

OFHEO's examination program contributes to OFHEO's capital adequacy framework by further informing the Director's evaluation about the appropriateness of the balance of risk and capital at each Enterprise. OFHEO has implemented a plan to enhance its examination program and double the size of the examination staff.

Complementing its Capital and Examination regulatory elements, OFHEO has developed a Research element to ensure that ongoing research and analysis is conducted on a variety of topics to understand how changes in the market impact the Enterprises and, conversely, how changes in the Enterprises' operations impact the market. A recent example of the Agency's research and analysis is a February 4, 2003, report released by OFHEO's Director, which is entitled: "Systemic Risk: Fannie Mae, Freddie Mac and the Role of OFHEO." The report analyzes how the Enterprises operate in the housing finance system and the financial sector, how their activities affect economic activity and how they can affect systemic risk in different circumstances.

In addition to its research and analysis, OFHEO presents symposiums on issues relating to the Enterprises and the mortgage markets, *e.g.*, the March 10, 2003, symposium on "House Prices in the U.S. Economy." Moreover, OFHEO advises the public and market participants on housing activities through issuance of periodic reports, such as the Agency's quarterly report analyzing housing appreciation trends, *i.e.*, OFHEO's House Price Index (HPI) report.

In support of its regulatory infrastructure based on Capital, Examination, and Research, OFHEO has adopted guidelines, policy guidances, and regulations, which are accessible on the Agency's website. The guidelines relate to risk-based capital and information quality. The policy guidance includes guidance on Non-Mortgage Liquidity Investments, and Safety and Soundness Standards for Information. OFHEO's rulemaking ranges from administrative regulations, *e.g.*, rules of practice and procedure, to regulatory oversight regulations, *e.g.*, a regulation that requires public disclosure by the Enterprises of their securities and financial information, and a regulation addressing corporate governance, which enhances the transparency of regulatory standards for the executives and boards of directors of the Enterprises.

The preceding background was provided to summarize OFHEO's first 10 years as a Federal financial

regulatory agency. The public is encouraged to visit OFHEO's Web site for a fuller understanding about the Agency and its accomplishments to date.

Over the past 10 years, OFHEO has met and continues to meet its mandate to ensure that the Enterprises are well-capitalized and operating in a safe and sound manner. Accordingly, on the occasion of OFHEO's successful completion of a range of regulatory duties and its 10 year anniversary, the Agency has determined to update its logo. The triangle representing the roof has been properly centered. In a sense, the roof in the logo, like OFHEO, has been strengthened and put in good working order. OFHEO looks forward to continued success.

#### *Changes to the Official Symbol of OFHEO*

OFHEO is revising sections of this regulation that describe and display the official seal and logo representing the Agency. Under the revisions, the seal and logo are combined to be the sole official symbol of OFHEO that will be displayed on correspondence, selected documents, and signage. The logo, as restructured, also will serve as the official seal to authenticate official documents of the Agency.

Specifically, the logo is a disc consisting of two concentric circles enclosing the words "Office of Federal Housing Enterprise Oversight" and the Agency's inaugural year, 1993. In the center of the disc is a stylized image of a structure consisting of a solid two-tiered pedestal base topped by a solid triangular shape. The structure represents a house or home, symbolic of the role of OFHEO in promoting a stable and efficient housing finance system. The triangular top of the symbol represents the roof of the structure. The base represents the foundation. The two tiers of the foundation represent the safety and soundness oversight of OFHEO. The Agency's role with respect to the Enterprises is emphasized by placement of the acronym of the Agency (OFHEO) between the base and top of the symbol.

It is noted that the official symbol of OFHEO, as revised by this final regulation, is effective on June 2, 2003. However, for purposes of cost efficiency, OFHEO will continue to use and recognize its original seal and logo until such time as supplies containing them are exhausted and signage displaying them is replaced.

This final rule is not classified as a significant rule under Executive Order 12866 because it will not result in (1) an annual effect on the economy of \$100

million or more; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or foreign markets. Accordingly, no regulatory impact assessment is required and this final rule has not been submitted to the Office of Management and Budget for review.

#### *Regulatory Flexibility Act*

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) requires that a rule that has a significant economic impact on a substantial number of small entities, small businesses, or small organizations must include an initial regulatory flexibility analysis describing the regulation's impact on small entities. Such an analysis need not be undertaken if the Agency has certified that the regulation will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b). OFHEO has considered the impact of this final rule under the Regulatory Flexibility Act. The General Counsel certifies that this final rule will not have a significant economic impact on a substantial number of small business entities.

#### *Paperwork Reduction Act*

This final rule does not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

#### *Unfunded Mandates Reform Act of 1995*

This final rule does not require the preparation of an assessment statement in accordance with the Unfunded Mandates Reform Act of 1995, 2 U.S.C. 1531. Assessment statements are not required for regulations that incorporate requirements specifically set forth in law. As explained in the preamble, this rule implements specific statutory requirements. In addition, this rule does not include a Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation) in any one year.

#### **List of Subjects in 12 CFR Part 1700**

Organization and functions (government agencies).