

§ 1272.5

(c) Immediately upon issuance by the FHFA of a letter of approval under § 1272.6.

§ 1272.5 Notice by the FHFA.

(a) *Issuance.* Within sixty days after receipt of a notice of new business activity under § 1272.3, the FHFA may issue to a Bank a notice that:

(1) Disapproves the new business activity;

(2) Instructs the Bank not to commence the new business pending further consideration by the FHFA;

(3) Declares an intent to examine the Bank;

(4) Requests additional information including but not limited to the requests listed in § 1272.7;

(5) Establishes conditions for the FHFA's approval of the new business activity, including but not limited to the conditions listed in § 1272.7; or

(6) Contains other instructions or information that the FHFA deems appropriate under the circumstances.

(b) *Effect.* Following receipt of a notice issued pursuant to paragraph (a) of this section, a Bank may not undertake any new business activity that is the subject of the notice until the Bank has received the FHFA's consent pursuant to § 1272.6.

§ 1272.6 FHFA consent.

The FHFA may at any time provide consent for a Bank to undertake a particular new business activity and setting forth the terms and conditions that apply to the activity, with which the Bank shall comply if the Bank undertakes the activity in question.

§ 1272.7 Examinations; requests for additional information.

(a) *General.* Nothing in this part shall limit in any manner the right of the FHFA to conduct any examination of any Bank.

(b) *Requests for additional information and conditions for approval.* With respect to a new business activity, nothing in this part shall limit the right of the FHFA at any time to:

(1) Request further information from a Bank concerning a new business activity; and

(2) Require a Bank to comply with certain conditions in order to under-

12 CFR Ch. XII (1–12 Edition)

take, or continue to undertake, the new business activity in question, including but not limited to:

(i) Successful completion of pre- or post-implementation safety and soundness examinations;

(ii) Demonstration by the Bank of adequate operational capacity, including the existence of appropriate policies, procedures and controls;

(iii) Demonstration by the Bank of its ability to manage the risks associated with accepting increasing volumes of particular collateral, or holding increasing volumes of particular assets, including the Bank's capacity reliably to value, discount and market the collateral or assets for liquidation;

(iv) Demonstration by the Bank that the new business activity is consistent with the housing finance and community lending mission of the Banks and the cooperative nature of the Bank System; and

(v) FHFA review of any contracts or agreements between the Bank and its members or housing associates.

PART 1273—OFFICE OF FINANCE

Sec.

1273.1 Definitions.

1273.2 Authority of the OF.

1273.3 Functions of the OF.

1273.4 FHFA oversight.

1273.5 Funding of the OF.

1273.6 Debt management duties of the OF.

1273.7 Structure of the OF board of directors.

1273.8 General duties of the OF board of directors.

1273.9 Audit Committee.

1273.10 Transition.

APPENDIX A TO PART 1273—EXCEPTIONS TO THE GENERAL DISCLOSURE STANDARDS

AUTHORITY: 12 U.S.C. 1431, 1440, 4511(b), 4513, 4514(a), 4526(a).

SOURCE: 75 FR 23161, May 3, 2010, unless otherwise noted.

§ 1273.1 Definitions.

For purposes of this part:

Audit Committee means the OF Independent Directors acting as the committee established in accordance with § 1273.9 of this part.

Bank written in title case, means a Federal Home Loan Bank established under section 12 of the Bank Act (12 U.S.C. 1432).