

§§ 932.24—932.25

12 CFR Ch. IX (1–1–98 Edition)

by §932.18(f) (1) through (3) and (g) of this part)

Form E-1—Elective Director Nominees—Personal Certification and Disclosure Form (Required by §932.21(g) (1) and (3) of this part)

Form E-2—Elective Directors—Personal Certification and Disclosure Form (Required by §932.21(g) (1) through (3) of this part)

(Approved by the Office of Management and Budget under control number 3069-0002)

[56 FR 55222, Oct. 25, 1991, as amended at 56 FR 56929, Nov. 7, 1991; 56 FR 58964-58970, Nov. 22, 1991; 57 FR 81, Jan. 2, 1992]

§§ 932.24—932.25 [Reserved]

§932.26 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.

[61 FR 43154, Aug. 21, 1996]

§932.27 Compensation and expenses of bank directors.

(a) *Definitions.* As used in this section:

(1) *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.

(2) *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.

(3) *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 Federal Housing Finance Board to serve on the Bank's board for that year.

(b) *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 paragraph (c) of this section. 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.

(c) *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:

(1) The annual ACPD for each Bank shall not exceed the amount calculated in accordance with paragraph (c)(2) of this section. Within this limit:

(i) 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

(ii) 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.

(2) 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 Board

## Federal Housing Finance Board

## § 932.41

shall publish notice, by FEDERAL REGISTER, distribution of a memorandum, or otherwise, of the CPI-adjusted limit on ACPD.

(d) *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.

(e) *Disclosure.* Each Bank shall, in its annual report:

(1) State the sum of the total actual compensation paid to its directors in that year;

(2) State the sum of the total actual expenses paid to its directors in that year; and

(3) Summarize its policy on director compensation.

[61 FR 43154, Aug. 21, 1996]

### § 932.28 Duties.

Bank directors, individually and collectively, have the specific duty of seeing that the Bank complies with applicable provisions of the Act and these regulations. Directors shall hold meetings and perform duties as prescribed in the Bank's bylaws.

[43 FR 46837, Oct. 11, 1978. Redesignated at 54 FR 36759, Sept. 5, 1989]

### § 932.29 Responsibility of bank directors.

Except when otherwise designated by the Board in specific instances, and notwithstanding anything to the contrary contained in this chapter V, a director of a Bank shall have no responsibility for the activities of any person acting on behalf of the Board or Federal Savings and Loan Insurance Corporation in an agency capacity (pursuant to § 501.10 or § 501.11 of this part or otherwise), and a director of a Bank shall have no liability directly or indirectly to any person (including without limitation any member, employee of the Bank, officer or director of the Bank, or contractor with or supplier to the Bank) arising out of any act or omission by any person acting in such capacity. In specific circumstances the

Board may, by order or otherwise, determine whether an activity is conducted on behalf of the Board or the Federal Savings and Loan Insurance Corporation.

[51 FR 28222, Aug. 6, 1986; 51 28690, Aug. 11, 1986. Redesignated at 54 FR 36759, Sept. 5, 1989]

### §§ 932.30—932.39 [Reserved]

### § 932.40 Selection.

(a) *Bank Presidents.* Each Bank may appoint a President, 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 Financial Board approval.

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

(d) *Conflicts of interest.* A Bank employee shall not also be employed by, or otherwise act in any capacity for, a member or an institution eligible to make application to become a member.

[62 FR 9, Jan. 2, 1997]

### § 932.41 Compensation.

(a) *Definitions.* The following definitions apply for purposes of this section:

*Bonus* means a payment to an employee, other than base salary and benefits, that is not based on performance.

*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