FDIC
Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Deputy to the Chairman and CFO

October 17, 2012

TO: The Board of Directors

FROM: Steven O. App *Steven O. App*
Deputy to the Chairman and
Chief Financial Officer

SUBJECT: Proposed FDIC Corporate Investment Policy (2012)

RECOMMENDATION

Staff recommends that the Board of Directors (Board) approve the proposed updated FDIC Corporate Investment Policy (Proposed Policy).

SUMMARY

When the FDIC Corporate Investment Policy (Existing Policy) was last approved by the Board in December of 2009, it included a formal stipulation that the Policy be presented to the Board at least once every three years.

There are no major changes between the Existing Policy and the Proposed Policy. There are some minor language changes and some deletions relating to the ability for the FDIC to borrow up to $500 billion under Section 14(a) of the FDI Act; this temporary provision under the "Helping Families Save Their Home Act" expired at the end of 2010. There are two other notable changes. First, staff will no longer have an investment objective to control fund balance volatility when considering available-for-sale (AFS) security purchases. Controlling fund balance volatility was more relevant when the Deposit Insurance Fund (DIF) had a fixed designated reserve ratio (DRR), and provisions for instituting assessments if the DIF fell below its then fixed DRR ratio of 1.25 percent. In light of today's steady assessment premiums and much higher variable DRR ratio, fund balance volatility stemming from AFS security price volatility is no longer a consideration.

Second, the Existing Policy provided a long-range strategic objective to maintain a laddered maturity distribution for those securities in the portfolio's Secondary Reserve. Staff recommends deleting this objective from the Policy, and instead proposes to use parallel language describing the discretion that the CFO and Investment Advisory Group (IAG) have to establish limits on both the Primary and Secondary Reserves' security types and maturity distribution, among other things. This proposed change would provide the CFO and the IAG more flexibility when establishing strategic objectives for the Secondary Reserve, taking into account current and anticipated portfolio liquidity needs and market conditions.

The Proposed Policy does retain the right for the CFO and IAG to direct staff to designate securities as either AFS or as held-to-maturity (HTM) in accordance with Accounting Standards Codification (ASC) Topic 320, *Investments – Debt and Equity Securities* (formerly Statement of Financial Accounting Standards [SFAS] No. 115). However, in early August 2008, management decided to reclassify all of the DIF portfolio's HTM securities as AFS securities effective as of June 30, 2008. In light of significant actual and potential resolution-related outlays, the FDIC could no longer assert that it had the positive intent and ability to hold the DIF portfolio's HTM securities until their maturity dates, which is the assertion required to designate a security as HTM under ASC Topic 320. Nevertheless, if the FDIC determines in the future that it can and wishes to make such an assertion, under the Proposed Policy, the CFO and IAG may direct staff to purchase and designate securities as HTM. Other than these items, there are no changes of substance between the Existing Policy and the Proposed Policy. (See Attachment 1 for a comparison of the key elements of the Existing and Proposed Policies.)

ANALYSIS AND DISCUSSION

The Board of Directors adopted the Existing Policy in December 2009. As with the Existing Policy, the Proposed Policy states the legal basis for investing the FDIC's Corporate funds and delineates the DIF portfolio's investment objectives and investment guidelines, delegated authority, the role of the IAG, contingency funding sources, reporting requirements, and provisions concerning other Corporate investment portfolios. The Proposed Policy maintains the overall objective that the DIF portfolio's investments generally will be held to maturity, and provides broad guidelines to be followed by the CFO when establishing and implementing the more specific quarterly (or more frequent, as appropriate) investment strategies for the DIF portfolio. All security-specific limitations contained in the Existing Policy remain in the Proposed Policy. Moreover, the Proposed Policy continues the requirement that the CFO provide quarterly reports to the Board of Directors on the status and recent investment experience of the Corporate portfolio(s), the current and prospective investment strategies, and the reasons for any significant changes in either investment experience or strategy.

In conclusion and as noted above, it is prudent for the Board to periodically review and approve its Corporate Investment Policy. Such periodic review and approval is consistent with the *Risk Standards for Institutional Investment Managers and Institutional Investors*,[1] which states in part that "[a]ll policies, definitions, guidelines and investment documentation should be reviewed and updated as appropriate and more often if significant market events or changes in strategy occur." Therefore, staff is presenting the attached Proposed Policy for the Board of Directors' consideration.

[1] The *Risk Standards for Institutional Investment Managers and Institutional Investors* were established by the Risk Standards Working Group, a group of leading investment industry professionals. The 20 standards provide guidance that institutional investors and institutional investment managers may use when planning their investment-related risk measurement and risk management practices.

STAFF CONTACTS

Dennis Warnke, Manager, Treasury Management Section (703) 562-2078
David R. Wiley, Team Leader, Funding and Investments Unit (703) 562-6178
Arthur D. Murphy, Special Assistant to the Director (703) 562-6177

ATTACHMENT 1

DIFFERENCES BETWEEN EXISTING AND PROPOSED CORPORATE INVESTMENT POLICIES	
EXISTING POLICY	**PROPOSED POLICY**
Legal Basis for the Corporate Investment Program Existing Policy sets forth the legal basis and requirements for the Corporate investment program.	***Legal Basis for the Corporate Investment Program*** No changes.
Deposit Insurance Fund (DIF) Investment Objectives Existing Policy's Investment Objectives provide for managing money in a professional manner, holding all DIF investments until maturity, managing the investment program at the lowest reasonable cost, and striving to improve investment and cash management techniques, including periodically measuring and assessing its investment performance.	***Deposit Insurance Fund (DIF) Investment Objectives*** Minor change deleting reference to purchases and sales being done for infrequent portfolio restructuring, which staff deems to be no longer relevant.
Composition of DIF Portfolio Existing Policy states that the DIF portfolio shall consist of both a Primary Reserve (consisting of overnight investments, AFS securities, and HTM securities maturing within three months) and a Secondary Reserve (consisting of all investment securities designated HTM that not included in the Primary Reserve) and includes specific investment objectives for the Primary Reserve and Secondary Reserve.	***Composition of DIF Portfolio*** The Proposed Policy no longer includes a specific investment objective of managing the Primary Reserve's AFS securities so as to reduce DIF fund balance volatility. This goal was relevant when the DIF had a hard target designated reserve ratio of 1.25% and did not have steady, continuous deposit insurance assessments.
Investment Guidelines – Permissible Investments Existing Policy stipulates that the DIF portfolio will be invested in any of the non-marketable U.S. Treasury securities offered by the Bureau of Public Debt to federal agency investors. Moreover, the CFO, with the advice of the IAG, may establish certain limitations with respect to investments in any of the permissible investment types.	***Investment Guidelines – Permissible Investments*** Deleted conventional callable Treasury bonds as a permissible investment; these bonds are no longer available as they have all been called.

DIFFERENCES BETWEEN EXISTING AND PROPOSED CORPORATE INVESTMENT POLICIES

EXISTING POLICY	PROPOSED POLICY
Investment Guidelines – Maturity Considerations Existing Policy contains a 12-year maximum maturity limitation and notes that the CFO may also establish additional maturity or other limitations on AFS securities in the Primary Reserve. With respect to the Secondary Reserve, the Existing Policy stipulates a long-run objective of maintaining a laddered maturity distribution to mitigate reinvestment risk. Finally, with respect to the aggregate portfolio, the Existing Policy stipulates that at the time of purchase, not more than 50 percent of the portfolio (measured by par value) shall contain securities having maturity dates that fall within all calendar years between year six and year twelve.	***Investment Guidelines – Maturity Considerations*** Minor language changes such that the maturity considerations for both the Primary and the Secondary Reserve have the same language with regards to the CFO establishing certain limits on the amount, types, maturities, and modified duration of the Reserves.
Authority of the CFO and DOF Director Under the Corporation's Bylaws and this Corporate Investment Policy Existing Policy sets forth responsibilities of the CFO and the Division of Finance Director, and their designees.	***Authority of the CFO and DOF Director Under the Corporation's Bylaws and this Corporate Investment Policy*** No changes.
Contingency Funding The Existing Policy has eight subsections that establishes the legal basis for alternative sources of liquidity; describes the four alternative sources; provides delegated authority for such borrowing; describes the FDI Act statutory constraints on borrowings; describes the reporting requirements for such borrowings; and provides an overall Corporate contingency funding policy statement.	***Contingency Funding*** Minor deletions of two references to the "The Helping Families Save Their Home Act", which provided temporary authority to the FDIC to borrow up to $500 billion from the U.S. Treasury under section 14(a) of the FDIC act; this provision expired at the end of 2010, hence the deletion.
Investment Advisory Group Existing Policy establishes the composition and responsibilities of the IAG.	***Investment Advisory Group*** No changes.

DIFFERENCES BETWEEN EXISTING AND PROPOSED CORPORATE INVESTMENT POLICIES

EXISTING POLICY	PROPOSED POLICY
Reporting Requirements	***Reporting Requirements***
Existing Policy sets forth the CFO's quarterly reporting requirements to the Board of Directors.	No changes of substance, but minor language changes that the CFO will also report on any limitations on the size of the Secondary Reserve.
Other Corporate Investment Portfolios	***Other Corporate Investment Portfolios***
This section stipulates that the DIF portfolio is the Corporation's principal investment portfolio, but provides the CFO the authority to establish individual investment portfolios to segregate investment activity for investable funds that are subject to specific restrictions. It provides that the CFO will establish a written investment strategy for any portfolio and shall report to the Board of Directors on each portfolio.	No changes.

ATTACHMENT 2

FEDERAL DEPOSIT INSURANCE CORPORATION CORPORATE INVESTMENT POLICY (2012)

Legal Basis for the Corporate Investment Program

All Corporate investments are made in accordance with provisions of section 13(a) of the Federal Deposit Insurance Act (12 U.S.C. section 1823(a)), which requires: 1) that funds held in the Deposit Insurance Fund that are not otherwise employed shall be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States; and 2) the approval of the Secretary of the Treasury for purchases and sales of securities at any one time aggregating in excess of $100,000.

On a daily basis, the U.S. Department of the Treasury's Bureau of Public Debt (BPD) offers non-marketable U.S. Treasury securities at current market prices with no transaction fees or costs to the Corporation. Known as Government Account Series (GAS) Treasury securities, the Secretary of the Treasury has restricted federal agencies with investment authority, including the FDIC, to buying and selling such GAS Treasury securities. Accordingly, by buying and selling these GAS Treasury securities through the BPD, the Corporation meets the requirement of obtaining the approval of the Secretary of the Treasury for purchases and sales of securities at any one time aggregating in excess of $100,000.

Deposit Insurance Fund (DIF) Investment Objectives

In managing the DIF investment portfolio, the Corporation's stated objectives include:

- Managing money in a professional manner, consistent with maintaining confidence in the deposit insurance program and with the Corporation's strategic objective that the Deposit Insurance Fund remains viable.

- Holding all DIF investments to maturity, including securities both designated as held-to-maturity (HTM) and designated as available-for-sale (AFS).[1] (All or a portion of the DIF

---

[1] This is consistent with the Department of the Treasury's *Investment Fund Operating Circular,* which states that when federal entities invest, "The principal amounts and maturities of investments should be selected to coincide approximately with the program agency's disbursement estimates, so that the investments may be bought and held to their maturities."

investment portfolio may be designated as AFS under Accounting Standards Codification Topic 320, *Investments – Debt and Equity Securities.*) However, sales of such securities may be consummated to meet DIF's funding needs. To the extent that security sales are deemed necessary, all of the DIF portfolio's AFS securities shall be sold before selling any HTM securities.

- Managing the investment program at the lowest reasonable cost, without compromising standards of quality, security, or control.

- Striving continuously to improve investment and cash management techniques, including periodically measuring and assessing the DIF's investment performance.

Composition of the DIF Portfolio

The DIF portfolio shall include a Primary Reserve and may also include a Secondary Reserve.

Primary Reserve

The Primary Reserve shall consist of:

- Overnight investment securities that will be the primary source of liquidity for the DIF.

- Investment securities that are designated AFS.

- Investment securities designated as HTM with remaining maturities of three months or less.

Specific investment objectives related to the DIF's portfolio's Primary Reserve include, in order of priority:

- Seek to control the need for any AFS security sales.

- Seek to avoid the need for any HTM security sales.

- Seek to maximize investment returns, subject to the above objectives.

Secondary Reserve

The Secondary Reserve shall consist of all investment securities designated HTM that are not included in the Primary Reserve.

Specific investment objectives related to the DIF portfolio's Secondary Reserve include, in order of priority:

- Seek to avoid the need for any HTM security sales.

- Seek to maximize investment returns.

Investment Guidelines

Permissible Investments

The DIF portfolio will be invested in any of the non-marketable U.S. Treasury securities offered by the BPD to federal agency investors, including but not limited to:

- Conventional non-callable Treasury bills, notes, bonds, and special certificates.

- Treasury Inflation-Protected Securities (TIPS).

- Zero-coupon securities created under the Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) program.

- Other securities that may be offered by the BPD to federal agency investors.

In addition, any of these securities may be purchased on a when-issued basis, in accordance with existing BPD practices.

From time to time, the Chief Financial Officer (CFO), with the advice of the Investment Advisory Group[2] (IAG), may establish certain limitations with respect to investments in any of the permissible security types.

Maturity Considerations

- *Primary Reserve:* All AFS securities held in the DIF portfolio's Primary Reserve will have remaining maturities of twelve years or less. Moreover, the CFO, with the advice of the IAG, may establish certain limits on the amount, types, maturities, and/or modified durations of AFS securities. Factors that may be considered in setting such limits include current and anticipated market conditions, fund balance characteristics, and other relevant data.

- *Secondary Reserve:* All securities held in the DIF portfolio's Secondary Reserve will have remaining maturities of twelve years or less. As with the AFS securities in the primary reserve, the CFO, with the advice of the IAG, may establish certain limits on the amount, types, maturities, and/or modified durations of HTM securities.

---

[2] The Investment Advisory Group consists of five members, is chaired by the CFO, the Director of the Division of Finance is a permanent member, and the Chairman appoints three individuals who have investment backgrounds, but are not directly involved in the Corporation's investment activities (see section below titled "Investment Advisory Group" for a complete description).

- *Aggregate Portfolio*: At the time of purchase of any longer-term investment security, not more than 50 percent of the DIF portfolio (measured by par value) shall contain securities having maturity dates that fall within *all* calendar years between year six and year twelve.

  For compliance measurement purposes, the sixth calendar year shall begin five years from the subsequent January 1. For the purposes of this provision, a "longer-term investment security" is defined as a security with a maturity date falling within the sixth through twelfth calendar years. Moreover, to the extent that callable securities' premiums are amortized to their first call date (given the certainty that they will be called on their first call dates), and then such first call dates would be used for determining portfolio maturity distributions and compliance with applicable policy maturity limitations.

Authority of the CFO and DOF Director under the Corporation's Bylaws and this Corporate Investment Policy

In accordance with Article VI of the Corporation's Bylaws, and consistent with 31 U.S.C. section 902 of the Chief Financial Officers Act, the CFO or his/her designees are to manage and implement the Corporate investment program. Article VI of the Corporation's Bylaws provides that the Director of the Division of Finance (DOF Director) shall, among other things, receive, deposit, disburse, manage, safely keep, and account for all funds of the Corporation. In accordance with these authorities, the DOF Director is thus responsible for implementing the investment strategy and for managing day-to-day financial transactions. In this connection, and in keeping with this Policy, the DOF Director or his/her designees are authorized to invest and reinvest the funds of the Corporation, sell investments designated as AFS prior to their stated maturity, sell securities designated as HTM so long as the securities have remaining maturities of three months or less, and perform all related incidental acts. Securities designated as HTM that have more than three months to their stated maturity may only be sold with the specific approval of the CFO or his/her designee.

Contingency Funding

This section contains eight subsections as follows:

- Alternative Sources of Liquidity – Legal Basis
- Borrowing from the U.S. Treasury (under Section 14(a) of the FDI Act)
- Borrowing from the FFB (under Section 14(b) of the FDI Act)
- Borrowing from Insured Depository Institutions (under Section 14(d) of the FDI Act)
- Borrowing from Federal Home Loan Banks (under Section 14(e) of the FDI Act)

- Contingency Funding Constraint – FDI Act Limitations on Borrowings
- Borrowings – Reporting Requirements
- Corporate Contingency Funding Policy Statement

Alternative Sources of Liquidity – Legal Basis

In the event that the DIF's resources are insufficient to meet its deposit insurance and other obligations, section 14 of the Federal Deposit Insurance Act (FDI Act) provides the following contingency borrowing authority:

- *Borrowing from the U.S. Treasury (section 14(a))*: The FDIC is authorized to borrow from the Treasury, not exceeding in the aggregate $100 billion outstanding at any one time, subject to the approval of the Secretary of the Treasury.
- *Borrowing from the Federal Financing Bank (section 14(b))*: The FDIC is authorized to issue and sell the Corporation's obligations, on behalf of the Deposit Insurance Fund, to the Federal Financing Bank (FFB).
- *Borrowing for the DIF from insured depository institutions (section 14(d))*: Subject to certain conditions, the FDIC may issue obligations to, or borrow from, insured depository institutions.
- *Borrowing for the DIF from Federal Home Loan Banks (section 14(e))*: Subject to certain conditions, the FDIC may also borrow from the Federal Home Loan Banks with the concurrence of the Federal Housing Finance Agency.

Borrowing from the U.S. Treasury (under Section 14(a) of the FDI Act)

Under section 14(a) of the FDI Act, the Corporation is authorized to borrow, and the Secretary of the Treasury (Secretary) is authorized and directed to loan on such terms as may be fixed by the Corporation and the Secretary, such funds as in the judgment of the Board of Directors of the Corporation are needed for insurance purposes, not exceeding in the aggregate $100 billion outstanding at any one time, subject to the approval of the Secretary.

The Secretary will determine the rate of interest, taking into account the current market yields on outstanding marketable Treasury securities of comparable maturities. All loans and repayments made pursuant to section 14(a) of the FDI Act shall be treated as public debt transactions of the United States. Moreover, section 14(a) of the FDI Act provides appropriated funds to the Secretary as may be necessary.

Section 14(a) of the FDI Act also states that no amount of funds can be provided unless there is an agreement between the Secretary and the Corporation providing a repayment schedule that demonstrates that income to the Corporation from assessments will be sufficient to amortize the outstanding balance within the period established in the repayment schedule and pay the interest accruing on such balance.

Finally, among other things, section 14(a) of the FDI Act requires that the Secretary and the Corporation shall consult with the House and Senate Banking Committees on the terms of the repayment schedule, including terms relating to any emergency special assessment under section 7(b)(7) of the FDI Act, and will provide a copy of the repayment schedule to the respective Committees within 30 days of advancing any funds pursuant to section 14(a) of the FDI Act.

Borrowing from the Federal Financing Bank (under Section 14(b) of the FDI Act)

Under section 14(b) of the FDI Act, the Corporation is authorized to sell the Corporation's obligations, on behalf of the DIF, to the Federal Financing Bank.[3] The FFB makes funds available to Federal agencies at a rate lower than what a borrower would receive in private credit markets. Both the FDIC and the Resolution Trust Corporation borrowed from the FFB in the early and mid-1990s and found the process to be efficient and cost effective.

This Corporate Investment Policy incorporates the December 6, 2006, Board Resolution and the September 16, 2008, Board Resolution[4] that approved entering into a $100 billion Note Purchase Agreement (NPA) with the FFB and authorized the CFO to: (1) execute the NPA; (2) execute notes; (3) renew the NPA; (4) request and repay advances; and (5) take other necessary actions to carry out the terms of the resolutions.

The resolution sets forth that the concurrence of the General Counsel is needed for actions 1 through 3, and that the CFO can only delegate his authority to one or more designees for actions 4 and 5.

With respect to actions 4 and 5, the CFO has delegated his authority to the DOF Director to manage the DIF's FFB borrowings program; in turn, the DOF Director has re-delegated this authority to DOF's Treasury Management Section manager and designated staff.

Borrowing from Insured Depository Institutions (under Section 14(d) of the FDI Act)

Under section 14(d) of the FDI Act, the Corporation may issue obligations to insured depository institutions, and may borrow from insured depository institutions provided that the proceeds are used solely for carrying out the Corporation's functions with respect to the DIF; and that terms of the obligation or instrument limit the Corporation's liability for payment of interest and repayment of principal to the amount which is equal to the amount of assessment income received by the DIF under section 7 of the FDI Act.

---

[3] The FFB is a government corporation, created by Congress in 1973 under the general supervision of the Secretary of the Treasury. The FFB was established to centralize and reduce the cost of federal borrowing, as well as federally-assisted borrowing from the public. The FFB lending policy states that the FFB should be the vehicle through which Federal agencies finance programs.

[4] The December 6, 2006, Board Resolution bears Seal No. 074569 and the September 16, 2008, Board Resolution bears Seal No. 075920.

Among other things, any borrowings under this section shall be subject to the Public Debt Limit established in 3101(b) of title 31, USC. In addition, any borrowings under this section reduce the amount of the Treasury borrowings permitted under section 14(a). The maximum interest rate on such borrowings shall be determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable Treasury securities of comparable maturities. Also, any such obligation issued or amount borrowed shall be a liability of the DIF. From the standpoint of insured depository institutions, the funds for obligations purchased or loans made must be derived from the member's capital or retained earnings, and such obligation or loans shall be treated as an asset.

Borrowing from Federal Home Loan Banks (under Section 14(e) of the FDI Act)

Under section 14(e) of the FDI Act, the Corporation may borrow from the Federal Home Loan Banks (FHLBs), with the concurrence of the Federal Housing Finance Agency (FHFA), such funds as the Corporation considers necessary for the use of the DIF. Any loan from an FHLB shall bear interest of not less than the marginal cost of funds to that bank, taking into account the maturities involved; shall be adequately secured, as determined by the FHFA; and shall be a direct liability of the DIF.

Contingency Funding Constraint – FDI Act Limitations on Borrowings

Under section 15(c) of the FDI Act, the DIF is subject to a maximum obligation limitation (MOL) such that the DIF cannot issue new obligations or borrowings from any of the four sources, including the FFB, if the aggregate amount of all obligations and borrowing were to exceed the sum of (1) the amount of cash or cash equivalents held by the DIF; (2) the amount which is equal to 90 percent of the FDIC's estimate of the fair market value of assets held by the DIF; and (3) the total of the amounts authorized to be borrowed from the Secretary of the Treasury pursuant to section 14(a) of the FDI Act.

Hence, notwithstanding the multiple borrowing options afforded the DIF under section 14 of the FDI Act, the DIF's ability to borrow is constrained by the MOL.

Borrowings – Reporting Requirements

The CFO shall notify the Board of Directors at least 24 hours prior to any initial exercise of the FDIC's borrowing authority under section 14 of the FDI Act. DOF staff shall report quarterly to the Investment Advisory Group on all outstanding borrowings under section 14 of the FDI Act, including the total number of such borrowings, the principal amount owed, any payoffs made, and the interest expense of the borrowings incurred to date. The CFO will report quarterly to the Board of Directors on its borrowings under this section.

Corporate Contingency Funding Policy Statement

When faced with a situation that requires utilizing contingency funding, the Corporation shall consider all its options, and will, in its sole discretion as determined by the Board of Directors, choose to use the option it deems to be in the best interest of the Deposit Insurance Fund.

Investment Advisory Group

An Investment Advisory Group consisting of the CFO, the DOF Director, and three members (not directly involved in the Corporate and liquidation funds investment operations) appointed by the Chairperson, shall convene four times per year, preferably at least once each calendar quarter. The CFO shall chair the IAG. The IAG shall review the overall investment, Treasury securities market, and economic outlooks; review the most recent quarter's investment performance; review cash flow projections for the DIF portfolio; and review any actions that constitute exceptions to this policy. The IAG shall also advise the CFO on target amounts or percentages to be held in the primary reserves for the DIF portfolio where applicable; and advise the CFO on the investment strategies within the constraints set by this investment policy. Minutes shall be kept of the IAG's meetings.

The Division of Finance shall be responsible for preparing briefing materials for the IAG. These materials shall include, at a minimum:

- DIF portfolio status report.
- DIF portfolio cash flow forecasts.
- A summary of the execution of the IAG's instructions since its prior meeting.
- A recommended investment strategy for the DIF portfolio for the subsequent period.

In the event market conditions or cash flow projections require a reassessment of investment strategies between regularly scheduled IAG meetings, the Division of Finance staff shall notify the CFO who shall determine in his or her sole discretion whether an interim IAG meeting should be held.

Reporting Requirements

The CFO will report quarterly to the Board of Directors on:

- The status and recent investment experience of the DIF portfolio.
- The current and prospective investment strategies.
- Any limitations on the size of the Primary Reserve and of the Secondary Reserve.
- The principal reasons for any significant changes in either investment experience or strategy.
- Any actions taken that constitute exceptions to this policy.
- All outstanding borrowings, as appropriate.

Other Corporate Investment Portfolios

The principal investment portfolio of the Corporation is the DIF portfolio. The business activities of the Corporation may result in the need to create pools of funds that must be segregated and invested separately from the DIF portfolio because of restrictions on use, maturity, availability, or for other reasons. As deemed appropriate, the CFO may establish an individual investment portfolio to segregate the investment activity for investable funds that are subject to specific restrictions. The CFO will establish a written investment strategy for any such portfolio that is consistent with this policy. The CFO shall report to the Board of Directors on each such portfolio, including the written investment strategy for any such portfolio.