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for at least two years after the date of the election.

(c) *Accepting nominations.* A Bank shall notify in writing any person nominated for an elective directorship promptly upon receipt of the nominating certificate. A person may accept the nomination only by submitting an executed director eligibility certification, as prescribed by the Finance Board, to the Bank prior to the deadline established by the Bank. A Bank shall allow each nominee at least 30 calendar days after the date of the notice of nomination within which to submit the executed form. A nominee may decline the nomination by so advising the Bank in writing, or by failing to submit a properly executed director eligibility certification prior to the deadline. Each Bank shall retain all information received under this paragraph for at least two years after the date of the election.

[63 FR 65689, Nov. 30, 1998, as amended at 65 FR 8259, Feb. 18, 2000; 66 FR 8308, Jan. 30, 2001]

§915.7 Eligibility requirements for elective directors.

(a) *Eligibility verification.* Based on the information provided on the director eligibility certification form prescribed by the Finance Board, a Bank shall verify that each nominee meets all of the eligibility requirements for elective directors set forth in the Act and this part before placing that nominee on the ballot prepared by the Bank under §915.8(a). A Bank shall not declare elected a nominee that it has reason to know is ineligible to serve, nor shall it seat a director-elect that it has reason to know is ineligible to serve.

(b) *Eligibility requirements.* Each elective director, and each nominee, shall be:

(1) A citizen of the United States;

(2) An officer or director of a member that is located in the voting state to be represented by the elective directorship, that was a member of the Bank as of the record date, and that meets all minimum capital requirements established by its appropriate Federal banking agency or appropriate state regulator.

(c) *Restrictions.* (1) A nominee is not eligible if he or she:

(i) Is an incumbent elective director, unless:

(A) The incumbent director's term of office would expire before the new term of office would begin; and

(B) The new term of office would not be barred by the term limit provision of section 7(d) of the Act (12 U.S.C. 1427(d)).

(ii) Is a former elective director whose service would be barred by the term limit provision of section 7(d) of the Act; or

(iii) Is an incumbent appointive director.

(2) For purposes of applying the term limit provision of section 7(d) of the Act (12 U.S.C. 1427(d)), a term of office that has been adjusted to a period of less than three years in accordance with §915.17(a)(2) shall not be deemed to be a full term.

(d) *Loss of eligibility.* (1) An elective director shall become ineligible to remain in office if, during his or her term of office, the stock directorship to which he or she has been elected is eliminated or is redesignated by the Finance Board as representing members located in another state, in accordance with §915.3(b). The incumbent director shall become ineligible after the close of business on December 31 of the year in which the directorship is redesignated or eliminated.

(2) In the case of a redesignation to another state, the stock directorship shall become vacant after the close of business on December 31 of the year in which the directorship is redesignated and the resulting vacancy shall be filled by the board of directors of the Bank for the remainder of the unexpired term with a person who is an officer or director of a member located in the newly designated state, pursuant to section 7(f) of the Act (12 U.S.C. 1427(f)).

[63 FR 65689, Nov. 30, 1998, as amended at 65 FR 8259, Feb. 18, 2000; 65 FR 41569, July 6, 2000; 66 FR 8308, Jan. 30, 2001; 67 FR 12845, Mar. 20, 2002; 67 FR 39791, June 10, 2002]

§915.8 Election process.

(a) *Ballots.* Promptly after verifying the eligibility of all nominees in accordance with §915.7(a), a Bank shall prepare a ballot for each voting State for which an elective directorship is to

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be filled and shall mail the ballot to all members within that State that were members as of the record date. A ballot shall include at least the following provisions:

(1) An alphabetical listing of the names of each nominee for the member's voting State, the name, location, and FHFID ID number of the member at which each nominee serves, the nominee's title or position with the member, and the number of elective directorships to be filled by members in that voting State in the election;

(2) A statement that write-in candidates are not permitted; and

(3) A confidentiality statement prohibiting the Bank from disclosing how a member voted.

(b) *Lack of nominees.* If, for any voting state, all directorships to be filled in an election are the same with regard to their respective terms and status as guaranteed or non-guaranteed directorships, and the number of nominees from that state is equal to or less than the number of such directorships, the Bank shall notify the members in the affected voting state in writing (in lieu of providing a ballot) that the directorships are to be filled without an election due to a lack of nominees. The Bank shall declare elected any eligible nominee, who shall be included as a director-elect in the report of election required under paragraph (e) of this section. If necessary, the Bank's board of directors shall fill any elective directorship that has become vacant due to a lack of a nominee in accordance with §915.14(a).

(c) *Voting.* For each directorship to be filled, a member may cast the number of votes determined by the Bank pursuant to §915.5. A member may not split its votes among multiple nominees for a single directorship, nor, where there are multiple directorships to be filled for a voting State, may it cumulatively vote for a single nominee. Any ballots cast in violation of this subsection shall be void. To vote, a member shall:

(1) Mark on the ballot the name of not more than one of the nominees for each elective directorship to be filled in the member's voting State. Each nominee so selected shall receive all of the votes that the member is entitled to cast.

(2) Execute the ballot by resolution of the member's governing body, or by an appropriate writing signed by an individual authorized to act on behalf of the governing body.

(3) Deliver the executed ballot to the Bank on or before the closing date that has been established by the Bank, which shall be no earlier than 30 calendar days after the date the ballots are mailed in accordance with paragraph (a) of this section. A member may not change a ballot after it has been delivered to the Bank.

(d) *Counting ballots.* A Bank shall not open any ballot until after the closing date, and may not include in the election results any ballot received after the closing date. Promptly after the closing date, each Bank shall tabulate, by each voting State, the votes cast in accordance with paragraph (c) of this section, and shall declare elected the nominee receiving the highest number of votes.

(1) If more than one elective directorship is to be filled in a voting State, the Bank shall declare elected each successive nominee receiving the next highest number of votes until all open elective directorships for that voting State are filled.

(2) In the event of a tie for the last available seat, the incumbent board of directors of the Bank shall, by a majority vote, declare elected one of the nominees for whom the number of votes cast was tied.

(3) The Bank shall retain all ballots it receives for at least two years after the date of the election, and shall not disclose how any member voted.

(e) *Report of election.* Promptly following the election, each Bank shall provide written notice to its members, to each nominee, and to the Finance Board of the following:

(1) The name of each director-elect, the name and location of the member at which he or she serves, and his or her title or position at the member;

(2) The voting State represented by each director-elect;

(3) The expiration date of the term of office of each director-elect;

(4) The number of members voting in the election and the total number of votes cast, both reported by State; and

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(5) The number of votes cast for each nominee.

[63 FR 65690, Nov. 30, 1998, as amended at 65 FR 8259, Feb. 18, 2000; 65 FR 41569, July 6, 2000; 67 FR 12845, Mar. 20, 2002]

§915.9 Prohibition on actions to influence director elections.

(a) *Prohibition.* Except as provided in paragraph (b) of this section:

(1) No director, officer, attorney, employee, or agent of the Finance Board or of a Bank may:

(i) Communicate in any manner that a director, officer, attorney, employee, or agent of the Finance Board or of a Bank, directly or indirectly, supports the nomination or election of a particular individual for an elective directorship; or

(ii) Take any other action to influence votes for a directorship.

(2) No member may take any action prohibited by paragraph (a)(1)(i) of this section.

(b) *Exception for incumbent Bank directors.* A Bank director acting in his or her personal capacity may support the nomination or election of any individual for an elective directorship, provided that no Bank director shall purport to represent the views of the Bank, the Finance Board, any other director, or any officer, attorney, employee, or agent of the Bank or of the Finance Board concerning the nomination or election of a particular individual for an elective directorship.

[63 FR 65690, Nov. 30, 1998]

§915.10 Selection of appointive directors.

(a) *Selection.* In accordance with the Act, the Finance Board, in its sole discretion, shall select all appointive directors.

(b) *Term of office.* The term of office of each appointive directorship shall be three years, except as adjusted pursuant to section 7(d) of the Act (12 U.S.C. 1427(d)) to achieve a staggered board, and shall commence on January 1. In appointing directors for the terms commencing on January 1, 2001 and 2002, respectively, the Finance Board shall adjust the terms of any appointive directorships as necessary to achieve the one-third staggering of the board of directors required by section 7(d) of the

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Act (12 U.S.C. 1427(d)), in accordance with the requirements of this part and the applicable matrix from the Appendix to this part. In the case of a discretionary appointive directorship that is terminated pursuant to §915.3(b)(5), the term of office of the directorship shall end after the close of business on December 31 of that year.

[63 FR 65690, Nov. 30, 1998, as amended at 65 FR 41569, July 6, 2000; 67 FR 12845, Mar. 20, 2002]

§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 shall apply 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) Prohibit appointed directors from serving as an officer of any Bank or as an officer or director of any member, and from owning any equity or debt security issued by a member or from having any other financial interest in a member;

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

(4) Require directors to disclose actual or apparent conflict of interests 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 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