

SUBCHAPTER K—OFFICE OF FINANCE

PART 985—THE OFFICE OF FINANCE

Sec.

- 985.1 Definitions.
- 985.2 Authority of the OF.
- 985.3 Functions of the OF.
- 985.4 Finance Board oversight.
- 985.5 Funding of the OF.
- 985.6 Debt management duties of the OF.
- 985.7 Structure of the OF board of directors.
- 985.8 General duties of the OF board of directors.

APPENDIX A TO PART 985—EXCEPTIONS TO THE GENERAL DISCLOSURE STANDARDS

AUTHORITY: 12 U.S.C. 1422b(b)(2), 1431(a), 1431(c), 1432(a).

SOURCE: 65 FR 36300, June 7, 2000, unless otherwise noted.

§ 985.1 Definitions.

As used in this part:

Chair means the chairperson of the board of directors of the Office of Finance.

Managing Director means the managing director of the Office of Finance.

[67 FR 12854, Mar. 20, 2002]

§ 985.2 Authority of the OF.

(a) *General*. The OF shall enjoy such incidental powers under section 12(a) of the Act (12 U.S.C. 1432(a)), as are necessary, convenient and proper to accomplish the efficient execution of its duties and functions pursuant to this part, including the authority to contract with a Bank or Banks for the use of Bank facilities or personnel in order to perform its functions or duties.

(b) *Agent*. The OF in the performance of its duties, shall have the power to act on behalf of:

(1) The Banks in issuing consolidated obligations pursuant to section 11(a) of the Act (12 U.S.C. 1431(a));

(2) By delegation of the Finance Board under § 966.2 of this chapter in issuing consolidated obligations pursuant to section 11(c) of the Act (12 U.S.C. 1431(c)); and

(3) The Banks in paying principal and interest due on the consolidated obligations, or other obligations of the Banks.

(c) *Assessments*. The OF shall have authority to assess the Banks for the funding of its operations in accordance with § 985.5.

§ 985.3 Functions of the OF.

(a) *Joint debt issuance*. Subject to parts 965 and 966 of this chapter, and this part, the OF as agent shall offer, issue and service (including making timely payments on principal and interest due) consolidated obligations on which the Banks are jointly and severally liable on behalf of the Finance Board pursuant to section 11(c) of the Act (12 U.S.C. 1431(c), or the Banks pursuant to section 11(a) of the Act (12 U.S.C. 1431(a)).

(b) *Preparation of combined financial reports*. The OF shall prepare and issue the combined annual and quarterly financial reports for the Bank System in accordance with the requirements of § 985.6(b) and appendix A of this part.

(c) *Fiscal agent*. The OF shall function as the Fiscal Agent of the Banks.

(d) *Financing Corporation and Resolution Funding Corporation*. The OF shall perform such duties and responsibilities for the Financing Corporation (FICO) as may be required under part 995 of this chapter, or for the Resolution Funding Corporation (REFCORP) as may be required under part 996 of this chapter or authorized by the Finance Board pursuant to section 21B(c)(6)(B) of the Act (12 U.S.C. 1441b(c)(6)(B)).

[65 FR 36300, June 7, 2000, as amended at 67 FR 12855, Mar. 20, 2002]

§ 985.4 Finance Board oversight.

(a) *Oversight and enforcement actions*. The Finance Board shall have the same regulatory oversight authority and enforcement powers over the OF, the OF board of directors, the directors, officers, employees, agents, attorneys, accountants or other OF staff, as it has over a Bank and its respective directors, officers, employees, attorneys, accountants, agents or other staff.

(b) *Examinations*. Pursuant to section 20 of the Act (12 U.S.C. 1440), the Finance Board shall examine the OF, all

§985.5

funds and accounts that may be established pursuant to this part 985, and the operations and activities of the OF, as provided for in the Act or any regulations promulgated pursuant thereto.

§985.5 Funding of the OF.

(a) *Generally.* The Banks are responsible for jointly funding all of the expenses of the Office of Finance, including the costs of indemnifying the members of the OF board of directors, the Managing Director and other officers and employees of the OF, as provided for in this part.

(b) *Funding policies.* (1) At the direction of, and pursuant to policies and procedures adopted by, the OF board of directors, the Banks shall periodically reimburse the OF in order to maintain sufficient operating funds under the budget approved by the OF board of directors. The OF operating funds shall be:

(i) Available for expenses of the Office of Finance and the OF board of directors, according to their approved budgets; and

(ii) Subject to withdrawal by check, wire transfer or draft signed by the Managing Director or other person designated by the OF board of directors.

(2) Each Bank's respective *pro rata* share of the reimbursement described in paragraph (b)(1) of this section shall be based on the ratio of the total paid-in value of its capital stock relative to the total paid-in value of all capital stock in the Bank System.

(c) *Alternative formula for assessment.* With the prior approval of the Finance Board, the OF board of directors may implement an alternative formula for determining each Bank's respective share of the OF expenses or, by contract with a Bank or Banks, may choose to be reimbursed through a fee structure in lieu of or in addition to assessment, for services provided to the Bank or Banks.

(d) *Prompt reimbursement.* Each Bank from time to time shall promptly forward funds to the OF in an amount representing its share of the reimbursement described in paragraph (b) of this section when directed to do so by the Managing Director pursuant to procedures of the OF board of directors.

12 CFR Ch. IX (1–1–10 Edition)

(e) *Indemnification expenses.* All expenses incident to indemnification of the members of the OF board of directors, the Managing Director, and other officers and employees of the OF shall be treated as an expense of the OF to be reimbursed by the Banks under the provisions of this part.

(f) *Operating funds shall be segregated.*

(1) Any funds received by the OF from the Banks pursuant to this section for OF operating expenses promptly shall be deposited into one or more accounts and shall not be commingled with any proceeds from the sale of consolidated obligations in any manner.

(2) Neither the proceeds from the sale of consolidated obligations under part 966, nor any operating expense reimbursements received by the OF from assessments on the Banks under this section shall be construed to be Government Funds or appropriated monies or subject to apportionment for the purposes of chapter 15 of title 31 of the United States Code, or any other authority, in accordance with section 2B(b)(1) of the Act (12 U.S.C. 1422b(b)(1)).

§985.6 Debt management duties of the OF.

(a) *Issuance and servicing of COs.* The OF shall issue and service (including making timely payments on principal and interest due, subject to §§966.8 and 966.9 of this chapter) consolidated obligations pursuant to and in accordance with the policies and procedures established by the OF board of directors under this part.

(b) *Combined financial reports requirements.* The OF shall prepare and distribute the combined annual and quarterly financial reports for the Bank System in accordance with the following requirements:

(1) The scope, form and content of the disclosure generally shall be consistent with the requirements of the Securities and Exchange Commission's Regulations S-K and S-X (17 CFR parts 229 and 210).

(2) Information about each Bank shall be presented as a segment of the Bank System as if Statement of Financial Accounting Standards No. 131, titled "Disclosures about Segments of an Enterprise and Related Information"