§ 630.6 Funding Corporation committees.

(a) System Audit Committee. The Funding Corporation must establish and maintain a System Audit Committee (SAC) by adopting a written charter describing the committee’s composition, authorities, and responsibilities in accordance with this section. The SAC must maintain records of meetings, including attendance, for at least 3 fiscal years.

(1) Composition. All SAC members should be knowledgeable in at least one of the following: Public and corporate finance, financial reporting and disclosure, or accounting procedures.

(ii) The SAC may not consist of less than three members and at least one member must be a financial expert. A financial expert is one who either has experience with internal controls and procedures for financial reporting or experience in preparing or auditing financial statements.

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(iii) The chair of the SAC must be a financial expert.

(2) Independence. Every audit committee member must be free from any relationship that, in the opinion of the Funding Corporation board, would interfere with the exercise of independent judgment as a committee member.

(3) Resources. The Funding Corporation must permit the SAC to contract for independent legal counsel and expert advisors. The Funding Corporation
§ 630.20 Contents of the annual report to investors.

The annual report must contain the following:

(a) Description of business. (1) The description shall include a brief discussion of the following:

(i) The System’s overall organizational structure, its lending institutions by type and their respective authorities, the relationships between different types of institutions, and the overall geographic area and eligible borrowers served by those institutions;

(ii) The types of lending activities engaged in and financial services offered by System institutions;

(iii) Any significant developments within the last 5 years that have had or could have a material impact on the System’s organizational structure and the manner in which System institutions conduct business, including, but not limited to, statutory or regulatory changes, mergers or liquidations of...