

**§ 611.340**

proxy of the stockholder's choice, provided that the proxy is also a stockholder eligible to vote.

[63 FR 64843, Nov. 24, 1998]

**§ 611.340 Security in voting.**

(a) Each bank and association must adopt policies and procedures that assure the security of all records and materials related to a stockholder vote including, but not limited to, ballots, proxy ballots, and other related materials.

(b) Bank and association procedures must assure that ballots and proxy ballots are provided only to stockholders who are eligible to vote.

(c) Ballots and proxy ballots must be safeguarded before the time of distribution or mailing to voting stockholders and after the time of receipt by the bank or association until disposal. In an election of directors, ballots, proxy ballots and election records must be retained at least until the end of the term of office of the director. In other stockholder votes, ballots, proxy ballots, and records must be retained for at least 3 years after the vote.

(d) The voting procedures of each institution must provide for the establishment of a tellers committee or other designated group of persons which must be responsible for validating ballots and proxies and tabulating voting results. An institution and its officers, directors, and employees may not make any public announcement of the results of a stockholder vote before the tellers committee or other designated persons have validated the results of the vote.

[53 FR 50392, Dec. 15, 1988, as amended at 63 FR 64843, Nov. 24, 1998]

**§ 611.350 Application of cooperative principles to the election of directors.**

In the election of directors, each System institution shall comply with the applicable cooperative principles set forth in § 615.5230 of this chapter.

[63 FR 39225, July 22, 1998]

**12 CFR Ch. VI (1-1-08 Edition)**

**Subpart D—Rules for Compensation of Board Members**

**§ 611.400 Compensation of bank board members.**

(a) Farm Credit System banks are authorized to pay fair and reasonable compensation to directors for services performed in an official capacity at a rate not to exceed the level established in section 4.21 of the Farm Credit Act of 1971, as amended, unless the FCA determines that such a level adversely affects the safety and soundness of the institution.

(b) The bank director compensation level established in section 4.21 of the Act shall be adjusted to reflect changes in the Consumer Price Index (CPI) for all urban consumers, as published by the Bureau of Labor Statistics, in the following manner: Current year's maximum compensation = Prior year's maximum compensation adjusted by the prior year's annual average percent change in the CPI for all urban consumers. Adjustments will be made to the bank director statutory compensation limit beginning from October 28, 1992 (the date of enactment of the Farm Credit Banks and Associations Safety and Soundness Act of 1992). Additionally, each year the FCA will distribute a booklet to all FCS banks that communicates the CPI adjusted bank director statutory compensation limit.

(c)(1) A Farm Credit bank is authorized to pay a director up to 30 percent more than the statutory compensation limit in exceptional circumstances where the director contributes extraordinary time and effort in the service of the bank and its shareholders.

(2) Banks must document the exceptional circumstances justifying additional director compensation. The documentation must describe:

(i) The exceptional circumstances justifying the additional director compensation, including the extraordinary time and effort the director devoted to bank business; and

(ii) The amount and the terms and conditions of the additional director compensation.

(d) Each bank board shall adopt a written policy regarding compensation