



Monday
September 27, 1999

Part III

**Federal Housing
Finance Board**

12 CFR Part 900, et al.
Reorganization of Federal Housing
Finance Board Regulations; Federal
Home Loan Bank Financial Management
and Mission Achievement; Proposed
Rules

FEDERAL HOUSING FINANCE BOARD

12 CFR Chapter IX

[No. 99-39]

RIN 3069-AA87

Reorganization of Federal Housing Finance Board Regulations

AGENCY: Federal Housing Finance Board.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is proposing to reorganize and renumber its regulations, to delete obsolete regulations and to amend the renumbered regulations to achieve greater consistency in terminology and greater conformity with current stylistic conventions of the Code of Federal Regulations. The reorganization is being proposed in order to implement a more logical and efficient presentation of the rules governing the Federal Home Loan Banks (Banks) and the Federal Home Loan Bank System (Bank System), as well as to prepare for the anticipated incorporation, in calendar year 2000, of new financial management and mission achievement regulations for the Banks.

DATES: Comments on this proposed rule must be received in writing on or before December 27, 1999.

ADDRESSES: Comments should be mailed to: Elaine L. Baker, Secretary to the Board, Federal Housing Finance Board, 1777 F Street, NW Washington,

DC 20006. Comments will be available for public inspection at this address.

FOR FURTHER INFORMATION CONTACT: Deborah F. Silberman, General Counsel, (202) 408-2570; Sharon Like, Senior Attorney-Advisor, (202) 408-2930; or Eric Raudenbush, Senior Attorney-Advisor, (202) 408-2932, Office of General Counsel, Federal Housing Finance Board, 1777 F Street, NW Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Overview of Proposal

The proposed rule would reorganize and renumber the Finance Board's existing regulations, delete obsolete regulations, and amend the renumbered regulations to achieve greater consistency in terminology and greater conformity with current stylistic conventions of the Code of Federal Regulations. The reorganized regulations would reflect a more logical and efficient presentation of the rules governing the Banks and Bank System, as well as prepare for the anticipated incorporation, in calendar year 2000, of new financial management and mission achievement (FMMA) regulations for the Banks. The proposed FMMA rule (which appears as a separate rulemaking in this issue of the **Federal Register**), if enacted, would make many substantive changes and additions to the Finance Board's regulations. In order to minimize confusion, the Finance Board has included only technical changes to its regulations in this proposed rulemaking and has designated new parts and sections that would be added

by the FMMA rule as "reserved" in this proposed rulemaking, in order to make clear where the new FMMA provisions would be located. References to regulatory amendments in the FMMA rule use the new part and section numbers that would exist if this proposed reorganization rule becomes final.

II. Analysis of Proposal

This proposed rule would delete the existing subchapter headings for the Finance Board's regulations and establish an entirely new set of subchapter headings. Within this structure, existing parts and sections would be re-ordered into logical subject-matter groupings under the subchapter headings. Generally, existing parts would remain intact and would simply be given a new part number, with each section and paragraph retaining the same designation (e.g., § 935.9(a) would become § 950.9(a); § 933.11(b)(3)(i)(A) would become § 925.11(b)(3)(i)(A), etc.) In some cases, however, longer sections covering more complex subject matter would be redesignated as parts in order to allow the material to be presented more clearly without the need for excessive sub-paragraph designations.

The following derivation table shows the origin of the material that would be contained in each of the proposed newly designated parts (or sections, as appropriate). "FMMA" is shown where a part or section would contain material that is addressed in the proposed FMMA rule:

New part or section and subject matter	Existing part or section
SUBCHAPTER A—GENERAL DEFINITIONS	
900 General definitions	Various.
SUBCHAPTER B—FEDERAL HOUSING FINANCE BOARD ORGANIZATION AND OPERATIONS	
905 Description of organization and functions	Part 900.
906 Operations	Part 902.
907 Procedures	Part 903.
908 Freedom of Information Act regulation	Part 904.
909 Information regarding meetings of the Board of Directors of the Federal Housing Finance Board.	Part 906.
910 Privacy Act procedures	Part 909.
911 Availability of unpublished information	Part 905.
SUBCHAPTER C—GOVERNANCE AND MANAGEMENT OF THE FEDERAL HOME LOAN BANKS	
915 Bank director eligibility, appointment and elections	§§ 932.1-932.15.
916 Selection and compensation of Bank officers and employees	§§ 932.18-932.19.
917 Duties and responsibilities of Bank directors and senior management	FMMA, §§ 934.7, 934.16, 934.17.
918 Bank director compensation and expenses	§§ 932.16-932.17.
SUBCHAPTER D—FEDERAL HOME LOAN BANK MEMBERSHIP	
925 Members of the Banks	Part 933.
SUBCHAPTER E—FEDERAL HOME LOAN BANK RISK MANAGEMENT	
930 Risk management and capital standards	FMMA.
SUBCHAPTER F—FEDERAL HOME LOAN BANK MISSION ACTIVITIES	
940 Core mission activities requirements	FMMA.
944 Community support requirements	Part 946.
SUBCHAPTER G—FEDERAL HOME LOAN BANK ON-BALANCE SHEET ASSETS AND OFF-BALANCE SHEET ITEMS	
950 Advances	Part 935.

New part or section and subject matter	Existing part or section
951 Affordable Housing Program	Part 960.
952 Community Investment Cash Advance Programs	Part 970.
954 Member Mortgage Assets	FMMA
955 Investments	FMMA.
958 Off-balance sheet items	FMMA.
959 Standby letters of credit	Part 938.
SUBCHAPTER H—FEDERAL HOME LOAN BANK LIABILITIES	
965 Sources of funds	FMMA, §§ 934.4–934.5.
966 Consolidated obligations	Part 910.
SUBCHAPTER I—FEDERAL HOME LOAN BANK MISCELLANEOUS OPERATIONS AND FUNCTIONS	
975 Collection, settlement, and processing of payment instruments	Part 943.
976 Bank requests for information	§ 934.15.
977 Miscellaneous Bank authorities	§§ 934.3, 934.6.
SUBCHAPTER J—NEW FEDERAL HOME LOAN BANK ACTIVITIES	
980 New business activities	FMMA.
SUBCHAPTER K—OFFICE OF FINANCE	
985 Office of Finance organization and functions	Part 941.
986 Book-entry procedure for consolidated obligations	Part 912.
987 Financial statements of the Banks	Part 937.
SUBCHAPTER L—NON-BANK SYSTEM ENTITIES	
995 Financing Corporation operations	Part 950.
996 Authority for Bank assistance of the Resolution Funding Corporation	Part 955.

As reflected in the following chart, certain obsolete sections would be deleted:

Deleted	Subject matter	Reason for deletion
Part 931	Definitions	Part 900 would now contain general definitions.
§ 934.1	Investments	FMMA would address (part 955).
§ 934.2	Loans under Foreign Assistance Act of 1961	FMMA would address (part 955).
§ 934.8	Surety bonds	Discretion devolved to Banks.
§ 934.9	Insurance	Discretion devolved to Banks.
§ 934.10	Safekeeping of accounts	Obsolete.
§ 934.11	Securities held in trust or as collateral	Discretion devolved to Banks.
§ 934.12	Accounting	Discretion devolved to Banks.
§ 934.13	Gold and gold-related transactions	FMMA would address (part 955).
§ 934.14	OTS assessments	Unnecessary.

With the renumbering of the Finance Board's regulations, reflected in the charts above, all cross-references to existing parts or sections within the Finance Board's regulations would become obsolete. As such, much of the amendatory instruction contained in the proposed rule addresses the revision of the hundreds of cross-references in the regulations to reflect accurately the new part and section numbers.

In addition to the above-described reorganization, the proposed rule would establish a new part 900 to contain definitions of terms that are used throughout the regulations and to establish consistent usage for these terms. This proposed amendment is meant to promote uniformity and consistency in the use of prevalent terminology throughout the Finance Board's regulations. The terms included in proposed part 900 are: Act (as the short form of Federal Home Loan Bank Act); Bank (as the short form of Federal Home Loan Bank); consolidated

obligations; Finance Board (as the short form of Federal Housing Finance Board); and member (of a Bank). In the existing regulations, virtually every part contains a definition of at least one of these terms, and many parts use alternate forms of these terms that can lead to confusion (e.g., in some parts, the Federal Housing Finance Board is referred to as the "Board"; the Federal Home Loan Banks are referred to as "FHLBanks," etc.). The proposed rule would remove the definitions of these terms, and their synonyms, from the individual parts and would consolidate them into new part 900. It is anticipated that more terms may eventually be consolidated into part 900 as regulations are added, or as existing regulations undergo substantive revision in the future. Other terms requiring definition that are not used throughout the regulations would continue to be defined in the definitional provisions of the parts in which they are used.

In order to conform to the current stylistic conventions used in the Code of Federal Regulations, the proposed rule also would remove all paragraph designations from alphabetical definition sections, where feasible, in the existing regulations.

All remaining changes would merely correct typographical errors that came to the attention of the Finance Board during its review of the regulations.

As mentioned earlier, no substantive additions or revisions are included in this proposed rule. Should any part or section of the regulations require substantive amendment before this rule becomes final, such changes would be made in separate rulemakings. This rule would then be modified, in its final form, to reflect those substantive changes.

The Finance Board welcomes comments on this proposed regulatory reorganization.

III. Regulatory Flexibility Act

This proposal is a technical rule that reorganizes the Finance Board's regulations without substantive change. The rule will not impose any regulatory requirements on small entities. Thus, in accordance with the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, the Finance Board hereby certifies that this proposed rule, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b).

IV. Paperwork Reduction Act

The proposed rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. See 44 U.S.C. 3501 *et seq.* Consequently, the Finance Board has not submitted any information to the Office of Management and Budget for review.

List of Subjects in 12 CFR Parts 900 Through 996

Credit, Federal home loan banks, Reporting and recordkeeping requirements.

Accordingly, under the authority of section 2B(a) of the Federal Home Loan Bank Act, 12 U.S.C. 1422b(a), chapter IX of title 12 of the Code of Federal Regulations is proposed to be amended as follows:

1. The headings of subchapters A through F are revised to read as set forth below.

2. Subchapters G through L are established as set forth below.

3. Parts 908, 914, 916, 918, 920 and 924 are removed from subchapter A.

4. Part 910 is redesignated as part 966 and transferred from subchapter A to subchapter H.

5. Part 912 is redesignated as part 986 and transferred from subchapter A to subchapter K.

6. Parts 900, 902, 903, 904, 905, 906 and 909 are redesignated as parts 905, 906, 907, 908, 911, 909 and 910, respectively, and transferred from subchapter A to subchapter B.

7. Parts 931, 934, 939, 940, 942 and 944 are removed from subchapter B.

8. Part 932 is redesignated as part 915 and transferred from subchapter B to subchapter C.

9. Part 933 is redesignated as part 925 and transferred from subchapter B to subchapter D.

10. Part 950 is redesignated as part 995 and transferred from subchapter C to subchapter L.

11. Part 935 is redesignated as part 950 and transferred from subchapter B to subchapter G.

12. Part 936 is redesignated as part 944 and transferred from subchapter B to subchapter F.

13. Part 937 is redesignated as part 987 and transferred from subchapter B to subchapter K.

14. Part 938 is redesignated as part 959 and transferred from subchapter B to subchapter G.

15. Part 941 is redesignated as part 985 and transferred from subchapter B to subchapter K.

16. Part 943 is redesignated as part 975 and transferred from subchapter B to subchapter I.

17. Part 955 is redesignated as part 996 and transferred from subchapter D to subchapter L.

18. Part 960 is redesignated as part 951 and transferred from subchapter E to subchapter G.

19. Part 970 is redesignated as part 952 and transferred from subchapter F to subchapter G.

20. The headings of newly designated parts 915, 966, 985, 986, 995 and 996 are revised to read as set forth below.

20a. The table of contents for chapter IX is revised to read as follows:

CHAPTER IX—FEDERAL HOUSING FINANCE BOARD

SUBCHAPTER A—GENERAL DEFINITIONS

Part

900 General definitions

SUBCHAPTER B—FEDERAL HOUSING FINANCE BOARD ORGANIZATION AND OPERATIONS

905 Description of organization and functions

906 Operations

907 Procedures

908 Freedom of Information Act regulation

909 Information regarding meetings of the Board of Directors of the Federal Housing Finance Board

910 Privacy Act procedures

911 Availability of unpublished information

SUBCHAPTER C—GOVERNANCE AND MANAGEMENT OF THE FEDERAL HOME LOAN BANKS

915 Bank director eligibility, appointment and elections

916 Selection and compensation of Bank officers and employees

917 Duties and responsibilities of Bank directors and senior management [Reserved]

918 Bank director compensation and expenses

SUBCHAPTER D—FEDERAL HOME LOAN BANK MEMBERSHIP

925 Members of the Banks

SUBCHAPTER E—FEDERAL HOME LOAN BANK RISK MANAGEMENT

930 Risk management and capital standards [Reserved]

SUBCHAPTER F—FEDERAL HOME LOAN BANK MISSION ACTIVITIES

940 Core mission activities requirements [Reserved]

944 Community support requirements

SUBCHAPTER G—FEDERAL HOME LOAN BANK ON-BALANCE SHEET ASSETS AND OFF-BALANCE SHEET ITEMS

950 Advances

951 Affordable Housing Program

952 Community Investment Cash Advance Programs

954 Member Mortgage Assets [Reserved]

955 Investments [Reserved]

958 Off-balance sheet items [Reserved]

959 Standby letters of credit

SUBCHAPTER H—FEDERAL HOME LOAN BANK LIABILITIES

965 Sources of funds [Reserved]

966 Consolidated obligations

SUBCHAPTER I—FEDERAL HOME LOAN BANK MISCELLANEOUS OPERATIONS AND FUNCTIONS

975 Collection, settlement, and processing of payment instruments

976 Bank requests for information

977 Miscellaneous Bank authorities

SUBCHAPTER J—NEW FEDERAL HOME LOAN BANK ACTIVITIES

980 New business activities [Reserved]

SUBCHAPTER K—OFFICE OF FINANCE

985 Office of Finance organization and functions

986 Book-entry procedure for consolidated obligations

987 Financial statements of the Banks

SUBCHAPTER L—NON-BANK SYSTEM ENTITIES

995 Financing Corporation operations

996 Authority for Bank assistance of the Resolution Funding Corporation

21. A new part 900 is added to subchapter A to read as follows:

PART 900—GENERAL DEFINITIONS

Authority: 12 U.S.C. 1422b(a).

§ 900.1 Definitions applying to all regulations.

As used in this chapter:

Act means the Federal Home Loan Bank Act, as amended (12 U.S.C. 1421 through 1449).

Bank means a Federal Home Loan Bank established under the authority of the Act.

Board of Directors means the Board of Directors of the Federal Housing Finance Board, unless otherwise indicated.

Consolidated obligations means bonds or notes issued on behalf of the Banks under part 966 of this chapter.

Finance Board means the agency established by the Act as the Federal Housing Finance Board.

Member means an institution that has been approved for membership in a Bank and has purchased capital stock in the Bank in accordance with §§ 925.20 or 925.25 of this chapter.

PART 905—DESCRIPTION OF ORGANIZATION AND FUNCTIONS

22. The authority citation for newly designated part 905 continues to read as follows:

Authority: 5 U.S.C. 552, 12 U.S.C. 1422b(a), 1423.

23. Amend newly designated § 905.1 by removing the definitions of the terms “Bank”, “Bank Act” and “Finance Board”.

24. Amend newly designated § 905.2 by:

a. Removing from paragraph (a) the words “Federal Home Loan Bank System” and adding, in their place, the words “Bank System”;

b. Removing from paragraph (a) the words “Federal Home Loan Banks” and adding, in their place, the word “Banks”; and

c. Removing from paragraph (c) the words “Bank Act” and adding, in their place, the word “Act”.

25. Amend newly designated § 905.4 by:

a. Removing from paragraph (a) the words “Bank Act” and adding, in their place, the word “Act”; and

b. Removing from paragraph (b) the words “Federal Home Loan Bank consolidated bonds or notes” and adding, in their place, the words “consolidated obligations”.

26. Amend newly designated § 905.14(d) by removing the word “System” and adding, in its place, the words “Bank System”.

27. Amend newly designated § 905.30 by:

a. Removing the words “Office of Finance Board of Directors”, wherever they appear, and adding, in their place, the words “Office of Finance board of directors”; and

b. Removing the words “Federal Home Loan Bank consolidated debentures, bonds or notes” and adding, in their place, the words “consolidated obligations”.

28. Amend newly designated § 905.51 by removing the reference to “§ 900.3” and adding, in its place, a reference to “§ 905.3”.

29. Amend newly designated § 905.52 by removing the reference to “§ 900.3” and adding, in its place, a reference to “§ 905.3”.

PART 906—OPERATIONS

30. The authority citation for newly designated part 906 continues to read as follows:

Authority: 12 U.S.C. 1422b and 1438(b).

31. Amend newly designated § 906.1 by removing the definitions of the terms “Bank” and “Finance Board”.

32. Amend newly designated § 906.3(c) by removing the words “the Housing Finance Directorate of”.

PART 907—PROCEDURES

33. The authority citation for newly designated part 907 continues to read as follows:

Authority: 12 U.S.C. 1422b(a)(1).

34. Amend newly designated § 907.1 by:

a. Removing paragraph designations (a) through (u); and

b. Removing the definitions of the terms “Bank”, “Bank Act”, “Finance Board”, “Member” and “Office of Finance”.

35. Amend newly designated part 907 by removing the words “Bank Act” and adding, in their place, the word “Act” in the following places:

a. Section 907.1 (definitions of *Approval, Case-by-Case Determination, No-Action Letter* and *Regulatory Interpretation*);

b. Section 907.2(a);

c. Section 907.3(a);

d. Section 907.4(a);

e. Section 907.5(a);

f. Section 907.6(c)(3), (c)(6) and (c)(8);

g. Section 907.8(a); and

h. Section 907.10(b)(3) and (b)(8).

36. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
907.2(b)	§ 903.6	§ 907.6.
907.3(a)	§ 903.6	§ 907.6.
907.4(b)	§ 903.6	§ 907.6.
907.5(b)	§ 903.6	§ 907.6.
907.8(a)	§ 903.10	§ 907.10.
907.8(b)	§ 903.11	§ 907.11.
907.9(a)	§ 903.10	§ 907.10.
907.9(c)	12 CFR 960.12(d)	12 CFR 951.12(d).
907.9(d)	12 CFR 960.12(d)	12 CFR 951.12(d).
907.9(d)	§ 903.11	§ 907.11.
907.11(a)(2)	§ 903.10(b)	§ 907.10(b).
907.11(a)(4)	§ 903.10(d)	§ 907.10(d).
907.11(a)(5)	§ 903.13(b)	§ 907.13(b).
907.12(c)	§ 903.10	§ 907.10.
907.12(g) (introductory text)	§ 903.10	§ 907.10.
907.12(g)(3)	§ 903.13(a)(1)	§ 907.13(a)(1).
907.12(g)(3)	§ 903.13(a)(2)	§ 907.13(a)(2).
907.12(g)(4)(ii)	§ 903.10(d)	§ 907.10(d).
907.12(g)(4)(ii)	§ 903.11(a)(4)	§ 907.11(a)(4).
907.13(a)(2)	§ 903.14	§ 907.14.
907.13(c)	§ 903.10	d§ 907.10.
907.13(c)	§ 903.12(d)	§ 907.12(d).
907.14(d)	12 CFR part 906	12 CFR part 909.
907.14(e)	12 CFR 906.6	12 CFR 909.6.
907.14(g)	12 CFR 906.5(c)	12 CFR 909.5(c).
907.15(c)	§ 903.12(g)	§ 907.12(g).

PART 908—FREEDOM OF INFORMATION ACT REGULATION

37. The authority citation for newly designated part 908 continues to read as follows:

Authority: 5 U.S.C. 552; 52 FR 10012 (Mar. 27, 1987).

38. Amend newly designated § 908.1 by:

- a. Removing paragraph designations (a) through (l); and
 - b. Removing the definition of the term “Finance Board”.
39. Amend newly designated § 908.2(a)(2) by removing the words “Federal Home Loan Bank Act” and adding, in their place, the word “Act”.
40. Amend newly designated part 908 by removing the words “Federal Home Loan Bank” and adding, in their place,

- the word “Bank” in the following places:
- a. Section 908.5(a)(7)(iv) and (a)(8); and
 - b. Section 908.6 (introductory text).
41. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
908.2(a)(3)	12 CFR part 909	12 CFR part 910.
908.2(b)(1)	§§ 904.5 through 904.7	§§ 908.5 through 908.7.
908.2(b)(3)	§ 904.9	§ 908.9.
908.4(a)	§ 904.9(f)	§ 908.9(f).
908.4(a)	§ 904.3(a)	§ 908.3(a).
908.4(b)	§ 904.8	§ 908.8.
908.4(d)(1)(ii)	§ 904.9(a)(4)(iv)	§ 908.9(a)(4)(iv).
908.4(e)	§ 904.9	§ 908.9.
908.8(a)(1)	§ 904.4	§ 908.4.
908.8(a)(2)	§ 904.9(f)	§ 908.9(f).
908.9(b)	§ 904.5	§ 908.5.
908.9(c)	§ 904.4	§ 908.4.
908.9(f)(4)(ii)	§ 904.4	§ 908.4.

PART 909—INFORMATION REGARDING MEETINGS OF THE BOARD OF DIRECTORS OF THE FEDERAL HOUSING FINANCE BOARD

42. The authority citation for newly designated part 909 continues to read as follows:

Authority: 5 U.S.C. 552b.

43. Amend newly designated § 909.1(a) by removing the words “Federal Housing Finance Board” and

- adding, in their place, the words “Finance Board”.
44. Amend newly designated § 909.2 by:
- a. Removing the words “Board of Director or Director” and adding, in their place, the words “Board Director or Director”; and
 - b. Removing the definitions of the terms “Board of Directors”, “FHLBank” and “Finance Board”.
45. Amend newly designated § 909.5(b)(1) by removing the words

- “FHLBank consolidated bonds or notes” and adding, in their place, the words “consolidated obligations”.
46. Amend newly designated part 909 by revising all references to “FHLBank” and “FHLBanks” to read “Bank” and “Banks”, respectively.
47. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
909.3(a)	§ 906.4	§ 909.4.
909.5(a)(1)	§ 906.4	§ 909.4.
909.5(a)(5)	§ 906.4	§ 909.4.
909.5(a)(6)(ii)	§ 906.4	§ 909.4.
909.5(b)(1)	§ 906.4	§ 909.4.
909.5(c)(2)	§ 906.4	§ 909.4.
909.5(c)(3)(i)	§ 906.4(a)	§ 909.4(a)
909.6(a)(1)	§ 906.4	§ 909.4.
909.6(a)(1)	§ 906.5	§ 909.5.
909.6(a)(2)	§ 906.5	§ 909.5.
909.6(a)(2)	§ 906.5(b)(4)	§ 909.5(b)(4).
909.6(b)	§ 906.5	§ 909.5.
909.6(c)(1)	§ 906.5	§ 909.5.

PART 910—PRIVACY ACT PROCEDURES

48. The authority citation for newly designated part 910 continues to read as follows:

Authority: 5 U.S.C. 552a.

49. Amend newly designated § 910.2 by:

- a. Removing paragraph designations (a) through (k);
- b. In the definition of the word “Amendment”, removing the words “paragraph (g) of”;
- c. In the definition of “Designated system of records”, removing the words “paragraph (j) of”; and

- d. Removing the definitions of the terms “Board of Directors” and “Finance Board”.
50. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
910.4(a)	§ 909.3(b)	§ 910.3(b).
910.4(a)	§ 909.6	§ 910.6.
910.5(a)	§ 909.9	§ 910.9.
910.5(a)	§ 909.3	§ 910.3.
910.5(c)(4)	§ 909.6	§ 910.6.
910.9(a)	§ 909.3	§ 910.3.
910.9(a)	§ 909.4	§ 910.4.
910.9(a)	§ 909.5(a) and (c)(3) and (4)	§ 910.5(a) and (c)(3) and (4).
910.9(a)	§ 909.6	§ 910.6.
910.9(b)	§ 909.3	§ 910.3.
910.9(b)	§ 909.4	§ 910.4.
910.9(b)	§ 909.5(a) and (c)(3)	§ 910.5(a) and (c)(3).
910.9(b)	§ 909.6	§ 910.6.

PART 911—AVAILABILITY OF UNPUBLISHED INFORMATION

50a. The authority citation for newly designated part 911 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 1422b(a)(1).

50b. Amend newly designated § 911.1 by:

a. Removing paragraph designations (a) through (d); and

b. Removing the definition of the term “Finance Board”.

50c. Amend newly designated part 911 by removing the words “Federal Home Loan Bank” and adding, in their place, the word “Bank” in the following places:

a. Section 911.1 (defs. of *Unpublished information* (first sentence only) and *Supervised entity*);

b. Section 911.3(a), (c)(1), (c)(3), (c)(4), (d)(heading), (d)(introductory text), (d)(2);

c. Section 911.5(e)(heading), (e); and d. Section 911.6(a).

50d. Amend newly designated § 911.1 (def. of *Unpublished information*) by removing the words “Federal Home Loan Bank Act” and adding, in their place, the word “Act”.

50e. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
911.1 (def. of <i>Unpublished information</i>)	12 CFR parts 904 and 909	12 CFR parts 908 and 910.
911.9(a)	12 CFR 904.9	12 CFR 908.9.

PART 915—BANK DIRECTOR ELIGIBILITY, APPOINTMENT AND ELECTIONS

51. The authority citation for newly designated part 915 continues to read as follows:

Authority: 12 U.S.C. 1422a(a)(3), 1422b(a), 1426, 1427, and 1432; 42 U.S.C. 8101 *et seq.*

52. Amend newly designated part 915 by:

a. Removing the subpart designations; and

b. Removing newly designated §§ 915.16 through 915.19.

53. Amend newly designated § 915.1 by removing the definitions of the terms “Act”, “Bank or Banks”, “Finance Board” and “Member”.

54. Amend newly designated § 915.8(b), in the last sentence, by:

a. Adding the word “Bank’s” before the words “board of directors”; and

b. Removing the comma after the word “fill”.

55. Amend newly designated § 915.11(b) by adding the word “Bank’s” before the words “board of directors”, wherever they appear.

56. Amend newly designated § 915.11(f)(1) by removing the word “other”.

57. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
915.3(b)(3)	§ 932.15	§ 915.15.
915.4(a)	§ 933.22(b)(1)	§ 925.22(b)(1).
915.4(b)(1)	§ 935.15(a)	§ 950.15(a).
915.4(b)(1)	§ 933.20(a)	§ 925.20(a).
915.4(b)(2)	§ 933.20(b)(2)	§ 925.20(b)(2).
915.5(b)	§ 932.4(b)	§ 915.4(b).
915.6(a)(3)	§ 932.5(b)	§ 915.5(b).
915.7(a)	§ 932.8(a)	§ 915.8(a).
915.8(a)	§ 932.7(a)	§ 915.7(a).
915.8(b)	§ 932.14(a)	§ 915.14(a).
915.8(c)	§ 932.5	§ 915.5.
915.12(a)	12 CFR 900.51	12 CFR 905.51.
915.13(a)	§ 932.12	§ 915.12.
915.13(b)	§ 932.12	§ 915.12.
915.14(a)(2)	§ 932.7(a)	§ 915.7(a).
915.14(a)(2)	§ 932.6(c)	§ 915.6(c).

58. New parts 916, 917 (reserved) and 918 are added to subchapter C to read as follows:

PART 916—SELECTION AND COMPENSATION OF BANK OFFICERS AND EMPLOYEES

Sec.

916.1 Definitions.

916.2 Selection of Bank officers and employees.

916.3 Base salaries of Bank employees.

916.4 Incentive payments for Bank employees.

916.5 Severance plans.

916.6 General limits on payments.

916.7 Determination of employee status.

Authority: 12 U.S.C. 1422b(a), 1432(a).

§ 916.1 Definitions.

As used in this part:

Incentive payment means a direct or indirect transfer of funds by a Bank to a Bank employee, in addition to base salary, based on the employee's on-the-job performance.

Nondiscriminatory means that the plan, contract or arrangement in question applies to all employees of a Bank who meet reasonable and customary eligibility requirements applicable to all employees, such as minimum length of service requirements. A nondiscriminatory plan, contract, or arrangement may provide different benefits based only on objective criteria such as base salary, total compensation, length of service, job grade or classification, which are applied on a proportionate basis.

Payment. (1) The term *payment* means:

(i) Any direct or indirect transfer of any funds or any asset;

(ii) Any forgiveness of any debt or other obligation; and

(iii) Any segregation of any funds or assets, the establishment or funding of any trust or the purchase of, or arrangement for, any letter of credit or other instrument for the purpose of making, or pursuant to any agreement to make, any payment on or after the date on which such funds or assets are segregated, or at the time of or after such trust is established or letter of credit or other instrument is made available, without regard to whether the obligation to make such payment is contingent on:

(A) The determination, after such date, of the liability for the payment of such amount; or

(B) The liquidation, after such date, of the amount of such payment.

(2) The term *payment* does not mean:

(i) Reimbursement of an employee by the Bank for necessary and customary expenses incurred by the employee in the scope of his or her employment

while carrying out the business of the Bank; or

(ii) Benefits.

Severance pay plan means a severance pay plan or arrangement as that term is defined in the Employee Retirement Income Security Act of 1974 (as amended) (29 U.S.C. 1002(1)) (ERISA) and regulations thereunder which is nondiscriminatory and which provides for payment of severance benefits to all eligible employees upon involuntary termination, provided that no employee shall receive any such payment which exceeds the base compensation paid to such employee during the twelve (12) months immediately preceding termination of employment.

§ 916.2 Selection of Bank officers and employees.

(a) *Bank Presidents.* The board of directors of each Bank may appoint a President, who shall be the chief executive officer of the Bank, subject to the following limitations:

(1) No appointment of a new Bank President shall be effective until approved by the Finance Board;

(2) A President shall serve at the pleasure of the Bank; and

(3) A President may be suspended or removed by the Finance Board for cause, which shall be communicated in writing to the President and the Bank.

(b) *Bank employees other than the President.* Each Bank may appoint or elect officers other than the President and may hire other employees of the Bank without prior Finance Board approval.

(c) *Prohibition on employment contracts.* A Bank shall not enter into an employment contract with an employee.

§ 916.3 Base salaries of Bank employees.

(a) *Bank President.* (1) The Finance Board annually will determine and publish by November 30 caps on the base salary paid to the Bank President for the subsequent calendar year for each of the 12 Banks.

(2) The base salary cap for each Bank shall be based on the average base salary of a chief executive officer of a subsidiary financial institution in the Bank's primary metropolitan statistical area with an asset size comparable to that of the Bank, as of June of the prior year, reduced by five percent and rounded to the nearest \$5,000.

(3) Each Bank shall establish, on an annual basis, a reasonable base salary for its President, not to exceed 100 percent of the applicable base salary cap published by the Finance Board, except that for a Bank President whose approved base salary for the calendar

year 1997 exceeds the cap published by the Finance Board for 1997, the Bank shall establish, on an annual basis, a reasonable base salary not exceeding the greater of the Bank President's approved base salary for the calendar year 1997 or the base salary cap published by the Finance Board for the year.

(4) By January 31 of each year, a Bank must report to the Finance Board the approved base salary of its President for that year.

(b) *Other Bank employees.* Each Bank shall establish base salaries for employees other than the President that are reasonable and comparable with the base salaries of employees of the other Banks and other similar businesses (including financial institutions) with similar duties and responsibilities.

(c) *Documentation.* Each Bank shall maintain documentation supporting the reasonableness and comparability of their employees' base salaries.

§ 916.4 Incentive payments for Bank employees.

(a) *In general.* A Bank may establish an incentive payment program or programs for its employees.

(b) *Bank President.* (1) The maximum incentive payment to a Bank President may not exceed the difference between that President's base annual salary approved by the Bank and 125 percent of the annual base salary cap, as published by the Finance Board.

(2) At least 50 percent of the Bank President's incentive payment shall be based on the extent to which the Bank meets reasonable numerical performance targets established by the Bank's board of directors related to the Bank's achievement of its housing finance mission, which shall include substantial consideration of innovative products directed at unmet credit needs, Community Investment Cash Advances (including Community Investment Program advances) as defined in § 950.1 of this chapter, non-advance credit support and risk management products for members, as well as advances, including long-term advances. The remaining portion of the Bank President's incentive payment shall be based on the extent to which the Bank meets reasonable numerical performance targets established by the Bank's board of directors related to achievement of goals established by the board of directors, in its discretion.

(3) Any incentive payment made to a Bank President shall be based solely upon the extent to which a Bank achieves the performance targets established by the Bank's board of directors.

(4) By January 31 of each year, the board of directors of each Bank that intends to make any incentive payment to its President for such year shall adopt a resolution establishing the performance measures and targets on which such incentive payment will be based.

(5) By March 1 of each year, the board of directors of each Bank making any incentive payment to its President for the prior year shall adopt and submit to the Finance Board a resolution showing the results for the individual performance measures and the amount of the incentive payment to the Bank President for the prior year.

(6) A Bank shall not make any incentive payment to its President if the most recent examination of the Bank by the Finance Board identified an unsafe or unsound practice or condition with regard to the Bank, provided that if the finding of an unsafe or unsound practice or condition subsequently is resolved in favor of the Bank by the Finance Board, the Bank may pay its President the incentive payment that he or she otherwise would have received.

(c) *Incentive payments for other Bank employees.* (1) Each Bank may make incentive payments to employees other than the President, provided that such incentive payments are reasonable and comparable with incentive payments made to employees of the other Banks and other similar businesses (including financial institutions) with similar duties and responsibilities. Each Bank shall maintain documentation supporting the reasonableness and comparability of its employees' incentive payments.

(2) The sum of annual base salary and all incentive payments received in a single calendar year by an employee other than the Bank President shall not exceed 125 percent of the annual base salary cap for the Bank President, as published by the Finance Board.

(3) An incentive payment for an employee other than the Bank President shall be based on the extent to which the employee meets objective performance targets related to performance criteria established by the Bank's board of directors under the Bank's incentive compensation program or programs.

(4) All Bank incentive compensation plans in effect on May 1, 1998, shall be submitted to the Finance Board no later than June 1, 1998. Any subsequent amendments to such plans shall not become effective until submitted to the Finance Board.

§916.5 Severance plans.

A Bank may make payments in the nature of severance to its President and to other Bank employees only pursuant to a severance pay plan.

§916.6 General limits on payments.

(a) No Bank shall make any payment to a Bank employee, except as provided in this part.

(b) The total amount of base salaries, incentive payments, and benefits paid to Bank employees shall be within the limit set forth in the Bank's approved budget. The board of directors of each Bank shall review annually the compensation for its employees, including appropriate documentation, prior to approving the Bank's annual budget.

§916.7 Determination of employee status.

A Bank shall not treat an employee as an independent contractor in order to avoid complying with the requirements of this part.

PART 917—DUTIES AND RESPONSIBILITIES OF BANK DIRECTORS AND SENIOR MANAGEMENT [RESERVED]

PART 918—BANK DIRECTOR COMPENSATION AND EXPENSES

Sec.

- 918.1 Definitions.
- 918.2 Annual compensation.
- 918.3 Compensation policy requirements.
- 918.4 Expenses.
- 918.5 Disclosure.
- 918.6 Site of board of directors and committee meetings.

Authority: 12 U.S.C. 1422b(a), 1427.

§918.1 Definitions.

As used in this part:

Average compensation per director (ACPD) means the sum of the maximum compensation for all directors serving on a Bank's board of directors, divided by the total number of directors designated by the Finance Board to serve on the Bank's board for that year.

Compensation means any payment of money or provision of any other thing of value (or the accrual of a right to receive money or a thing of value in a subsequent year) in consideration of a director's performance of official duties for the Bank, including, without limitation, retainer fees, daily meeting fees, incentive payments and fringe benefits.

Maximum compensation means the maximum total compensation that would be paid to a director in a given year under the Bank's policy on director compensation if that director attended all meetings and fulfilled all duties

assigned to or otherwise expected of him or her for that year.

§918.2 Annual compensation.

For 1997 and each subsequent year, each Bank's board of directors shall adopt annually by resolution a written policy to provide for the payment to Bank directors of reasonable compensation for the performance of their duties as members of the Bank's board, subject to the requirements set forth in §918.3. At a minimum, such policy shall address the activities or functions for which attendance is necessary and appropriate and may be compensated, and shall explain and justify the methodology for determining the amount of compensation to be paid to directors.

§918.3 Compensation policy requirements.

Payment to directors under each Bank's policy on director compensation may be based upon factors that the Bank determines to be appropriate, but each Bank's policy shall conform to the following requirements:

(a) The annual ACPD for each Bank shall not exceed the amount calculated in accordance with paragraph (b) of this section. Within this limit:

(1) The total actual compensation received by each director in a year shall reflect both the amount of time spent on official Bank business and the level of responsibility assumed by that director, such that greater or lesser attendance at board and committee meetings and greater or lesser responsibility assumed by a director during a given year will be reflected in the actual compensation received by the director for that year; and

(2) The maximum compensation for the chair of each Bank's board of directors in a given year shall not be equaled or exceeded by the maximum compensation of any other director for that year and shall not be less than 125 percent of the Bank's ACPD for that year.

(b) The limit on ACPD for each Bank shall be \$28,000 for 1997. For 1998 and subsequent years, the limit on ACPD shall be adjusted annually to reflect the preceding year's change in the Consumer Price Index (CPI) for all urban consumers, as published by the Bureau of Labor Statistics. Each year, as soon as practicable after the publication of the previous year's CPI, the Finance Board shall publish notice, by **Federal Register**, distribution of a memorandum, or otherwise, of the CPI-adjusted limit on ACPD.

§ 918.4 Expenses.

Each Bank may pay its directors for such necessary and reasonable travel, subsistence and other related expenses incurred in connection with the performance of their official duties as are payable to senior officers of the Bank under the Bank's travel policy, except that directors may not be paid for gift or entertainment expenses.

§ 918.5 Disclosure.

Each Bank shall, in its annual report:

- (a) State the sum of the total actual compensation paid to its directors in that year;
- (b) State the sum of the total actual expenses paid to its directors in that year; and
- (c) Summarize its policy on director compensation.

§ 918.6 Site of board of directors and committee meetings.

Meetings of a Bank's board of directors and committees thereof usually should be held within the district served by the Bank. No meetings of a Bank's board of directors and committees thereof may be held in any location that is not within the United States, including its possessions and territories.

PART 925—MEMBERS OF THE BANKS

59. The authority citation for newly designated part 925 continues to read as follows:

Authority: 12 U.S.C. 1422, 1422a, 1422b, 1423, 1424, 1426, 1430, 1442.

60. Amend newly designated § 925.1 by removing the definitions of the terms "Act", "Bank", "Board", and "Member".

61. Amend newly designated § 925.15 by redesignating paragraphs (a)(i) and

(a)(ii) as paragraphs (a)(1) and (a)(2), respectively.

62. Amend newly designated part 925 by removing the word "Board", and adding, in its place, the words "Finance Board" in the following places:

- a. Section 925.1(n)(1)(iii);
- b. Section 925.2(a)(2) and (c)(introductory text);
- c. Section 925.3(a) and (c) ("Board's");
- d. Section 925.5(a)(1), (b)(1), (b)(2) and (c);
- e. Section 925.18(a)(2), (c)(2), (c)(4) and (d)(2);
- f. Section 925.20(e);
- g. Section 925.25(d)(2); and
- h. Section 925.27(a), (b)(1), (b)(4), (c)(1), (c)(2), (c)(3) and (d).

63. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
925.1(s)	§ 933.20 or 933.25	§ 925.20 or 925.25.
925.1(y)	§ 933.8	§ 925.8.
925.2(a)(2)	§ 933.5	§ 925.5.
925.2(b)	§§ 933.6 to 933.18	§§ 925.6 to 925.18.
925.2(c)(2)	§§ 933.6 to 933.18	§§ 925.6 to 925.18.
925.2(c)(4)	§ 933.3(b)	§ 925.3(b).
925.4(a)	§ 933.20(b)(1)	§ 925.20(b)(1).
925.4(c)	§ 933.18(d)	§ 925.18(d).
925.4(d)(1) (introductory text)	§ 933.20	§ 925.20.
925.4(d)(2)	§ 933.25(d)(1)(i)	§ 925.25(d)(1)(i).
925.4(d)(2)	§§ 933.25(d)(2)(i), (e) and (f)	§§ 925.25(d)(2)(i), (e) and (f).
925.5(c)	§ 933.17	§ 925.17.
925.7	§ 933.6(a)(1)	§ 925.6(a)(1).
925.8	§ 933.6(a)(2)	§ 925.6(a)(2).
925.9	§ 933.6(a)(3)	§ 925.6(a)(3).
925.10	§ 933.6(b)	§ 925.6(b).
925.10	§ 933.1(bb)(6)	§ 925.1(bb)(6).
925.11(a) (introductory text)	§ 933.6(a)(4)	§ 925.6(a)(4).
925.11(b) (introductory text)	§ 933.6(a)(4)	§ 925.6(a)(4).
925.11(c)	§ 933.6(a)(4)	§ 925.6(a)(4).
925.12 (introductory text)	§ 933.6(a)(5)	§ 925.6(a)(5).
925.13(a)	§ 933.6(a)(6)	§ 925.6(a)(6).
925.14(a)(1)	§§ 933.7, 933.8, 933.11 and 933.12	§§ 925.7, 925.8, 925.11 and 925.12.
925.14(a)(2)	§ 933.9	§ 925.9.
925.14(a)(3)	§ 933.10	§ 925.10.
925.14(a)(4)(i)	§ 933.6(a)(6)	§ 925.6(a)(6).
925.14(a)(4)(i)	§ 933.20	§ 925.20.
925.14(a)(4)(i)	12 CFR part 935	12 CFR part 950.
925.14(a)(4)(ii)	§ 933.6(a)(6)	§ 925.6(a)(6).
925.14(a)(4)(iii)	§ 933.6(a)(6)	§ 925.6(a)(6).
925.14(a)(4)(iii)	§ 933.17(f)	§ 925.17(f).
925.15 (introductory text)	§§ 933.7 to 933.13	§§ 925.7 to 925.13.
925.15(a)(1)	§ 933.11(a)(1)	§ 925.11(a)(1).
925.15(a)(2)	§ 933.11(b)(3)(i)(A) to (C)	§ 925.11(b)(3)(i)(A) to (C).
925.15(b)	§ 933.13	§ 925.13.
925.15(c)	§§ 933.9 and 933.10	§§ 925.9 and 925.10.
925.16	§ 933.6(a)(4)	§ 925.6(a)(4).
925.17(a)	§§ 933.7 to 933.16	§§ 925.7 to 925.16.
925.17(a)	§ 933.6(a) and (b)	§ 925.6(a) and (b).
925.17(b)	§§ 933.8, 933.11, 933.12, 933.13, or 933.16	§§ 925.8, 925.11, 925.12, 925.13, or 925.16.
925.17(b)	§ 933.6(a)(2), (4), (5), or (6)	§ 925.6(a)(2), (4), (5), or (6).
925.17(c) (heading)	§ 933.8	§ 925.8.

Section	Remove	Add
925.17(c)	§ 933.8	§ 925.8.
925.17(c)	§ 933.6(a)(2)	§ 925.6(a)(2).
925.17(d) (heading)	§§ 933.11 and 933.16	§§ 925.11 and 925.16.
925.17(d)(1)	§ 933.11(b)(1)	§ 925.11(b)(1).
925.17(d)(1)	§ 933.11(b)(3)(i)	§ 925.11(b)(3)(i).
925.17(d)(1)	§ 933.6(a)(4)	§ 925.6(a)(4).
925.17(d)(2)	§ 933.16	§ 925.16.
925.17(d)(2)	§ 933.6(a)(4)	§ 925.6(a)(4).
925.17(e) (heading)	§ 933.12	§ 925.12.
925.17(e)(3)(i)	§§ 933.11(b)(2) and 933.16	§§ 925.11(b)(2) and 925.16.
925.17(e)(3)(ii)	§§ 933.11(b)(2) and 933.16	§§ 925.11(b)(2) and 925.16.
925.17(f) (heading)	§§ 933.13, 933.14(a)(4), and 933.14(b)(3)	§§ 925.13, 925.14(a)(4), and 925.14(b)(3).
925.18(e)	§§ 933.26, 933.27, and 933.28	§§ 925.26, 925.27, and 925.28.
925.18(e)	§ 933.30	§ 925.30.
925.20(b)	§ 933.3	§ 925.3.
925.20(b)(1) and (2)	§ 933.4(a) or (d)	§ 925.4(a) or (d).
925.22(b)(1)	§ 933.20(a)	§ 925.20(a).
925.22(b)(1)	§ 933.31(d)	§ 925.31(d).
925.23	§ 933.20(a)	§ 925.20(a).
925.24(a)(2)	§ 933.20(a)	§ 925.20(a).
925.24(b)(2)	§ 933.29	§ 925.29.
925.24(b)(3)	§ 934.17	§ 917.7.
925.25(d)(2)(ii)(A)	§ 933.20(a)	§ 925.20(a).
925.25(d)(2)(ii)(B)	§ 933.20(a)	§ 925.20(a).
925.25(d)(2)(iii)	§ 933.20(a)	§ 925.20(a).
925.25(d)(3)	§ 933.29	§ 925.29.
925.26(c)	§ 933.29	§ 925.29.
925.26(d)	§ 934.17	§ 917.7.
925.27(e)	§ 933.29	§ 925.29.
925.27(f)	§ 934.17	§ 917.7.
925.28(b)	§ 933.29	§ 925.29.
925.28(c)	§ 934.17	§ 917.7.
925.29(a)(1)	§ 933.26, 933.27 or 933.28	§ 925.26, 925.27 or 925.28.
925.29(a)(1)	§ 933.28	§ 925.28.
925.29(a)(1)	§§ 933.24(b) or 933.25(d)(3)	§§ 925.24(b) or 925.25(d)(3).
925.29(a)(2)	§ 935.19	§ 950.19.
925.30 (introductory text)	§ 933.26	§ 925.26.
925.30(a)	§ 933.18	§ 925.18.
925.30(b)	§ 933.4(a)	§ 925.4(a).
925.31(d)	§ 933.22(b)(1)	§ 925.22(b)(1).

64. In subchapter E, add and reserve part 930 as follows:

PART 930—RISK MANAGEMENT AND CAPITAL STANDARDS [RESERVED]

65. In subchapter F, add and reserve part 940 as follows:

PART 940—CORE MISSION ACTIVITIES REQUIREMENTS [RESERVED]

PART 944—COMMUNITY SUPPORT REQUIREMENTS

66. The authority citation for newly designated part 944 continues to read as follows:

Authority: 12 U.S.C. 1422a(a)(3)(B), 1422b(a)(1), 1429, and 1430.

67. Amend newly designated § 944.1 by:

- a. Removing paragraph designations (a) through (o); and
- b. Removing the definitions of the terms “Act”, “Bank”, “Finance Board” and “Member”.

68. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
944.1 (def. of <i>CICA</i> or <i>Community Investment Cash Advance</i>)	§ 935.1	§ 950.1.
944.1 (def. of <i>Community lending</i>)	§ 970.3	§ 952.3.
944.1 (def. of <i>First-time homebuyer</i>)	Paragraph (l)(1) of this section	Paragraph (1) of this definition.
944.1 (def. of <i>First-time homebuyer</i>)	This paragraph (l)(2)	Paragraph (2) of this definition.
944.1 (def. of <i>First-time homebuyer</i>)	This paragraph (l)(3)	Paragraph (3) of this definition.
944.3(b)(2)	§ 936.5	§ 944.5.

Section	Remove	Add
944.3(b)(3)	§ 936.5	§ 944.5.
944.3(c)(2)	§ 936.5	§ 944.5.
944.3(c)(3)	§ 936.5	§ 944.5.
944.4(a)	§ 936.3	§ 944.3.
944.5(a)(3)	§ 936.3(b)(2)	§ 944.3(b)(2).
944.5(a)(4)	§ 936.3(c)(2)	§ 944.3(c)(2).
944.5(d)(2)(intro)	§ 936.3(b)(2)	§ 944.3(b)(2).
944.5(d)(2)(i)	§ 936.3(b)(3)	§ 944.3(b)(3).
944.5(e)	Parts 960 and 970	Parts 951 and 952.

PART 950—ADVANCES

69. The authority citation for newly designated part 950 is revised to read as follows:

Authority: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), 1426, 1429, 1430, 1430b and 1431.

70. Amend newly designated § 950.1 by removing the definitions of the terms “Act”, “Bank”, “Board” and “Member”.

71. Amend newly designated part 950 by removing the word “Board” and, in its place, adding the words “Finance Board” in the following places:

- a. Section 950.1 (definitions of *Affordable Housing Program*, *nonresidential real property*, *residential housing finance assets* (par. 6) and *residential real property* (par. (1)(v)));
- b. Section 950.2(c)(3);
- c. Section 950.3(a) and (c);
- d. Section 950.4(c)(1) and (d)(2);
- e. Section 950.5(a)(2);

- f. Section 950.9(e);
- g. Section 950.13(d)(2);
- h. Section 950.20(a); and
- i. Section 950.23(c)(2), (c)(3), (c)(4) (introductory text) (first sentence only), (c)(4)(i) and (c)(4)(ii).

72. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
950.1 (def. of <i>Affordable Housing Program</i>)	Part 960	Part 951.
950.1 (def. of <i>Community Investment Cash Advance</i>)	Section 1430	Section 10.
950.1 (def. of <i>Community Investment Cash Advance</i>)	Section 1430(j)(10)	Section 10(j)(10).
950.1 (def. of <i>Community Investment Cash Advance</i>)	Section 1430(i)	Section 10(i).
950.1 (def. of <i>Community Investment Cash Advance</i>)	Parts 960 and 970	Parts 951 and 952.
950.1 (def. of <i>Community Investment Cash Advance</i>)	Part 970	Part 952.
950.5(g)(2)(i)	§ 935.4(b)(2)	§ 950.4(b)(2).
950.5(g)(2)(ii)	§ 935.4(a)	§ 950.4(a).
950.6(b)(2)(ii)	§ 935.3(a)	§ 950.3(a).
950.6(b)(3)	Part 960	Part 951.
950.8(a)	§ 935.3(a)	§ 950.3(a).
950.9(a)(2)	§ 935.1	§ 950.1.
950.11(a)	§ 935.4(c)	§ 950.4(c).
950.13(c)(1)	§ 935.4(b)(2)	§ 950.4(b)(2).
950.13(c)(1)	§ 935.4(a)	§ 950.4(a).
950.13(c)(2)	§ 935.18(c)	§ 950.18(c).
950.13(e)	§ 935.4(b)(2)	§ 950.4(b)(2).
950.13(e)	§ 935.4(a)	§ 950.4(a).
950.15(a)(2)	§ 935.13(a)(1)(ii)	§ 950.13(a)(1)(ii).
950.15(b)	§ 935.13(a)(1)(ii)	§ 950.13(a)(1)(ii).
950.21	§ 935.13	§ 950.13.
950.21	§ 935.20	§ 950.20.
950.21	§ 935.24	§ 950.24.
950.22(d)	§ 935.24(b)(2)	§ 950.24(b)(2).
950.23(b)	Part 933	Part 925.
950.24(a)	Part 933	Part 925.
950.24(b)(2)(i)	§ 935.22(d)	§ 950.22(d).
950.24(b)(2)(i)(A)	§ 935.9(a)(1) or (2)	§ 950.9(a)(1) or (2).
950.24(b)(2)(i)(B)	§ 935.9(a)(3)	§ 950.9(a)(3).
950.24(b)(2)(i)(B)	§ 935.22(d)	§ 950.22(d).
950.24(b)(2)(i)(C)	§ 935.9(a)(4)	§ 950.9(a)(4).
950.24(c)(2)(i)	§ 935.6(b)	§ 950.6(b).
950.24(c)(2)(ii)	§ 936.5(b)(2)	§ 944.5(b)(2).

PART 951—AFFORDABLE HOUSING PROGRAM

73. The authority citation for newly designated part 951 continues to read as follows:

Authority: 12 U.S.C. 1430(j).

74. Amend newly designated § 951.1 by removing the definitions of the terms “Act”, “Bank”, “Board of Directors”, “Finance Board” and “Member”.

75. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
951.1 (def. of <i>Advance</i> , par.(3))	Part 935	Part 950.
951.1 (def. of <i>Subsidy</i> , par. (1))	§ 960.8(c)(3)	§ 951.8(c)(3).
951.3(b)(1)(i)	§ 960.1	§ 951.1.
951.3(b)(1)(iii)	§ 960.5(b)(2)	§ 951.5(b)(2).
951.3(b)(1)(v)	§ 960.5(b)(10)	§ 951.5(b)(10).
951.3(b)(1)(vi)	§ 960.6(b)(4)	§ 951.6(b)(4).
951.3(b)(1)(vii)	§ 960.8	§ 951.8.
951.3(b)(1)(viii)	§§ 960.10(c) and 960.11	§§ 951.10(c) and 951.11.
951.5(a)(2)(i)	§ 960.1	§ 951.1.
951.5(a)(5)	§ 960.13(d)(1)	§ 951.13(d)(1).
951.5(b)(1)	§ 960.1	§ 951.1.
951.5(b)(7)(i)	§§ 960.13(c)(4) or (d)(1)	§§ 951.13(c)(4) or (d)(1).
951.5(b)(7)(ii)	§§ 960.13(c)(5) or (d)(2)	§§ 951.13(c)(5) or (d)(2).
951.6(b)(2)(i)	§ 960.5(b)	§ 951.5(b).
951.6(b)(3)	§ 960.5(b)	§ 951.5(b).
951.6(b)(4)(i)	§ 960.5(b)	§ 951.5(b).
951.7(a)(1)	§ 960.5(b)	§ 951.5(b).
951.8(b)(2)(i)	§ 960.5(a)(2)	§ 951.5(a)(2).
951.8(b)(2)(iii)	§ 960.5(a)(7)	§ 951.5(a)(7).
951.8(c)(2)	§ 960.5(b)	§ 951.5(b).
951.9(c)	§ 960.5(b)	§ 951.5(b).
951.10(b)(1)(ii)(B)	§ 960.13(c)(4) or (d)(1)	§ 951.13(c)(4) or (d)(1).
951.10(c)(1)(iii)	§ 960.13(c)(4) or (d)(1)	§ 951.13(c)(4) or (d)(1).
951.10(d)	§ 960.1	§ 951.1.
951.11(b)	§ 960.1	§ 951.1.
951.12(a)(1)(ii)	§§ 960.7 or 960.9	§§ 951.7 or 951.9.
951.12(a)(2)(i)(B)	§§ 960.7 or 960.9	§§ 951.7 or 951.9.
951.12(b)(2)	§§ 960.7 or 960.9	§§ 951.7 or 951.9.
951.13(b)(3)(i)	§ 960.12(a)(1)	§ 951.12(a)(1).
951.13(b)(3)(ii)(A)	§ 960.12(b)	§ 951.12(b).
951.13(b)(3)(ii)(B)	§ 960.12(a)(2)	§ 951.12(a)(2).
951.13(b)(4)(i)	§§ 960.10(b) and 960.11(a)(3)(ii)	§§ 951.10(b) and 960.11(a)(3)(ii).
951.13(b)(4)(ii)	§ 960.10(a)(1)	§ 951.10(a)(1).
951.13(b)(4)(iii)	§§ 960.10(a)(2) and 960.11(a)(3)(i)	§§ 951.10(a)(2) and 960.11(a)(3)(i).
951.14(a)(1)	§ 960.2	§ 951.2.
951.15(a)(1)	§ 960.2	§ 951.2.
951.15(a)(2)	§ 960.2	§ 951.2.

PART 952—COMMUNITY INVESTMENT CASH ADVANCE PROGRAMS

76. The authority citation for newly designated part 952 continues to read as follows:

Authority: 12 U.S.C. 1422b(a)(1) and 1430.

77. Amend newly designated § 952.3 by removing the definitions of the terms “Act”, “Bank”, “Board of Directors”, “Finance Board” and “Member”.

78. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
952.1	Part 960	Part 951.
952.2	§ 970.3	§ 952.3.
952.3 (def. of <i>advance</i>)	§ 935.1	§ 950.1.
952.3 (def. of <i>AHP</i>)	Part 960	Part 951.
952.3 (def. of <i>CICA</i>)	§ 935.1	§ 950.1.
952.3 (def. of <i>CICA program</i> , par.(3))	§ 970.3	§ 952.3.
952.3 (def. of <i>CICA program</i> , par. (4))	§ 970.3	§ 952.3.
952.3 (def. of <i>Non-member borrower</i>)	Part 935	Part 950.
952.4	§ 936.6	§ 944.6.
952.5(a)(1)	Part 960	Part 951.
952.5(a)(3)	§ 970.3	§ 952.3.
952.5(a)(4)	§ 970.3	§ 952.3.
952.5(d)(1)	§ 935.6	§ 950.6.
952.5(d)(3)	Parts 935 and 960	Parts 950 and 951.
952.5(d)(4)(ii)	§ 935.24	§ 950.24.

79. In subchapter G, add and reserve parts 954, 955 and 958 as follows:

PART 954—MEMBER MORTGAGE ASSETS [RESERVED]

Authority: 12 U.S.C. 1422b, 1429, 1430, 1430b, 1431.

PART 955—INVESTMENTS [RESERVED]

81. Amend newly designated § 959.1 by removing the definitions of the terms “Act”, “Bank”, “Finance Board” and “Member”.

PART 958—OFF-BALANCE SHEET ITEMS [RESERVED]

82. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

PART 959—STANDBY LETTERS OF CREDIT

80. The authority citation for newly designated part 959 continues to read as follows:

Section	Remove	Add
959.1 (def. of <i>Community lending</i>)	§ 970.4	§ 952.4.
959.1 (def. of <i>Nonmember mortgagee</i>)	§ 935.22(b)	§ 950.22(b).
959.1 (def. of <i>Nonmember SHFA</i>)	§ 935.1	§ 950.1.
959.1 (def. of <i>Residential housing finance, par. (1)</i>)	§ 935.1	§ 950.1.
959.2(a)(2)	Part 970	Part 952.
959.2(b)	§ 938.4(a)(2)	§ 959.4(a)(2).
959.2(c)(1)	§ 935.9(a)	§ 950.9(a).
959.2(c)(1)	§ 935.9(a)(4)(iii)	§ 950.9(a)(4)(iii).
959.3(a)	§§ 935.24(b)(1)(i) or (ii)	§§ 950.24(b)(1)(i) or (ii).
959.3(a)(2)	Part 970	Part 952.
959.3(b)	§ 935.24(b)(2)(i)(A), (B) or (C)	§§ 950.24(b)(2)(i)(A), (B) or (C).
959.4(a)(1)	§§ 934.5, 935.24(b)(2)(i)(B) or 935.24(d)	§§ 950.24(b)(2)(i)(B), 950.24(d) or 965.2(a)(2).
959.4(c)	Part 935	Part 950.
959.5(a)(1)(ii)	§ 935.5	§ 950.5.
959.5(a)(1)(iii)	Part 970	Part 952.
959.5(a)(1)(iv)	§ 943.6(b)	§ 975.6(b).
959.5(b)(1)	§§ 938.2 or 938.3	§§ 959.2 or 959.3.
959.5(b)(2)	§§ 935.9(b), 935.9(d), 935.9(e), 935.10, 935.11 and 935.12.	§§ 950.9(b), 950.9(d), 950.9(e), 950.10, 950.11 and 950.12.

83. In subchapter H, add and reserve part 965 as follows:

PART 965—SOURCES OF FUNDS [RESERVED]

PART 966—CONSOLIDATED OBLIGATIONS

84. The authority citation for newly designated part 966 continues to read as follows:

Authority: 12 U.S.C. 1422b, 1431.

85. Amend newly designated part 966 by redesignating §§ 966.0 through 966.6 as §§ 966.1 through 966.7.

86. Amend newly designated § 966.1 by:

- a. Removing the paragraph designations; and
- b. Removing the definitions of “Board” and “consolidated bonds”.

87. Amend newly designated part 966 by removing the terms “consolidated bonds” and “consolidated Federal Home Loan Bank bonds”, wherever they appear, and, in the place of both, adding the term “consolidated obligations”.

88. Amend newly designated part 966 by removing the word “Board”, wherever it appears, and, in its place, adding the words “Finance Board”.

89. Amend newly designated part 966 by removing the words “Federal Home Loan Banks”, wherever they appear, and, in their place, adding the word “Banks”.

90. Amend newly designated part 966 by removing the words “Federal Home Loan Bank Act”, wherever they appear, and, in their place, adding the word “Act”.

91. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
966.4	Part 912	Part 986.
966.6	§§ 910.3 and 910.4	§§ 966.4 and 966.5.

PART 975—COLLECTION, SETTLEMENT, AND PROCESSING OF PAYMENT INSTRUMENTS

92. The authority citation for newly designated part 975 continues to read as follows:

Authority: 12 U.S.C. 1430, 1431.

93. Amend newly designated § 975.4 (introductory text) by removing the reference to “§ 943.2” and, in its place, adding a reference to “§ 975.2”.

94. Amend newly designated part 975 by removing the word “Board”, wherever it appears, and, in its place, adding the words “Finance Board”.

95. Amend newly designated part 975 by removing the terms “Federal Home Loan Bank” and “Federal Home Loan Banks”, wherever they appear, and, in their place, adding the words “Bank” and “Banks”, respectively.

96. Amend newly designated part 975 by removing the terms “Federal Home Loan Bank Act” and “Bank Act”, wherever they appear, and, in the place of both, adding the word “Act”.

97. New parts 976 and 977 are added to subchapter I as follows:

PART 976—BANK REQUESTS FOR INFORMATION

Sec.

976.1 Definitions.

976.2 Scope.

976.3 Request for confidential information.

976.4 Form of request.

976.5 Storage of confidential information.

976.6 Access to confidential information.

976.7 Third party requests for confidential information.

976.8 Computer data.

Authority: 12 U.S.C. 1422b(a), 1442.

§ 976.1 Definitions.

As used in this part:

Confidential information means any record, data, or report, including but not limited to examination reports, or any part thereof, that is non-public, privileged or otherwise not intended for public disclosure which is in the possession or control of a financial regulatory agency and which contains information regarding members of a Bank or financial institutions with which a Bank has had or contemplates having transactions under the Act.

Financial regulatory agency means any of the following:

(1) The Department of the Treasury, including either the Office of the Comptroller of the Currency or the Office of Thrift Supervision;

(2) The Board of Governors of the Federal Reserve System;

(3) The National Credit Union Administration; or

(4) The Federal Deposit Insurance Corporation.

Third party means any person or entity except a director, officer, employee or agent of either:

(1) A Bank in possession of any particular confidential information; or

(2) The financial regulatory agency that supplied the particular confidential information to such Bank.

§ 976.2 Scope.

This part governs the procedure by which a Bank will request and receive confidential information pursuant to section 22 of the Act.

§ 976.3 Request for confidential information.

A Bank shall make all requests for confidential information to a financial regulatory agency, or to a regional office of such agency if mutually agreeable, in accordance with the procedures contained in this part as well as any procedures of general applicability for requesting information promulgated by such financial regulatory agency. This part and its procedures may be supplemented by a confidentiality agreement between a Bank and a financial regulatory agency.

§ 976.4 Form of request.

A request by a Bank to a financial regulatory agency for confidential information shall be made in writing or by such other means as may be agreed upon between the Bank and the financial regulatory agency. The request shall reference section 22 of the Act, as amended, and this regulation, and shall describe the confidential information requested and identify its intended use pursuant to the Act. The request shall be signed or otherwise made by any duly authorized Bank officer or employee.

§ 976.5 Storage of confidential information.

Each Bank shall:

(a) Store all identified confidential information in secure storage areas or filing cabinets or other secured facilities generally used by such Bank and limit access thereto in the same manner as it maintains the confidentiality of its own members' privileged or non-public information;

(b) Have in place a written set of procedures and policies designed to ensure the confidentiality of confidential information in its possession; and

(c) Establish an internal review of its procedures for storing confidential information and maintaining its confidentiality, as a part of its internal audit process.

§ 976.6 Access to confidential information.

Each Bank shall ensure that access to the confidential information stored at its facility is limited to those with a need to know such information and that employees with access maintain the confidentiality of the confidential information in accordance with the Bank's own procedures for maintaining the confidentiality of its members' privileged or non-public information.

§ 976.7 Third party requests for confidential information.

(a) *General.* In the event a Bank receives a request for confidential information in its possession from any third party, the Bank shall forward such request to the financial regulatory agency from which the confidential information was obtained.

(b) *Subpoena.* In the event a Bank receives a subpoena for confidential information issued by a Federal, state or local government department, agency, court or bureau, the Bank shall give timely written notice of such subpoena to the financial regulatory agency from which the confidential information was obtained, unless such notice is prohibited by applicable law. Except as limited in this part, the Bank may disclose confidential information pursuant to the subpoena, after giving timely written notice, when:

(1) The financial regulatory agency gives written approval to the disclosure; or

(2) A binding order to produce the confidential information has become final with all rights of appeal either exhausted or lapsed.

(c) *Nondisclosure to third parties.*

Except as provided in paragraph (b) of this section, a Bank shall not disclose confidential information to any third party. A Bank shall refer all third party requests for such confidential information to the financial regulatory agency that released the confidential information to the Bank.

(d) *Disclosure to Finance Board.* (1) Neither this part nor any confidentiality agreement executed between a Bank and a financial regulatory agency shall prevent a Bank from disclosing confidential information in its possession to the Finance Board whenever disclosure is necessary to accomplish the Finance Board's supervision of Bank membership applications or Bank director eligibility issues, or disclosing any confidential information in its possession if such disclosure is made pursuant to an audit conducted pursuant to § 976.5 or section 20 of the Act.

(2) The Finance Board shall keep all confidential information received under

paragraph (d) of this section in strict confidence.

§ 976.8 Computer data.

Nothing in this part shall preclude a Bank from arranging with any financial regulatory agency to transmit or allow access to confidential information with the consent of such agency by means of an electronic computer system. Any such arrangement shall ensure the security of the computerized data stored in a Bank's computer and restrict access to such data in order to preserve confidentiality in a manner agreed upon by the Bank and the financial regulatory agency.

PART 977—MISCELLANEOUS BANK AUTHORITIES

Sec.

- 977.1 Definitions [Reserved].
- 977.2 Transfer of funds between Banks.
- 977.3 Trustee powers.

Authority: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), 1431(a), 1431(e), 1432(a).

§ 977.1 Definitions [Reserved].

§ 977.2 Transfer of funds between Banks.

Inter-Bank borrowing shall be through unsecured deposits bearing interest at rates negotiated between Banks. If agreement on terms cannot be reached, the Finance Board may establish terms.

§ 977.3 Trustee powers.

A Bank may act, and make reasonable charges for doing so, as trustee of any trust affecting the business of any member or any institution or group applying for membership or for insurance of accounts, or any group

applying for a charter for a Federal Savings Association, if:

- (a) Such trust is created or arises for the benefit of the institution or its depositors, investors, or borrowers, or for the promotion of sound and economical home financing; and
 - (b) In the case of applicants, the Bank ceases to act as trustee if the application is withdrawn or rejected.
98. In subchapter J, a new part 980 is added and reserved as follows:

PART 980—NEW BUSINESS ACTIVITIES [RESERVED]

PART 985—OFFICE OF FINANCE ORGANIZATION AND FUNCTIONS

99. The authority citation for newly designated part 985 continues to read as follows:

Authority: 12 U.S.C. 1422b, 1431.

100. Amend newly designated § 985.1 by removing the definitions of the terms "Bank", "Bank Act", "Consolidated obligation" and "Finance Board".

101. Amend newly designated part 985 by removing the words "Federal Home Loan Banks" and adding, in their place, the word "Banks" in the following places:

- a. Section 985.1 (definition of *Bank System*—last two references only); and
- b. Section 985.6(c)(1).

102. Amend newly designated part 985 by removing the words "Bank Act" and "Federal Home Loan Bank Act" and adding, in the place of both, the word "Act" in the following places:

- a. Section 985.3(a);
- b. Section 985.4(c)(1);
- c. Section 985.6(c)(2) and (c)(3); and
- d. Section 985.8(a).

103. Amend newly designated part 985 by removing the words "Board of Directors" and adding, in their place, the words "board of directors" in the following places:

- a. Section 985.1 (under the definition of *Chair* and in the heading to the definition of "OF board of directors");
- b. Section 985.2;
- c. Section 985.3(a) and (b);
- d. Section 985.5 (introductory text);
- e. Section 985.6(a)(1), (a)(4), (a)(5) and (b);
- f. Section 985.7 (heading), (a), (b), (c)(introductory text), (d)(1), (d)(2), (d)(3), (d)(4)(introductory text), (e)(1), (e)(2), (e)(3), (f)(1)(i), (f)(1)(ii) and (f)(1)(iii);
- g. Section 985.8 (heading), (a), (b)(introductory text), (c) and (d)(1);
- h. Section 985.9 (heading), (a)(1), (a)(2) and (b)(introductory text);
- i. Section 985.10 (heading), (a)(1) and (b);
- j. Section 985.11(b), (c), (d), (e)(1), (e)(2)(i), (e)(2)(ii), (f)(1), (f)(2)(iii), (f)(3) and (f)(5); and
- k. Section 985.12(c).

104. Amend newly designated § 985.7(c)(2) by removing the word "FHLBank".

105. Amend newly designated § 985.7(f)(2)(i) by removing the words "board of directors of the Finance Board" and adding, in their place, the words "Board of Directors of the Finance Board".

106. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
985.6(a)(4)	§ 941.11	§ 985.11.
985.7(f)(2)(introductory text)	§ 932.17	Part 918.
985.7(f)(2)(ii)	Section 932.17(a)(3) and (c)(1)(ii)	Section 918.3(a)(2).
985.7(f)(2)(iii)	§ 932.17	Part 918.

PART 986—BOOK-ENTRY PROCEDURE FOR CONSOLIDATED OBLIGATIONS

107. The authority citation for newly designated part 986 continues to read as follows:

Authority: 12 U.S.C. 1422a, 1422b, 1431, 1435.

108. Amend newly designated § 986.1 by:

- a. Removing paragraph designations (a) through (q); and
- b. Removing the definitions of the terms "Federal Home Loan Bank Security" and "Finance Board".

109. Amend newly designated part 986 by removing the terms "Federal Home Loan Bank security" and "Federal Home Loan Bank securities", wherever they appear, and adding, in their place, the terms "consolidated obligation" and "consolidated obligations", respectively.

110. Amend newly designated part 986 by removing the terms "Federal Home Loan Bank" and "Federal Home Loan Banks", wherever they appear, and adding, in their place, the words "Bank" and "Banks", respectively.

111. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
986.1 (def. of <i>Office of Finance</i>)	Part 941	Part 985.
986.2(a)	Part 912	Part 986.
986.2(b)	§ 912.4(c)(1)	§ 986.4(c)(1).
986.2(b)	§ 912.3	§ 986.3.
986.3(a)(introductory text)	Part 912	Part 986.
986.4(c)(2)	§ 912.2(b) or § 912.3	§ 986.2(b) or § 986.3.
986.5(a)	§ 912.4(c)(1)	§ 986.4(c)(1).
986.5(a)	Part 912	Part 986.
986.6(b)	Part 912	Part 986.
986.8(a)	Part 912	Part 986.
986.8(b)	Part 912	Part 986.
986.9(a)	Part 912	Part 986.
986.9(b)	Part 912	Part 986.

PART 987—FINANCIAL STATEMENTS OF THE BANKS

112. The authority citation for newly designated part 987 continues to read as follows:

Authority: 12 U.S.C. 1422a, 1422b, 1431 and 1440.

113. Amend newly designated part 987 by removing and reserving newly designated § 987.1.

PART 995—FINANCING CORPORATION OPERATIONS

114. The authority citation for newly designated part 995 continues to read as follows:

Authority: 12 U.S.C. 1441(b)(8), (c) and (j).

115. Amend newly designated § 995.1 by:

- a. Removing paragraph designations (a) through (p);
- b. Removing the definitions of the terms “Act”, “Bank or Banks” and “Finance Board”.

116. Amend newly designated § 995.4(b) by:

- a. Removing the words “Federal Home Loan Bank securities” wherever they appear and adding, in their place, the words “consolidated obligations”.
- b. Removing the terms “Federal Home Loan Bank” and “Federal Home Loan Banks”, wherever they appear, and

adding, in their place, the words “Bank” and “Banks”, respectively.

117. Amend newly designated § 995.8(b) by removing the words “Board of Directors of the FDIC” and adding, in their place, the words “board of directors of the FDIC”.

118. In the table below, for each newly designated section indicated in the left column, remove the cross-reference indicated in the middle column and, in its place, add the cross-reference indicated in the right column:

Section	Remove	Add
995.1 (def. of <i>Office of Finance</i>)	Part 941	Part 985.
995.4(b)	Part 912	Part 986.
995.7(a)	§ 950.6	§ 995.6.
995.8(b)(1)	§ 950.6	§ 995.6.
995.8(c)(1)	§ 950.6	§ 995.6.
995.8(c)(2)	§ 950.6	§ 995.6.

PART 996—AUTHORITY FOR BANK ASSISTANCE OF THE RESOLUTION FUNDING CORPORATION

119. The authority citation for newly designated part 996 is revised to read as follows:

Authority: 12 U.S.C. 1422a, 1422b.

120. Amend newly designated § 996.1 by removing the words “Federal home loan banks” and adding, in their place, the word “Banks”.

121. Amend newly designated § 996.2 by removing the word “bank” and adding, in its place, the word “Bank”.

Dated: July 28, 1999.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,
Chairman.

[FR Doc. 99-23415 Filed 9-24-99; 8:45 am]

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FEDERAL HOUSING FINANCE BOARD

12 CFR Parts 917, 925, 930, 940, 954, 955, 958, 965, 966 and 980

[No. 99-45]

RIN 3069-AA84

Federal Home Loan Bank Financial Management and Mission Achievement

AGENCY: Federal Housing Finance Board.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is proposing to adopt new financial management and mission achievement regulations, and amend certain existing regulations, for the Federal Home Loan Banks (Banks). The proposal would modernize policies governing the business activities of the Banks and, for the first time, would establish regulatory standards for

mission achievement by the Banks and a definition of mission assets. The proposal includes a risk-based capital requirement, pursuant to which the amount of capital required to be maintained by a Bank would be based on the credit, market, and operations risks to which it is exposed. The risk-based capital regime builds upon the regulatory framework used by other financial institution and government-sponsored enterprise (GSE) regulators. The mission achievement requirement in the proposal would: codify the authority of the Banks to hold mortgage assets, including mortgage-backed securities; allow mortgage assets meeting certain regulatory requirements to be counted as mission assets; and eliminate the use of the Banks’ GSE advantages in issuing debt to fund arbitrage investments. The proposal also sets forth in the regulation the responsibilities of the boards of