

## Federal Housing Finance Board

## §915.11

serve as an officer of any Bank. An appointive director or appointive director candidate must disclose all financial interests to the Finance Board.

(1) *Investment vehicles.* An appointive director's investment in a legally recognized entity that owns debt or equity securities issued by a member is not deemed to be shares or other financial interests in a member if the appointive director neither controls the entity nor plays any role in the purchase or sale of the securities owned by the entity.

(2) *Investment accounts.* Debt or equity securities an appointive director owns through an account managed by an investment adviser registered under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 *et seq.*), for which the director pays a fee for advisory services and with respect to which the director has given the investment adviser complete investment discretion to buy and sell all securities in the account, are not deemed to be shares or other financial interests in a member if the director is not affiliated with the investment adviser and has no control over the selection of securities acquired for the account.

(3) *Holding companies.* Debt or equity securities issued by a holding company that controls one or more members of the Bank on whose board an appointive director serves are not deemed to be shares or other financial interest in a member if the assets of all such members constitute less than 35 percent of the assets of the holding company, on a consolidated basis. Service as a director or officer of a holding company that controls one or more members of the Bank on whose board an appointive director serves is not deemed to be service as a director or officer of a member of the Bank if the assets of all such members constitute less than 35 percent of the assets of the holding company, on a consolidated basis.

(4) *Loans and deposits.* Loans obtained from a member and money placed on deposit with a member are not deemed to be a financial interest in a member if the transactions occur in the normal course of business of the member and are on terms that are no more favorable than those that would be available under like circumstances to members of the public.

(5) *Contractual relationships.* Any contractual relationship between an appointive director and one or more members of the Bank on whose board the director serves that includes a contractual right to the payment of money, is presumed not to constitute a financial interest in a member if the amount due to the director under such contracts in any calendar year is less than 10 percent of the director's adjusted gross income for that calendar year. The Finance Board will determine on a case-by-case basis whether a contractual relationship that exceeds the 10 percent threshold constitutes a financial interest in a member.

(6) *Attribution.* The Finance Board will attribute to the appointive director any debt or equity securities owned by the director's spouse or minor children and any contractual relationships between a member and the director's spouse for purposes of determining compliance with this section.

[72 FR 15602, Apr. 2, 2007, as amended at 72 FR 33639, June 19, 2007]

### §915.11 Conflict of interests policy for Bank directors.

(a) *Adoption of conflict of interests policy.* Each Bank shall adopt a written conflict of interests policy that applies to all Bank directors. At a minimum, the conflict of interests policy of each Bank shall:

(1) Require the directors to administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member or nonmember borrower;

(2) Require appointive directors to comply with §915.10(e) of this part;

(3) Prohibit the use of a director's official position for personal gain;

(4) Require directors to disclose actual or apparent conflicts of interest and establish procedures for addressing such conflicts;

(5) Provide internal controls to ensure that reports are filed and that conflicts are disclosed and resolved in accordance with this section; and

(6) Establish procedures to monitor compliance with the conflict of interests policy.

(b) *Disclosure and recusal.* A director shall disclose to the Bank's board of directors any personal financial interests

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he or she has, as well as any financial interests known to the director of any immediate family member or business associate of the director, in any matter to be considered by the Bank's board of directors and in any other matter in which another person or entity does, or proposes to do, business with the Bank. A director shall fully disclose the nature of his or her interest in the matter and shall provide to the Bank's board of directors any information requested to aid in its consideration of the director's interest. A director shall refrain from considering or voting on any issue in which the director, any immediate family member, or any business associate has a financial interest.

(c) *Confidential Information.* Directors shall not disclose or use confidential information received by them solely by reason of their position with the Bank to obtain a financial interest for themselves or for any other person.

(d) *Gifts.* Directors shall not accept, and shall discourage their immediate family members from accepting, any substantial gift where the director has reason to believe that the gift is given in order to influence the director's actions as a member of the Bank's board of directors, or where acceptance of such gift gives the appearance of influencing the director's actions as a member of the board.

(e) *Compensation.* Directors shall not accept compensation for services performed for the Bank from any source other than the Bank for which the services are performed.

(f) *Definitions.* For purposes of this section:

(1) *Immediate family member* means parent, sibling, spouse, child, or dependent, or any relative sharing the same residence as the director.

(2) *Financial interest* means a direct or indirect financial interest in any activity, transaction, property, or relationship that involves receiving or providing something of monetary value, and includes, but is not limited to any right, contractual or otherwise, to the payment of money, whether contingent or fixed. It does not include a deposit or savings account maintained with a member, nor does it include a loan or extension of credit obtained from a member in the normal course of busi-

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ness on terms that are generally available to the public.

(3) *Business associate* means any individual or entity with whom a director has a business relationship, including, but not limited to:

(i) Any corporation or organization of which the director is an officer or partner, or in which the director beneficially owns ten percent or more of any class of equity security, including subordinated debt;

(ii) Any other partner, officer, or beneficial owner of ten percent or more of any class of equity security, including subordinated debt, of any such corporation or organization; and

(iii) Any trust or other estate in which a director has a substantial beneficial interest or as to which the director serves as trustee or in a similar fiduciary capacity.

(4) *Substantial Gifts* includes:

(i) Gifts of more than token value;

(ii) Entertainment or hospitality, the cost of which is in excess of what is considered reasonable, customary, and accepted business practices; or

(iii) Any other items or services for which a director pays less than market value.

[63 FR 65690, Nov. 30, 1998, as amended at 65 FR 8259, Feb. 18, 2000; 72 FR 33639, June 19, 2007]

### §915.12 Reporting requirements for Bank directors.

(a) *Annual reporting.* Each director shall submit to his or her Bank the appropriate executed director eligibility certification, as prescribed in the Data Reporting Manual issued by the Finance Board, as amended from time to time. The Bank shall promptly forward to the Finance Board a copy of the certification filed by each appointive director.

(b) *Report of noncompliance.* If an elective or appointive director knows or has reason to believe that he or she no longer meets the eligibility requirements set forth in the Act or this part, the director shall so inform the Bank in writing within 30 calendar days of first learning of the facts causing the loss of eligibility. An appointive director also shall inform the Finance Board