

## § 987.7

(b) Each Federal Reserve Bank may issue Operating Circulars not inconsistent with this part 987, governing the details of its handling of Book-entry consolidated obligations, Security Entitlements, and the operation of the Book-entry system under this part 987.

[63 FR 8059, Feb. 18, 1998, as amended at 65 FR 8268, Feb. 18, 2000]

### **§ 987.7 Liability of Banks, Finance Board, Office of Finance and Federal Reserve Banks.**

The Banks, the Finance Board, the Office of Finance and the Federal Reserve Banks may rely on the information provided in a tender, transaction request form, other transaction documentation, or Transfer Message, and are not required to verify the information. Neither the Banks, the Finance Board, the Office of Finance, the United States, nor the Federal Reserve Banks shall be liable for any action taken in accordance with the information set out in a tender, transaction request form, other transaction documentation, or Transfer Message, or evidence submitted in support thereof.

[63 FR 8059, Feb. 18, 1998, as amended at 65 FR 8268, Feb. 18, 2000]

### **§ 987.8 Additional requirements; notice of attachment for Book-entry consolidated obligations.**

(a) *Additional requirements.* In any case or any class of cases arising under the regulations in this part 987, the Office of Finance may require such additional evidence and a bond of indemnity, with or without surety, as may in its judgment, or in the judgment of the Banks or the Finance Board, be necessary for the protection of the interests of the Banks, the Finance Board, the Office of Finance or the United States.

(b) *Notice of attachment.* The interest of a debtor in a Security Entitlement may be reached by a creditor only by legal process upon the Securities Intermediary with whom the debtor's securities account is maintained, except where a Security Entitlement is maintained in the name of a secured party, in which case the debtor's interest may be reached by legal process upon the secured party. The regulations in this

## 12 CFR Ch. IX (1-1-07 Edition)

part 987 do not purport to establish whether a Federal Reserve Bank is required to honor an order or other notice of attachment in any particular case or class of cases.

[63 FR 8059, Feb. 18, 1998, as amended at 65 FR 8268, Feb. 18, 2000]

### **§ 987.9 Reference to certain Department of Treasury commentary and determinations.**

(a) The Department of Treasury TRADES Commentary (31 CFR part 357, appendix B) addressing the Department of Treasury regulations governing book-entry procedure for Treasury Securities is hereby referenced, so far as applicable and as necessarily modified to relate to Book-entry consolidated obligations, as an interpretive aid to this part 987.

(b) Determinations of the Department of Treasury regarding whether a State shall be considered to have adopted Revised Article 8 for purposes of 31 CFR part 357, as published in the FEDERAL REGISTER or otherwise, shall also apply to this part 987.

[63 FR 8059, Feb. 18, 1998, as amended at 65 FR 8268, Feb. 18, 2000]

### **§ 987.10 Obligations of United States with respect to consolidated obligations.**

Consolidated obligations are not obligations of the United States and are not guaranteed by the United States.

[63 FR 8059, Feb. 18, 1998, as amended at 65 FR 8268, Feb. 18, 2000]

## **PART 989—FINANCIAL STATEMENTS OF THE BANKS**

Sec.

989.1 Definitions.

989.2 Audit requirements.

989.3 Requirement to provide financial and other information to the Finance Board and the Office of Finance.

989.4 Requirement for voluntary bank disclosure.

AUTHORITY: 12 U.S.C. 1422a, 1422b, 1426, 1431, 1440.

SOURCE: 63 FR 39704, July 24, 1998, unless otherwise noted. Redesignated at 65 FR 8256, Feb. 18, 2000.

### **§ 989.1 Definitions.**

As used in this part:

## Federal Housing Finance Board

## § 989.4

*Audit* means an examination of the financial statements by an independent accountant in accordance with Generally Accepted Auditing Standards for the purpose of expressing an opinion thereon.

*Audit report* means a document in which an independent accountant indicates the scope of the audit made and sets forth an opinion regarding the financial statement taken as a whole, or an assertion to the effect that an overall opinion cannot be expressed. When an overall opinion cannot be expressed, the reasons therefor shall be stated.

[65 FR 36303, June 7, 2000, as amended at 67 FR 12855, Mar. 20, 2002]

### § 989.2 Audit requirements.

(a) Each Bank, the OF and the Financing Corporation shall obtain annually an independent, external audit of and an audit report on its individual financial statement.

(b) The OF board of directors shall obtain an audit and an audit report on the combined annual financial statements for the Bank System.

(c) All audits must be conducted in accordance with generally accepted auditing standards and in accordance with the most current government auditing standards issued by the Office of the Comptroller General of the United States.

(d) An independent, external auditor must meet at least twice each year with the audit committee of each Bank, the OF board of directors, and the Financing Corporation Directorate.

(e) Finance Board examiners shall have unrestricted access to all audi-

tors' work papers and to the auditors to address substantive accounting issues that may arise during the course of any audit.

[65 FR 36303, June 7, 2000]

### § 989.3 Requirement to provide financial and other information to the Finance Board and the Office of Finance.

In order to facilitate the preparation by the Office of Finance of combined Bank System annual and quarterly reports, each Bank shall provide to the Office of Finance in such form and within such timeframes as the Finance Board or the Office of Finance shall specify, all financial and other information and assistance the Office of Finance shall request for that purpose. Nothing in this section shall contravene or be deemed to circumscribe in any manner the authority of the Finance Board to obtain any information from any Bank related to the preparation or review of any financial report.

[65 FR 36303, June 7, 2000]

### § 989.4 Requirement for voluntary bank disclosure.

Any financial statements contained in an annual or quarterly financial report issued by an individual Bank must be consistent in both form and content with the financial statements presented in the combined Bank System annual or quarterly financial reports prepared and issued by the Office of Finance .

[63 FR 39704, July 24, 1998. Redesignated and amended at 65 FR 36303, 36304, June 7, 2000.]