



Federal Home Loan Bank  
NEW YORK

## **Corporate Governance Guidelines of the Federal Home Loan Bank of New York**

*Adopted by the Board of Directors on February 18, 2016  
Effective as of February 18, 2016*

### **1. Introduction**

The Board of Directors (“Board”) of the Federal Home Loan Bank of New York (“FHLBNY” or “Bank”), acting on the recommendation of its Corporate Governance and External Affairs Committee (“CGEAC”), has adopted the following guidelines in furtherance of its continuing efforts to enhance its corporate governance. The Board’s CGEAC is charged with reviewing these guidelines on an annual basis and recommending revisions for the Board’s consideration and approval as may be deemed necessary and appropriate.

### **2. Composition of the Board**

The Federal Housing Finance Agency (“FHFA”) has determined that the FHLBNY’s Board is to consist of nineteen members. Eight directorships are “Independent” directorships which are filled through annual Districtwide elections conducted by the FHLBNY. Two of the Independent directorships are also “public interest” directorships. The remaining eleven directorships, which are “Member” directorships, are filled through annual Statewide elections conducted by the FHLBNY.

The Director elections, which are overseen by the disinterested members of the CGEAC, are administered in strict accordance with the election rules contained in the Federal Home Loan Bank Act (“Bank Act”) and FHFA regulations. The Board encourages the consideration of diversity in nominating or soliciting nominees for positions on the Board. (The FHLBNY is not, under the Bank Act, permitted to have any “management directors”.)

### **3. Director Qualification Standards**

In accordance with the Bank Act and FHFA regulations, each Member Director must be a United States citizen and an officer or director of a member institution located in the state represented by the directorship. A Member Director must also represent a member institution that meets all of its applicable minimum regulatory capital requirements as established by its regulatory agency.

Each Independent Director must be a United States citizen and a bona fide resident of the district in which the FHLBNY is located. Independent Directors must have experience in, or knowledge of, one or more of the following areas: auditing and accounting; derivatives; financial management; organizational management; project development; risk management practices; or the law. To qualify for a public interest directorship, which is a subset of the Independent directorships, a Director must have more than four years experience representing consumer or community interests in banking services, credit needs, housing, or consumer financial protections.

In addition, Independent Directors may not serve as an officer, employee, or director of any member of the FHLBNY, or of any recipient of advances from the FHLBNY, and may not serve as an officer of any Bank.

All Directors must certify annually to the FHLBNY that they meet and will continue to meet all applicable eligibility requirements.

If any Director knows or has reason to believe that he or she no longer meets the eligibility requirements set forth in the Bank Act or FHFA regulations, the Director shall so inform the FHLBNY and the FHFA in writing as soon as possible.

#### **4. Term Limits**

Pursuant to FHFA regulations, as of January 1, 2009, Directors generally serve four-year terms commencing January 1 of the year of their appointment. However, Federal regulations formerly provided that Directors serve three-year terms. The FHFA is managing the transition from three-year terms to four-year terms through a “staggering” process, and will from time to time issue guidance regarding this subject. As a general rule, directors may serve for up to three full consecutive terms, subject to guidance and regulations issued by the FHFA.

#### **5. Chair and Vice Chair of the Board**

The Chair and Vice Chair of the Board are elected by a majority of all the Directors of the FHLBNY. The term of office of the Chair and Vice Chair is two years. There are no prohibitions against the Chair and the Vice Chair serving successive terms.

#### **6. Conduct of Board Meetings**

The FHLBNY’s Board generally meets in person the last two months of each financial quarter, usually on the third Thursday. Occasionally, special meetings are convened between regular meetings of the Board. Most Board meetings take place in the Boardroom located at the FHLBNY’s headquarters in New York City; other off-site Board meetings typically take place once per year at locations throughout the FHLBNY’s business district. During these off-site sessions, the Board usually meets twice. Agenda material is provided to each Director approximately one week prior to meetings. Agendas typically consist of a “consent agenda” portion, where certain matters deemed to be administrative or non-controversial are voted on without discussion unless requested by any Director, and a “regular agenda” portion, where there is discussion of the agenda items in that section. In addition, a portion of the Board meeting is dedicated to a discussion of matters pertaining to financial risk.

Requests for topics to be discussed in executive session (that is, a portion of the Board meeting to be held without management present) should be communicated to the Board Chair or Vice Chair prior to the commencement of the Board meeting whenever possible, along with the topic(s)/reason(s) for such session.

## **7. Committees of the Board**

The FHLBNY's Board, in addition to having an Executive Committee, has seven other standing Committees: Audit, Compensation & Human Resources, Corporate Governance and External Affairs, Housing, Risk, Strategic Planning, and Technology. From time to time, ad hoc committees may be created. The Committee structure is designed to permit smaller bodies of the Board to conduct a detailed review of complex matters. The Committees report, and make recommendations, to the full Board. Committee meetings are generally conducted at the same location as the full Board meeting, though not necessarily on the same date. The Charters of the various Committees can be found at the Corporate Governance section of the FHLBNY's public web site -- <http://www.fhlbny.com/aboutus/corporategovernance.htm>.

## **8. Director Responsibilities**

The duties and responsibilities of the FHLBNY's Directors are set forth in the FHFA's regulations located at 12 C.F.R. § 1239.4. (A copy of these regulations can be found at the Corporate Governance section of the FHLBNY's public web site.) Pursuant to FHFA regulations, in general, the Board is responsible for the management of the Bank. The Board may delegate the execution of operational functions to officers and employees of the Bank, but the ultimate responsibility of the Board's oversight of the Bank is non-delegable. The Board is responsible for directing the conduct and affairs of the Bank in furtherance of the safe and sound operation of the Bank and shall remain reasonably informed of the condition, activities, and operations of the Bank. In particular, each Bank Director has the duty to:

- Carry out his or her duties as Director in good faith, in a manner such Director believes to be in the best interests of the Bank, and with such care, including reasonable inquiry, as is required under New York law;
- Administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member;
- At the time of election, or within a reasonable time thereafter, have a working familiarity with basic finance and accounting practices, including the ability to read and understand the Bank's balance sheet and income statement and to ask substantive questions of management and the internal and external auditors;
- Direct the operations of the Bank in conformity with the requirements set forth in the Bank Act, the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 ("Safety and Soundness Act") and the FHFA's regulations; and
- Adopt and maintain in effect at all times bylaws governing the manner in which Bank administers its affairs; such bylaws shall be consistent with applicable laws and regulations administered by FHFA.

The Board must also have in place adequate policies to assure its oversight of, among other matters, the following:

- The risk management and compensation programs of the Bank;

- The processes for providing accurate financial reporting and other disclosures, and communications with stockholders; and
- The responsiveness of executive officers in providing accurate and timely reports to FHFA and in addressing all supervisory concerns of FHFA in a timely and appropriate manner.

The Board and the Board Committees may retain staff and outside counsel, independent accountants or other outside consultants at the Bank’s expense in order to carry out its duties and responsibilities under the authorizing statutes, the Safety and Soundness Act, and the FHFA regulations. The Bank staff that provides services to the Board or any Committee for the purposes indicated in the preceding sentence may be required to report directly to the Board or such Committee, as appropriate.

## **9. CEO Performance Evaluation and Compensation**

The Compensation & Human Resources Committee (“CHRC”), taking into account feedback from the Board Chair and the other members of the Board not on the CHRC, will annually measure the Chief Executive Officer's (“CEO”) performance against his or her goals and objectives. The CHRC’s rating of the CEO’s performance will be reported to the Board and then shared by the Chair of the CHRC with the CEO. The CHRC shall also approve any adjustments to the compensation level of the CEO and report any such actions to the full Board.

## **10. Director Compensation**

The Board has established a Director Compensation Policy covering compensation matters and rules for the reimbursement of expenses. The Policy is reviewed yearly by the CGEAC and any recommendations for changes are forwarded to the Board for their review and consideration. (Neither Directors nor employees may own any stock in the FHLBNY).

## **11. Expectations for Directors**

The Board expects that each Director will:

- ✓ attend all Board meetings (and, if on a Committee, all meetings of such Committee);
- ✓ serve as a member of, and participate in the activities of, at least one Committee;
- ✓ review the material sent by management prior to the meetings;
- ✓ participate actively in the discussions which occur at meetings;
- ✓ ask questions of management and other FHLBNY employees if clarification is needed; and
- ✓ be familiar with the current edition of the Bank’s Code of Business Conduct and Ethics (which can be found at the Corporate Governance section of the FHLBNY’s public web site) and, in accordance with that Code, take steps to avoid any action that might be perceived as a conflict of interest.

## **12. Evaluating Board and Committee Performance**

The Board's CGEAC is, in accordance with its charter, responsible for conducting an annual assessment of Board performance in order to determine whether the Board is functioning effectively. The assessment will focus on the Board's contribution to the FHLB NY and on areas in which the Directors believe the Board could potentially enhance its performance. With respect to how the assessment process will be managed, each Director will be asked for his/her input by the Chair of the CGEAC. The CGEAC Chair will then compile the results and summarize the findings for the full Board. In addition, each Committee annually assesses its own work and the Chair of each respective Committee reports on the results of the assessments to the Board.

## **13. Director Access to Management and Independent Advisors**

In discharging their duties, Directors may rely on the reports and advice of the FHLB NY's management, counsel, accountants, auditors and other expert advisors. The Board also has the authority to hire independent legal, financial or other advisors as deemed necessary.

## **14. Director Orientation and Continuing Education**

All new Directors must participate in the Bank's new Director orientation meeting. This orientation will be conducted as soon as reasonably practicable after election. This orientation will include presentations by senior management to help familiarize new Directors with the FHLBank System, the Bank's business and strategic plans, its organizational structure, its significant financial, accounting and risk management issues, Director responsibilities and the Code of Business Conduct and Ethics, and the role of its internal and independent auditors. Any sitting Director may attend the orientation meeting.

Directors are encouraged to participate in continuing director education. In this regard, FHLB NY management provides, or arranges for, presentations from time to time on various topics of interest. These presentations may occur during the course, or outside, of regular Board meetings. In addition, a meeting of Directors from around the FHLBank System that contains various educational components takes place annually in Washington, D.C.

## **15. Employment of Immediate Family Members**

The Bank will not hire any immediate family member of a Director. "Immediate family member" means a Director's parent, sibling, spouse, civil union or domestic partner, child, or dependent, or any relative sharing the same residence as the Director. However, this rule shall not affect the employment of immediate family members who are already employed by the Bank at the time when a Director is elected to the Board.

**Questions about these Guidelines can be directed to  
FHLB NY General Counsel Paul S. Friend at [friend@fhlbny.com](mailto:friend@fhlbny.com)  
or 212-441-6822.**