

FEDERAL RESERVE BANK OF CHICAGO

System Activities, Bank Operations and Risk Committee Charter

SECTION 1. Purpose

The System Activities, Bank Operations and Risk (SABOR) Committee is a standing committee of the Federal Reserve Bank of Chicago Board of Directors as specified in the Bank's by-laws. The Committee shall provide oversight for the consolidated activities that the Seventh District performs for other Federal Reserve Banks; the operations or services that the District provides at the request of other Reserve Banks; and services provided to the District by other Reserve Banks. The Committee shall ensure that District business activities support the Federal Reserve System's Strategic Framework and is responsive to the governance guidelines (i.e., Service Agreements). The Committee shall also provide oversight for the Seventh District's risk management, operational and budget activities.

SECTION 2. Committee Membership

The System Activities, Bank Operations and Risk Committee has a minimum of four members consisting of the Board Chair, who will serve as an ex-officio voting member, and at least three other directors who will be appointed annually by the Board Chair for one-year terms commencing the first of January. The Board Chair shall designate the Committee Chair and will fill Committee vacancies as necessary.

SECTION 3. Meetings

The System Activities, Bank Operations and Risk Committee meets approximately four times a year. The Committee Chair may call additional meetings as necessary. The Committee Chair shall report regularly to the Board of Directors on its activities and will make recommendations to the Board as appropriate.

SECTION 4. Authority and Responsibilities

The specific responsibilities of the System Activities, Bank Operations and Risk Committee, in consultation with senior Bank management, are described below.

A. Consolidated System Activities at the Federal Reserve Bank of Chicago

- Oversee and monitor all consolidated services the Seventh District performs on behalf of other Reserve Banks including adherence to Service Agreements.
- Evaluate the Bank's performance of responsibilities provided for the System.
- Provide input and guidance on long-term strategies associated with System assigned responsibilities.
- Serve as a resource to management by providing comments and suggestions to help the Bank meet its national business objectives.

B. Consolidated System Activities at other Reserve Banks

- Review reports and provide guidance on significant activities and risk management associated with activities consolidated at and provided by other Reserve Banks that impact the Federal Reserve Bank of Chicago.

C. Bank Operations and Budget

- Monitor the Cash Operations activities in the District to ensure adherence to controls and performance against System targets.
- Review and provide oversight of the Bank's budget and quarterly corporate and financial performance reports.
- Review and recommend to the Board the approval of the annual Bank budget.
- Review the Bank's strategy and goals, as well as monitor progress on these goals and related key performance indicators.

D. Risk Management

- Provide guidance and oversight of the Bank's risk management activities, which include the risk framework, governance structure and plans for risk mitigation.
- Provide counsel to management relating to the identification and evaluation of major operational, strategic and reputational risks.
- Oversee and monitor significant risk events

The Committee will complete an annual performance evaluation. The Committee will also undertake additional activities within the scope of the purpose of the Committee as the Committee or the Board of Directors deems necessary.