

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

PART 914—DATA AVAILABILITY AND REPORTING

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AUTHORITY: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), and 1440.

SOURCE: 71 FR 35499, June 21, 2006, unless otherwise noted.

§ 914.1 Regulatory Report defined.

(a) *Definition. Regulatory Report* means any report of raw or summary data needed to evaluate the safe and sound condition and operations of a Bank or to determine compliance with any:

- (1) Provision in the Act or other law, order, rule, or regulation;
- (2) Condition imposed in writing by the Finance Board in connection with the granting of any application or other request by a Bank; or
- (3) Written agreement entered into between the Finance Board and a Bank.

(b) *Examples.* Regulatory Report includes:

- (1) Call reports and reports of instrument-level risk modeling data;
- (2) Reports related to a Bank's housing mission achievement, such as reports related to AMA, AHP, CIP, and other CICA programs; and
- (3) Reports submitted in response to requests to one or more Banks for information on a nonrecurring basis.

§ 914.2 Filing Regulatory Reports.

Each Bank shall file Regulatory Reports with the Finance Board in accordance with the forms, instructions, and schedules issued by the Finance Board from time to time. If no regularly scheduled reporting dates are established, Regulatory Reports shall be filed as requested by the Finance Board.

§ 914.3 Access to books and records.

Each Bank shall make its books and records readily available for inspection

and other supervisory purposes within a reasonable period upon request by the Finance Board, at a location acceptable to the Finance Board. For requests for documents made during the course of an onsite examination and pursuant to the examination's scope, a reasonable period is presumed to be no longer than 1 business day. For requests for documents made outside of an onsite examination, a reasonable period is presumed to be 3 business days.

PART 917—POWERS AND RESPONSIBILITIES OF BANK BOARDS OF DIRECTORS AND SENIOR MANAGEMENT

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AUTHORITY: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), 1426, 1427, 1432(a), 1436(a), 1440.

SOURCE: 65 FR 25274, May 1, 2000, unless otherwise noted.

§ 917.1 Definitions.

As used in this part:

Business risk means the risk of an adverse impact on a Bank's profitability resulting from external factors as may occur in both the short and long run.

Community financial institution has the meaning set forth in § 925.1 of this chapter.

Contingency liquidity means the sources of cash a Bank may use to meet its operational requirements when its access to the capital markets is impeded, and includes:

- (1) Marketable assets with a maturity of one year or less;
- (2) Self-liquidating assets with a maturity of seven days or less;

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(3) Assets that are generally accepted as collateral in the repurchase agreement market; and

(4) Irrevocable lines of credit from financial institutions rated not lower than the second highest credit rating category by an NRSRO.

Credit risk means the risk that the market value, or estimated fair value if market value is not available, of an obligation will decline as a result of deterioration in creditworthiness.

Immediate family member means a parent, sibling, spouse, child, dependent, or any relative sharing the same residence.

Internal auditor means the individual responsible for the internal audit function at the Bank.

Liquidity risk means the risk that a Bank will be unable to meet its obligations as they come due or meet the credit needs of its members and associates in a timely and cost-efficient manner.

Market risk means the risk that the market value, or estimated fair value if market value is not available, of a Bank's portfolio will decline as a result of changes in interest rates, foreign exchange rates, equity and commodity prices.

Operational liquidity means sources of cash from both a Bank's ongoing access to the capital markets and its holding of liquid assets to meet operational requirements in a Bank's normal course of business.

Operations risk means the risk of an unexpected loss to a Bank resulting from human error, fraud, unenforceability of legal contracts, or deficiencies in internal controls or information systems.

Reportable conditions means matters that represent significant deficiencies in the design or operation of the internal control system that could adversely affect a Bank's ability to record, process, summarize and report financial data consistent with the assertions of management.

[65 FR 25274, May 1, 2000, as amended at 67 FR 12846, Mar. 20, 2002]

§917.2 General authorities and duties of Bank boards of directors.

(a) *Management of a Bank.* The management of each Bank shall be vested

in its board of directors. While Bank boards of directors may delegate the execution of operational functions to Bank personnel, the ultimate responsibility of each Bank's board of directors for that Bank's management is non-delegable.

(b) *Duties of Bank directors.* Each Bank director shall have the duty to:

(1) Carry out his or her duties as director in good faith, in a manner such director believes to be in the best interests of the Bank, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances;

(2) Administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member;

(3) At the time of appointment or election, or within a reasonable time thereafter, have a working familiarity with basic finance and accounting practices, including the ability to read and understand the Bank's balance sheet and income statement and to ask substantive questions of management and the internal and external auditors; and

(4) Direct the operations of the Bank in conformity with the requirements set forth in the Act and this chapter.

(c) *Authority regarding staff and outside consultants.* (1) In carrying out its duties and responsibilities under the Act and this chapter, each Bank's board of directors and all committees thereof shall have authority to retain staff and outside counsel, independent accountants, or other outside consultants at the expense of the Bank.

(2) Bank staff providing services to the board of directors or any committee of the board under paragraph (c)(1) of this section may be required by the board of directors or such committee to report directly to the board or such committee, as appropriate.

§917.3 Risk management.

(a) *Risk management policy*—(1) *Adoption.* Beginning August 29, 2000, each Bank's board of directors shall have in effect at all times a risk management policy that addresses the Bank's exposure to credit risk, market risk, liquidity risk, business risk and operations