

risk-based capital requirements specified in § 932.2 and § 932.3 of this chapter, respectively, and each member shall comply with the minimum investment established in the capital plan, as of the effective date of that Bank's capital plan. The effective date of a Bank's capital plan shall be the date on which the Bank first issues any Class A or Class B stock. Prior to the effective date, the issuance and retention of Bank stock shall be as provided in § 925.20 and § 925.22 of this chapter.

(b) *Transition period.* (1) *Bank transition.* A Bank that will not be in compliance with the minimum leverage and risk-based capital requirements specified in § 932.2 and § 932.3 of this chapter as of the effective date of its capital plan shall maintain compliance with the leverage limit requirements in § 966.3(a) of this chapter and shall include in its capital plan a description of the steps that the Bank will take to achieve compliance with the minimum capital requirements specified in § 932.2 and § 932.3 of this chapter. The period of time for compliance with the minimum capital requirements shall be stated in the plan and shall not exceed three years from the effective date of the capital plan. When the Bank has achieved compliance with the leverage requirement of § 932.2 of this chapter, the leverage limit requirements of § 966.3(a) of this chapter shall cease to apply to that Bank.

(2) *Member transition.* (i) *Existing members.* A Bank's capital plan shall require any institution that was a member on November 12, 1999, and whose investment in Bank stock as of the effective date of the capital plan will be less than the minimum investment required by the plan, to comply with the minimum investment by a date specified in the Bank's capital plan. The length of the transition period shall be specified in the capital plan and shall not exceed three years. The capital plan shall describe the actions that the existing members are required to take to achieve compliance with the minimum investment, and may require such members to purchase additional Bank stock periodically over the course of the transition period.

(ii) *New members.* A Bank's capital plan shall require any institution that

became a member after November 12, 1999, but prior to the effective date of the capital plan, to comply with the minimum investment specified in the Bank's capital plan as of the effective date of the plan. A Bank's capital plan shall require any institution that becomes a member after the effective date of the capital plan, to comply with the minimum investment upon becoming a member.

(3) *New business.* A Bank's capital plan shall require any member that obtains an advance or other services from the Bank, or that initiates any other business activity with the Bank against which the Bank is required to hold capital, after the effective date of the capital plan to comply with the minimum investment specified in the Bank's capital plan for such advance, services, or activity at the time the transaction occurs.

PART 932—FEDERAL HOME LOAN BANK CAPITAL REQUIREMENTS

Sec.

- 932.1 Risk management.
- 932.2 Total capital requirement.
- 932.3 Risk-based capital requirement.
- 932.4 Credit risk capital requirement.
- 932.5 Market risk capital requirement.
- 932.6 Operations risk capital requirement.
- 932.7 Reporting requirements.
- 932.8 Minimum liquidity requirements.
- 932.9 Limits on unsecured extensions of credit to one counterparty or affiliated counterparties; reporting requirements for total extensions of credit to one counterparty or affiliated counterparties.

AUTHORITY: 12 U.S.C. 1422a(a)(3), 1422b(a), 1426, 1440, 1443, 1446.

SOURCE: 66 FR 8310, Jan. 30, 2001, unless otherwise noted.

§ 932.1 Risk management.

Before its new capital plan may take effect, each Bank shall obtain the approval of the Finance Board for the internal market risk model or the internal cash flow model used to calculate the market risk component of its risk-based capital requirement, and for the risk assessment procedures and controls (whether established as part of its risk management policy or otherwise) to be used to manage its credit, market, and operations risks.