

### §918.3

shall adopt 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 of directors, subject to the requirements set forth in §918.3. 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.

[65 FR 8260, Feb. 18, 2000]

#### §918.3 Compensation 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:

(a)(1) *Statutory limits on annual compensation.* Pursuant to section 7(i) of the Act (12 U.S.C. 1427(i)), for 2000, the following limits on compensation shall apply: for a Chairperson—\$25,000; for a Vice Chairperson—\$20,000; for any other member of the Bank's board of directors—\$15,000. Beginning in 2001 and for subsequent years, these limits on annual compensation shall be adjusted annually by the Finance Board to reflect any percentage increase in the preceding year's Consumer Price Index (CPI) for all urban consumers, as published by the Department of Labor. Each year, as soon as practicable after the publication of the previous year's CPI, the Finance Board shall publish notice by FEDERAL REGISTER, distribution of a memorandum, or otherwise, of the CPI-adjusted limits on annual compensation.

(2) Starting in 2000, the annual compensation limits set forth in paragraph (a)(1) of this section shall apply to the year in which any deferred compensation was accrued or earned by a director, and not to the year in which it is paid to the director.

(b) *Compensation permitted only for performance of official Bank business.* The total compensation received by each director in a year shall reflect the amount of time spent on official Bank business, and greater or lesser attend-

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ance at board and committee meetings during a given year shall be reflected in the compensation received by the director for that year. A Bank shall not pay a director who regularly fails to attend board or committee meetings. A Bank shall not pay fees to a director, such as retainer fees, that do not reflect the director's performance of official Bank business conducted prior to the payment of such fees.

[65 FR 8260, Feb. 18, 2000, as amended at 65 FR 13666, Mar. 14, 2000; 67 FR 12846, Mar. 20, 2002]

#### §918.4 Directors' 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.

[65 FR 8260, Feb. 18, 2000]

#### §918.5 Approval by Finance Board.

Payments made to directors in compliance with the limits on annual directors' compensation and the standards set forth in this section are deemed to be approved by the Finance Board for purposes of section 7(i) of the Act (12 U.S.C. 1427(i)).

[65 FR 8260, Feb. 18, 2000, as amended at 67 FR 12846, Mar. 20, 2002]

#### §918.6 Disclosure.

Each Bank shall, in its annual report:

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

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

(c) Summarize its policy on director compensation.

#### §918.7 Maintenance of effort.

Notwithstanding the limits on annual directors' compensation established by section 7(i) of the Act (12 U.S.C. 1427(i)), the board of directors of each Bank shall continue to maintain its level of oversight of the management of the Bank. In maintaining its

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level of oversight, the board of directors of a Bank shall hold at least six in-person meetings in any year.

[66 FR 24264, May 14, 2001, as amended at 67 FR 12846, Mar. 20, 2002]

### **§918.8 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.

### **§918.9 Date of applicability of removal of requirements regarding compensation of bank officers and employees.**

The removal of the requirements relating to compensation of Bank officers and employees in former 12 CFR 932.19 (in the Code of Federal Regulations revised as of January 1, 1999), is applicable for all Bank officer and employee compensation years starting after December 21, 1999.

[65 FR 13666, Mar. 14, 2000, as amended at 67 FR 12846, Mar. 20, 2002]