

§ 943.2 Definitions.

(a) Unless otherwise defined in this part, the terms used in this part shall conform, in the following order, to: Regulations of the Board, the Uniform Commercial Code, regulations of the Federal Reserve System, and general banking usage.

(b) The term *account processing* includes charging, crediting, and settling of member or eligible institution accounts, excluding individual customer accounts.

(c) As used in this part, the term *assets* includes furniture and equipment, leasehold improvements, and capitalized start-up costs.

(d) The term *data processing* includes capture, storage, and assembling of, and computation of, data from payment instruments received from Federal Reserve offices, Federal Home Loan Banks, clearinghouse associations, depository institutions, and other direct sending entities.

(e) The term *data communication* means transmitting and receiving of data to or from Federal Home Loan Banks, Federal Reserve offices, clearinghouse associations, depository institutions or their service bureaus, and other direct sending entities, arrangement for delivery of information; and telephone inquiry service.

(f) The term *eligible institution* means any institution eligible to make application to become a member of a Federal Home Loan Bank under section 4 of the Bank Act (12 U.S.C. 1424).

(g) The term *issuance of forms* means the designation and distribution of standardized forms for use in collection, processing, and settlement services.

(h) The term *presentment* means a demand for acceptance or payment made upon the maker, acceptor, drawee or other payor by or on behalf of the holder, and may involve the use of electronic transmission of an instrument or item or transmission of data from the instrument or item by electronic or mechanical means.

(i) The term *statement packaging* includes receiving statement information from members or eligible institutions or their service bureaus on respective customer cycle dates; printing statements; matching customer account

statements; packaging the statements with appropriate items and informational materials, as authorized by individual members and eligible institutions, for distribution to their customers; sending the packages to the members or eligible institutions or mailing the packages directly to their customers.

(j) The term *storage services* includes filing, storage, and truncation of items.

(k) The term *transportation of items* includes transporting items from Federal Reserve offices, other Federal Home Loan Banks clearinghouse associations, depository institutions, and other direct sending entities to a Federal Home Loan Bank; forwarding items to financial institutions after sorting and forwarding cash items or return items to Federal Reserve offices and other sending entities.

§ 943.3 General provisions.

The Federal Home Loan Banks are authorized (a) to engage in, be agents or intermediaries for, or otherwise participate or assist in, the processing, collection, and settlement of checks, drafts, or any other negotiable or non-negotiable items and instruments of payment drawn on eligible institutions or Bank members; and (b) to be drawees of checks, drafts, and other negotiable and nonnegotiable items and instruments issued by eligible institutions or Bank members.

§ 943.4 Incidental powers.

In connection with the collection, processing, and settlement of items and instruments drawn on or issued by eligible institutions or Bank members, a Federal Home Loan Bank may also perform the following services, as defined in § 943.2:

(a) Statement packaging; and

(b) Any other activity that the Board shall, from time to time, after notice and comment, find necessary for the exercise of the authority of this part.

[45 FR 64164, Sept. 29, 1980, as amended at 55 FR 2231, Jan. 23, 1990]

§ 943.5 Operations.

A Federal Home Loan Bank may utilize the services of a Federal Reserve Bank and may become a member or use the services of a clearinghouse, public

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or private financial institution, or agency in the exercise of any powers or functions under this part.

§ 943.6 Pricing of services.

(a) *General.* Federal Home Loan Banks shall charge for services authorized in this part in a manner consistent with the principles of section 11(A)(c) of the Federal Reserve Act (12 U.S.C. 248a(c)), as interpreted by this part.

(b) *Payment instrument account services.* (1) In determining the fees for services provided under this part, a Federal Home Loan Bank must take into account all direct and indirect costs of providing the services.

(2) Prices must reflect the imputed rate of return that would have been earned and the taxes that would have been paid if the Bank were a private corporation, by using a cost of capital adjustment factor applied to those assets used in providing services authorized under this part.

(c) *Review and publication.* The Finance Board shall from time to time and at least annually review the cost of capital adjustment factor and review prices for services authorized in this

part for compliance with the principles set forth in paragraphs (a) and (b) of this section. All prices for Bank services authorized in this part will be published annually in the FEDERAL REGISTER.

(12 U.S.C. 1431(e); Reorg. Plan No. 3 of 1947, 12 FR 4981, 3 CFR, 1943-48 Comp., p. 1071)

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§ 943.7 Rights, powers, responsibilities, duties, and liabilities.

To the extent it is not inconsistent with other provisions of this part, the Uniform Commercial Code governs the rights, powers, responsibilities, duties, and liabilities of Federal Home Loan Banks in the exercise of their authority under this part. For purposes of this paragraph, the term "bank," as used in the Uniform Commercial Code and clearinghouse rules, includes Federal Home Loan Banks and their members and eligible institutions.

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