

Subsec. (f). Pub. L. 101-73, §§ 701(b)(1), (3)(A), 706(1), redesignated subsec. (j) as (f), substituted “Board” for “board”, and struck out former subsec. (f) which related to subscription by United States, maximum amounts, and payments.

Subsec. (g). Pub. L. 101-73, § 706(1), redesignated subsec. (k) as (g) and struck out former subsec. (g) which related to retirement of stock of United States.

Subsec. (h). Pub. L. 101-73, § 715, substituted “10” for “five”.

Pub. L. 101-73, § 706(3), substituted “charter as a Federal savings association (as defined in section 1813 of this title)” for “charter from the Federal Home Loan Bank Board”.

Pub. L. 101-73, § 706(1), redesignated subsec. (m) as (h). Former subsec. (h) redesignated (d).

Subsecs. (i) to (k). Pub. L. 101-73, § 706(1), redesignated former subsecs. (i) to (k) as (e) to (g), respectively.

Subsec. (m). Pub. L. 101-73, § 706(1), redesignated former subsec. (m) as (h).

1983—Subsec. (m). Pub. L. 97-457 substituted “banks or in connection with obtaining a charter from the Federal Home Loan Bank Board” for “Banks” after “between”.

1982—Subsec. (c)(2). Pub. L. 97-320, § 353, struck out cl. (i) limitations which had prohibited members from reducing stock to less than the amount held on Sept. 8, 1961, except for a reduction at any time to not less than 2 percent of its aggregate unpaid loan principal as of the beginning of the calendar year in which reduction was made, but not less than \$500, or if reduced to less than 2 percent, such reduction to be in the discretion of the Board; and reenacted cl. (ii) limitations as par. (2), substituting “the Board defining such term” for “said Board defining said term”.

Subsec. (i). Pub. L. 97-320, § 355(a), provided for treatment of a liquidation of indebtedness, in the case of a voluntary withdrawal of an institution from membership, as a prepayment of the indebtedness, subject to applicable prepayment penalties.

Subsec. (m). Pub. L. 97-320, § 355(b), added subsec. (m).

1979—Subsec. (c)(2)(ii). Pub. L. 96-153 substituted “twenty” for “twelve”.

1961—Subsec. (c). Pub. L. 87-210, § 1, amended subsection generally, and among other changes, authorized the bank to adjust at the end of each calendar year, under Board regulations, the stock held by each member, to retire stock of members in excess of required amounts, prohibited members to reduce stock to less than the amount held on Sept. 8, 1961, except for a reduction at any time to not less than 2 percent of its aggregate unpaid loan principal as of the beginning of the calendar year in which reduction is made, but not less than \$500, or if reduced to less than 2 percent, such reduction to be in the discretion of the Board, provided that no bank shall act so as to cause the aggregate outstanding advances, within the meaning of regulations of the Board defining said term, to exceed 12 times the amounts paid in by members for outstanding capital stock held by such members, defined term “aggregate unpaid loan principal” and authorized the board to require members to submit reports and information for purposes of this subsection.

Subsec. (l). Pub. L. 87-210, § 2, repealed subsec. (l) which required members to acquire, hold and maintain their stock holding in an amount equal to at least 2 percent of the aggregate of the unpaid principal of such member’s home mortgage loans, home-purchase contracts, and similar obligations, but not less than \$500, and provided for the retirement of Government-owned stock.

1955—Subsec. (i). Act Aug. 11, 1955, provided that a Federal savings and loan association may not withdraw voluntarily, inserted proviso clause in item (ii), and inserted provisions authorizing removal of a member institution which has a management or home-financing policy of a character inconsistent with sound and economical home financing or with the purposes of this chapter.

1950—Subsec. (l). Act June 27, 1950, added subsec. (l).

1935—Subsec. (k). Act May 28, 1935, omitted exception clause relating to stock held by the United States.

1934—Subsecs. (c), (e). Act June 27, 1934, substituted “\$500” for “\$1,500”.

#### EFFECTIVE DATE OF 1961 AMENDMENT

Pub. L. 87-210, § 7, Sept. 8, 1961, 75 Stat. 485, provided that: “This Act [amending this section and section 1727 of this title and enacting provisions set out as a note under section 1727 of this title] shall become effective on January 1 next following the date of its enactment [Sept. 8, 1961].”

### § 1426a. Exclusion from certain requirements

#### (a) In general

The Federal Home Loan Banks shall be exempt from compliance with—

(1) sections 78m(e), 78n(a), and 78n(c) of title 15, and related Commission regulations;

(2) section 78o of title 15, and related Commission regulations, with respect to transactions in the capital stock of a Federal Home Loan Bank;

(3) section 78q-1 of title 15, and related Commission regulations, with respect to the transfer of the securities of a Federal Home Loan Bank; and

(4) the Trust Indenture Act of 1939 [15 U.S.C. 77aaa et seq.].

#### (b) Member exemption

The members of the Federal Home Loan Bank System shall be exempt from compliance with sections 78m(d), 78m(f), 78m(g), 78n(d), and 78p of title 15, and related Commission regulations, with respect to ownership of or transactions in the capital stock of the Federal Home Loan Banks by such members.

#### (c) Exempted and Government securities

##### (1) Capital stock

The capital stock issued by each of the Federal Home Loan Banks under section 1426 of this title are—

(A) exempted securities, within the meaning of section 77c(a)(2) of title 15; and

(B) exempted securities, within the meaning of section 78c(a)(12)(A) of title 15, except to the extent provided in section 78oo of title 15.

##### (2) Other obligations

The debentures, bonds, and other obligations issued under section 1431 of this title are—

(A) exempted securities, within the meaning of section 77c(a)(2) of title 15;

(B) government securities, within the meaning of section 78c(a)(42) of title 15; and

(C) government securities, within the meaning of section 80a-2(a)(16) of title 15.

##### (3) Brokers and dealers

A person (other than a Federal Home Loan Bank effecting transactions for members of the Federal Home Loan Bank System) that effects transactions in the capital stock or other obligations of a Federal Home Loan Bank, for the account of others or for that person’s own account, as applicable, is a broker or dealer, as those terms are defined in paragraphs (4) and (5), respectively, of section 78c(a) of title 15, but is excluded from the definition of—

(A) the term “government securities broker” under section 78c(a)(43) of title 15; and

(B) the term “government securities dealer” under section 78c(a)(44) of title 15.

**(d) Exemption from reporting requirements**

The Federal Home Loan Banks shall be exempt from periodic reporting requirements under the securities laws pertaining to the disclosure of—

(1) related party transactions that occur in the ordinary course of the business of the Banks with members; and

(2) the unregistered sales of equity securities.

**(e) Tender offers**

Commission rules relating to tender offers shall not apply in connection with transactions in the capital stock of the Federal Home Loan Banks.

**(f) Regulations**

**(1) In general**

The Commission shall promulgate such rules and regulations as may be necessary or appropriate in the public interest or in furtherance of this section and the exemptions provided in this section.

**(2) Considerations**

In issuing regulations under this section, the Commission shall consider the distinctive characteristics of the Federal Home Loan Banks when evaluating—

(A) the accounting treatment with respect to the payment to the Resolution Funding Corporation;

(B) the role of the combined financial statements of the Federal Home Loan Banks;

(C) the accounting classification of redeemable capital stock; and

(D) the accounting treatment related to the joint and several nature of the obligations of the Banks.

**(g) Definitions**

As used in this section—

(1) the terms “Bank”, “Federal Home Loan Bank”, “member”, and “Federal Home Loan Bank System” have the same meanings as in section 1422 of this title;

(2) the term “Commission” means the Securities and Exchange Commission; and

(3) the term “securities laws” has the same meaning as in section 78c(a)(47) of title 15.

(Pub. L. 110-289, div. A, title II, §1208, July 30, 2008, 122 Stat. 2788.)

REFERENCES IN TEXT

The Trust Indenture Act of 1939, referred to in subsec. (a)(4), is title III of act May 27, 1933, ch. 38, as added Aug. 3, 1939, ch. 411, 53 Stat. 1149, which is classified generally to subchapter III (§77aaa et seq.) of chapter 2A of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see section 77aaa of Title 15 and Tables.

CODIFICATION

Section was enacted as part of the Housing and Economic Recovery Act of 2008, and also as part of the Fed-

eral Housing Finance Regulatory Reform Act of 2008, and not as part of the Federal Home Loan Bank Act which comprises this chapter.

**§ 1427. Directors**

**(a) Number; election; qualifications; conflicts of interest**

**(1) In general**

Subject to paragraphs (2) through (4), the management of each Federal Home Loan Bank shall be vested in a board of 13 directors, or such other number as the Director determines appropriate.

**(2) Board makeup**

The board of directors of each Bank shall be comprised of—

(A) member directors, who shall comprise at least the majority of the members of the board of directors; and

(B) independent directors, who shall comprise not fewer than  $\frac{2}{3}$  of the members of the board of directors.

**(3) Selection criteria**

**(A) In general**

Each member of the board of directors shall be—

(i) elected by plurality vote of the members, in accordance with procedures established under this section; and

(ii) a citizen of the United States.

**(B) Independent director criteria**

**(i) In general**

Each independent director that is not a public interest director under clause (ii) shall have demonstrated knowledge of, or experience in, financial management, auditing and accounting, risk management practices, derivatives, project development, or organizational management, or such other knowledge or expertise as the Director may provide by regulation.

**(ii) Public interest**

Not fewer than 2 of the independent directors shall have more than 4 years of experience in representing consumer or community interests on banking services, credit needs, housing, or financial consumer protections.

**(iii) Conflicts of interest**

No independent director may, during the term of service on the board of directors, serve as an officer of any Federal Home Loan Bank or as a director, officer, or employee of any member of a Bank, or of any person that receives advances from a Bank.

**(4) Definitions**

For purposes of this section, the following definitions shall apply:

**(A) Independent director**

The terms “independent director” and “independent directorship” mean a member of the board of directors of a Federal Home Loan Bank who is a bona fide resident of the district in which the Federal Home Loan