient to carry out this section.

(d) Definitions

For purposes of this section:

(1) Borrower stock

The term “borrower stock” means voting and nonvoting stock, equivalent contributions to a guaranty fund, participation certificates, allocated equities, and other similar equities that are subject to retirement under a revolving cycle issued by any System institution and held by any person other than any System institution.

(2) Eligible borrower stock

The term “eligible borrower stock” means borrower stock that—

- (A) is outstanding on January 6, 1988;
- (B) is issued or allocated after January 6, 1988, but prior to the earlier of—
 - (i) in the case of each bank and association, the date of approval, by the stockholders of such bank or association, of the capitalization requirements of the institution in accordance with section 2154a of this title; or
 - (ii) the date that is 9 months after January 6, 1988;

(C) was, after January 1, 1983, but before January 6, 1988, frozen by an institution that was placed in liquidation; or

(D) was retired at less than par value by an institution that was placed in liquidation after January 1, 1983, but before January 6, 1988.

(3) Institution

The term “institution” means a bank or association chartered under this chapter.

(4) Par value

The term “par value” means—

- (A) in the case of stock, par value;
- (B) in the case of participation certificates and other equities and interests not described in subparagraph (C), face or equivalent value; or
- (C) in the case of participation certificates and allocated equities subject to retirement under a revolving cycle but that a System institution elects to retire out of order for application against a loan in default or otherwise as provided in this chapter, par or face value discounted, at a rate determined by the institution, to reflect the present value of the equity or interest as of the date of such retirement.

(Pub. L. 92-181, title IV, §4.9A, as added Pub. L. 100-233, title I, §101, Jan. 6, 1988, 101 Stat. 1572; amended Pub. L. 100-399, title I, §101(b)-(d), Aug. 17, 1988, 102 Stat. 989; Pub. L. 115-334, title V, §5411(20), Dec. 20, 2018, 132 Stat. 4681.)