



NEWS

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Federal Housing Finance Board Clarifies Financial Investments Of Appointed Directors

The Board of Directors of the Federal Housing Finance Board (Finance Board) today voted to adopt a [final rule](#) that clarifies the types of financial investments and other relationships that an appointed director may have with a depository institution that is a member of the Federal Home Loan Bank on whose board the director serves.

The regulatory provisions finalized today incorporate into Finance Board rules the agency's long-standing policy that financial interests in a Bank member resulting from ownership of shares of a diversified mutual fund are permissible holdings for an appointive director. The rule also extends the rationale for permitting mutual fund investments to other types of investment vehicles and accounts that share certain key features of mutual funds that make them unlikely to pose a risk of conflict of interest for an appointive director. Finally, the rule set forth additional criteria to define when owning shares of a holding company of a member, serving as an officer or director of a holding company of a member, or having other types of financial interests in a member, would be permissible for an appointive director.

The final rule is effective 30 days after publication in the Federal Register. The proposed rule was published in the Federal Register on April 2, 2007 and was open for comment for 45 days after publication.

The Federal Housing Finance Board is an independent agency in the executive branch that oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>

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