August 6, 2021

Submitted Electronically
Federal Housing Finance Agency
Office of the Director
Tenth Floor
400 Seventh Street, S.W.
Washington, DC 20219

Re: Request for Input: Executive Compensation at the Regulated Entities

As chairs of the boards of directors for each of the 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance, we appreciate the opportunity to provide comments to the Federal Housing Finance Agency (FHFA) regarding the Request for Input on Executive Compensation at the Regulated Entities (RFI).

The RFI presents important issues for FHLBank and FHFA consideration. The FHLBanks have collectively assessed the RFI and jointly prepared this response. Our response was developed and reviewed by the board and compensation committee chairs, presidents, chief human resources officers, and general counsels of each of the FHLBanks and the Office of Finance.

For reader convenience, we refer to the 11 FHLBanks and the Office of Finance collectively as "FHLBanks" in this letter, unless the context otherwise requires.

Executive Summary

In this letter, we will address certain questions presented in the RFI and address the following comments related to the FHLBanks' executive compensation processes:

- In accordance with their fiduciary and other legal duties, the boards of directors of the FHLBanks are best positioned to evaluate the reasonableness of executive compensation for their individual cooperatives. They have the fiduciary duties, resources, capabilities, incentives, and skin in the game to perform this role better than any other party.

- Regulatory actions or guidance which encroach upon areas of board judgment and discretion create the risk directors will be required to choose between satisfying their fiduciary duties or satisfying their regulator. The FHFA's oversight of FHLBank executive compensation presents many opportunities for regulatory overreach, and for the unintended risks and consequences such overreach creates.

- FHLBanks have complex operations which must be managed in a safe and sound manner, consistent with statutory and regulatory requirements, with margins that are much tighter than those of comparable financial institutions. Therefore, their executive positions require an extensive set of complex skills, including complex capital markets operations, hedging and derivatives portfolios, and balance sheet management as well as sophisticated technology, cybersecurity, market, credit and operational risk management issues.

- The FHLBanks, as GSEs and as a system that is among the largest debt issuers in the world, must manage their underlying businesses (the individual FHLBanks) and manage their debt franchise in a superior manner to meet the demands of global investors and global debt market expectations for agency debt issuers.

- The FHLBanks must compete for diverse executive talent with other major financial sector firms. Additionally, to further their diversity objectives in attracting and retaining executive and other senior leadership, the FHLBanks' executive compensation levels and programs need to align with market comparable standards.

- FHLBank boards of directors protect their members' capital investment and the FHLBanks' debt franchise by hiring and retaining FHLBank leaders that have the necessary skills and experience to fully and effectively manage the risks of operating their institutions, consistent with risk appetites that are more conservative than those of otherwise comparable institutions.

- FHLBanks require flexibility to consider a range of competitor institutions for talent and must be able to benchmark the skills and experiences needed for FHLBank executive positions with those at institutions which are competitors for executive talent.

- While it is true that the FHFA has been charged with the responsibility for prohibiting FHLBank executive compensation payments that are not reasonable and comparable to other comparable employment in similar businesses with similar duties and responsibilities, Congress has expressly prohibited the FHFA from prescribing or setting specific levels or ranges of compensation for FHLBank executives. Overly prescriptive compensation guidance conflicts with Congressional directives.

FHLBanks serve as integral parts of the financial system, providing liquidity to financial institutions in all market environments and financing for housing. The FHLBanks are large, highly complex financial institutions requiring a high degree of executive knowledge, skills, and abilities in the areas of leadership, credit risk, financial and capital management risk, market risk, operational risk, reputational risk, federal regulatory, supervisory and compliance risk, financial reporting, and derivatives and capital markets. The FHLBanks serve their owners/members, rely entirely on private capital to support their operations, receive no government funding, and collectively are accountable for the safety and soundness of over $50 billion in member capital. Each of the FHLBanks is a government-sponsored enterprise (GSE) that must ensure it is effectively serving its mission and is operating in a manner that ensures that the collective debt franchise of the FHLBanks maintains its superior reputation.

Many of the executives within the FHLBanks have executive experience and backgrounds working in large, complex financial companies outside of the FHLBank system that FHLBank boards may determine is desirable to successfully lead the FHLBanks. Having the ability to offer total compensation levels that are competitive and attractive to those executives is important. However, unlike other corporations, the FHLBanks do not have the ability to provide equity-based compensation. As a result, base salary and cash incentive compensation represent critical components of the FHLBank employment value proposition and must be maintained at market competitive levels. FHLBank boards therefore require flexibility to tailor executive compensation programs to attract and retain executives consistent with each FHLBank's individual circumstances, geographic markets, statutory mission, and safety and soundness needs. Moreover, below-market pay levels will most certainly negatively impact the FHLBanks' efforts to attract, motivate and retain diverse executive teams, putting the FHLBank System and our owners' capital at risk.

In particular, the Finance Agency should not step in the shoes of an FHLBank board by imposing, mandating or prescribing items that are clearly within the board's province, such as the appointment and use of a specific compensation consultant (*see e.g.*, the requirements of the NYSE and NASDAQ listing standards regarding the appointment of compensation consultants). To do so in the latter case could improperly embolden the compensation consultant, raise independence issues, and limit the board's flexibility in using its judgment in discharging its obligation to select and engage independent compensation consultants to assist the board in setting compensation. Furthermore, the board needs this flexibility to exercise its best judgment in the management of the FHLBank, including as to executive compensation.

Responses to Specific RFI Questions

18. **How, if at all, should FHFA consider the fact that the FHLBanks generally have a monolithic business model, extending collateralized advances and purchasing mortgages that are also credit enhanced, when compared to their commercial peers? Currently, FHFA considers the other FHLBanks to be the primary comparator group when evaluating a FHLBank's compensation requests. Do you agree or disagree with this approach? Why or why not?**

Business Models

The RFI states that "the FHLBanks generally have a monolithic business model, extending collateralized advances and purchasing mortgages that are also credit enhanced, when compared to their commercial peers," suggesting a less complex business model than their commercial bank peers. While it is accurate to state that the FHLBanks' business model is more constrained by statute than their commercial bank peers' business models, and that the FHLBanks do not have a retail banking component to their business models, it is not the case that the FHLBanks do not have risks and complexities that must be well-managed to ensure the protection of and appropriate returns on member capital as well as ensuring the strength of the FHLBanks' debt franchise.

On the contrary, the FHLBanks, as GSEs, in many cases have risk management needs and risk appetites that are more conservative than otherwise comparable peers, for example, large amounts of derivatives and other sophisticated interest rate risk management needs, and consolidated debt issuance and oversight governance. The FHLBanks, as cooperatives with a government charter and agency debt franchise have to ensure that their businesses operate in a manner that results in no loss on advances and reliability for members across all business cycles and events. The expectations of the market regarding the FHLBanks' GSE debt franchise and operations are greater and more complex than the vast majority of debt market issuers. In attracting and retaining FHLBank executives the FHLBanks must ensure that their executive and leadership staffs have the necessary skills and experience to meet these expectations and manage these complex issues and operations. Achieving the resiliency expectations of the market, the FHLBanks' members, members' regulators, and other System stakeholders requires the FHLBanks to attract and retain executives with the corresponding skills and experience.

The FHLBanks must respectively manage the following key risks:

- Accurate financial reporting, and sophisticated compliance and control environments tailored to the FHLBank System's unique joint and several liability GSE debt issuance governance structure as well as individual FHLBank structure and status as registrants with the U.S. Securities and Exchange Commission (SEC);
- Complex, evolving debt and capital markets risks;
- Significant and complex market risk issues, including, in the case of the FHLBanks, derivatives/hedging issues and managing mortgage portfolios;
- Credit risk for:
    - Advances portfolios with zero credit loss history for the entire FHLBank System;
    - Acquired member asset structures that FHLBanks design and manage so credit risk is quantified and allocated precisely between the FHLBank and its members;[1] and
    - Liquidity and balance sheet investments default risks;
- Liquidity risk;
- Operational risk including technology, resiliency, cybersecurity and data protection;
- Business risk affecting how FHLBanks react to changing business environments and generate a positive return for members and for our communities in our "Community Dividend" programs, which are the contributions FHLBanks make through the Affordable Housing Program, Community Investment Program, the Community Investment Cash Advance Program, Housing Goals, voluntary contributions, and other programs; and
- Extensive model risk management issues, including modeling to manage complex market and credit risk profiles.

In addition to differences in degrees of risk management needs, the FHLBanks are required to address a key risk that their commercial bank peers do not: the coordination and management of a large, highly visible, global agency debt program.[2] The failure to effectively manage these risks in one FHLBank alone can impact other FHLBanks, all FHLBank members (largely insured depository institutions), and the global government agency debt markets.

The FHFA clearly agrees the FHLBanks require extremely high degrees of management acumen and risk management expertise. The FHFA performs highly complex, extensive, and sophisticated annual

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[1] *See* 12 CFR 1268.5 detailing mandatory credit risk sharing requirements for acquired member asset pools.
[2] Fannie Mae and Freddie Mac also operate large, highly visible, global agency debt programs, but are subject to statutory restrictions on executive compensation while they are in FHFA conservatorship and to other restrictions issued by the FHFA as conservator.

examinations with skilled examiners. The FHFA's highly sophisticated regulatory apparatus and supervisory regime demonstrate the FHFA's assessment of the FHLBanks' risk profiles and reflect FHLBank needs for executive talent.

Comparator Groups

The FHLBank executive compensation process is overseen by directors with financial market experience, and 50-60% of boards' directors are member representatives with direct exposure to the consequences of the decisions made by executives of the FHLBanks. The compensation committees of the boards independently engage competent and professional compensation and benefits firms to help design formal compensation policies that are used to benchmark executive compensation and support decisions for salary actions. Compensation committees typically require extensive review and independent assessment of executive compensation proposals before approval, which proposals and assessments must be performed consistent with the FHFA's regulation and guidance. Compensation parameters and the review process have been developed in concert with the FHFA over more than a decade since the passage of the Housing and Economic Recovery Act of 2008.

We submit that the FHFA should carefully consider FHLBank board perspectives and should not impose limitations or caps on aspects of compensation – through regulation, guidance, or otherwise. Our boards of directors are best equipped to design and determine appropriate compensation without requiring additional limitations or caps.

Indeed, the FHLBanks have stable, well-developed, and well-documented executive compensation processes that are data driven and rely on comparison to industry peer groups. FHLBank boards of directors evaluate how the essential functions and required skills of their respective executive positions compare to classes of peer group institutions in areas including:

- Financial risk management:
    - Credit risk (counterparty and transactional).
    - Capital markets management (market risk).
    - Balance sheet / capital management (liquidity risk).
    - Income management (enterprise risk).
    - Profitability / dividends / pricing philosophy (enterprise risk).
    - Interest rate risk management / hedging (market risk).
- Business risk management:
    - Operations / Technology Management.
    - Broad stakeholders, including members, employees, regulators, communities, and other FHLBanks.
    - Primary focus on members.
    - Community development roles.
- Policymaking orientation.
- Federal, FHFA, state, and local regulations, including as to SEC filings and public financial reporting.

As such, the FHFA should not usurp board responsibility and fiduciary duty for determining appropriate market-competitive executive compensation, and the FHFA should refrain from prescribing a primary peer group such as the FHLBanks themselves or a specific asset size of commercial peers. By determining comparators, the FHFA in effect determines the outcomes of comparator analyses, functionally creating a "cap" or limited range of compensation for the FHLBanks, contrary to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended.[3] Instead, the FHFA should continue to consider data provided by the FHLBanks' boards of directors, including their independent and professional compensation consultants, in connection with the review of these board-driven decisions.

In order for an FHLBank's executive compensation (and correspondingly its overall compensation structure for leadership positions) to align with market competitive compensation, the FHLBank's executive compensation should be benchmarked against relevant market-comparable financial firms. As a practical matter, using the FHLBanks as primary peer group can create an overreliance on a small number of entities which in turn can result in circular benchmarking. This can result first in increasing executive compensation for below-median FHLBanks and thereafter can hinder each FHLBank's ability to react to market pressures in attracting or retaining executive talent. These consequences may even draw the attention of the FHFA's supervisory and other staff.

We note that the FHFA has recognized the concern of possibly infringing on an FHLBank board's responsibilities of setting executive compensation in the supplementary information preamble to the adoption of the Finance Agency's executive compensation final rule where the FHFA states: "[the] FHFA avoided translating this requirement [of comparability] into specific mandates to create a certain peer group of a certain size, or even use of a certain process to create the group of comparators, which could have limited the flexibility of the [FHL]Banks in implementing the mandate. FHFA reviews comparability while also respecting the [FHL]Banks' processes for setting compensation."[4]

19. What is the appropriate role of incentive compensation for FHLBank executive officers? Are there metrics or limits that would be appropriate for FHFA to consider in evaluating

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[3] *See* 12 U.S.C. § 4518(d).

[4] "It appears clear that a statutory requirement of comparability would need to operate as a check on compensation that materially exceeds compensation for comparable duties and responsibilities at comparable institutions. Even so, FHFA avoided translating this requirement into specific mandates to create a certain peer group of a certain size, or even use of a certain process to create the group of comparators, which could have limited the flexibility of the Banks in implementing the mandate. FHFA reviews comparability while also respecting the Banks' processes for setting compensation. This review results in no specific level of compensation, nor a range, communicated from FHFA to the regulated entities or OF, in practice or in effect." *See* 79 Fed. Reg. 4389, 4390 (Jan. 28, 2014).

FHLBank incentive compensation structures, for example, to avoid incentivizing excessive risk-taking?[5]

Unlike many peer institutions, the FHLBanks cannot offer equity-based compensation to their personnel. Incentive compensation is therefore essential to attract and retain FHLBank executives. FHLBanks use incentive plan targets to motivate executives to achieve goals set by their boards of directors and to provide correspondingly lower compensation when such goals are not met. Put another way, FHLBank boards of directors are pleased when incentive plan goals are met because it demonstrates management achieved goals the boards of directors prioritized.[6]

FHLBank boards establish incentive targets by weighing strategic business goals, risk appetites, financial forecasts, business needs, GSE mission, diversity and inclusion objectives, payment of stock dividends, the Community Dividend, regulatory priorities, and other institutional needs. Setting incentive compensation performance targets is not an exact science; FHLBank boards need the discretion to establish goals that are achievable but not too easily reachable to incent appropriate behavior.

FHLBank executive compensation structure is intentionally conservative (more fixed pay and less variable pay), which creates less volatility in executive compensation and discourages excessive risk taking (*i.e.*, there is no financial reward for taking outsized risks), consistent with the FHLBanks' regulatory profile and GSE mission. Our compensation philosophy is to be less leveraged and more heavily focused on safety and soundness.

The FHLBanks have low risk appetites and seek to effectively manage risk to their low risk appetites to maximize their ability to serve as reliable sources of liquidity in all economic circumstances. The FHFA should not increase risk to the FHLBanks by requiring metrics for a certain degree of stretch or impairing our ability to tie FHLBank incentive plan goals to specific business and risk management objectives. Moreover, FHFA guidance which limits permissible incentive compensation achievement levels would violate the prohibition on setting ranges or caps for executive compensation.

Nor have FHLBank incentive compensation programs moved beyond their peers; these structures remain conservative. Based on regulations and guidance from the FHFA, our executive incentive plans have been largely standardized to include the following features:

- No executive may receive more than 1x base salary in incentive compensation awards.
- At least 50% of incentive compensation earned by an executive must be deferred and at risk for at least 3 years to discourage short-term thinking and risk taking.

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[5] The incentive compensation programs of the FHLBanks remain subject to multi-agency rulemaking that has not been finalized. Any substantial changes in the FHFA's oversight of these programs, or in FHFA's requirements for these programs, should be coordinated with that rulemaking.
[6] Executive incentive plan goals are generally shared widely throughout an FHLBank, with modifications for enterprise risk management functions. Internal audit functions have different incentive compensation goals and may have different incentive plans altogether.

- Amounts deferred may increase or decrease depending on achievement of additional goals and to compensate the executive for the inability to receive earned awards during the deferral period.
- The FHFA reviews incentive plan goals upon their adoption by our boards of directors and again prior to payout after the end of the measurement period and calculation of awards to ensure no prohibited payment is made.

20. How should the FHLBanks' cooperative ownership structure affect FHFA's review of compensation proposals? How should FHFA weigh deference to compensation decisions proposed by a FHLBank's board of directors (which are presumed to represent the views of its customer/owners) against its statutory mandate to prevent any compensation that is not reasonable or comparable?

The FHLBanks believe its cooperative structure itself reduces the incentive to take excessive risk and to develop and approve reasonable and comparable compensation. Boards of directors align compensation and incentive structures to meet their FHLBank's mission in a safe and sound manner. The institutions which ultimately bear the benefits and risks of FHLBank board decisions, including relating to executive compensation, are FHLBank members. FHLBank boards have a responsibility to attract and retain executive talent that is adept at skillfully handling the rigors of successfully managing their institutions for the benefit of members, and members judge directors based on the results the executives deliver for the FHLBank.

The FHLBanks' cooperative structure and governance ensures that FHLBank directors act and speak for members. Member directors are elected from among FHLBank members' directors and officers.[7] Independent directors bring independent judgment and expertise[8] to their respective boards and share the same fiduciary duties as member directors.[9] Member institutions have the necessary information to evaluate executive compensation because the FHLBanks publicly report executive compensation data, including peer groups, in filings with the SEC. Executive compensation is also disclosed in the FHLBank Combined Financial Reports. Fiduciary duties, the interests of the institutions providing member directors, and executive compensation transparency to all members ensures FHLBank directors have skin in the game.

Congress required the FHFA to give deference to this process by prohibiting the FHFA from prescribing or setting specific levels or ranges of compensation for the FHLBanks.[10] The FHLBanks recognize the FHFA's statutory role with respect to executive compensation, but unlike in the case of a conservatorship, the FHFA cannot substitute its judgment for that of FHLBank boards of directors absent further Congressional direction. Similarly, regulations or interpretive guidance relating to executive

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[7] Similarly, the Office of Finance acts on behalf of the 11 FHLBanks, and the presidents of the FHLBanks (its constituents) constitute the majority of its board of directors.
[8] *See* 12 U.S.C. § 1427(3)(B), 12 CFR §§ 1239.11(c) & 1261.2; *see also* 12 CFR §§ 1273.7-9 with respect to the Office of Finance.
[9] The FHFA additionally reviews and provides non-objection to independent director nominees.
[10] *See* 12 U.S.C. § 4518(d).

compensation that are overly-prescriptive encroach on board responsibility for executive compensation decisions, contrary to a primary governance role of the boards of directors of the FHLBanks and to Congressional directive.

The FHFA should give great weight and deference to the actions of FHLBank boards of directors because of the checks and balances inherent in FHLBank cooperative ownership structure, and continue its focus on the reasonability of the process an FHLBank has established to evaluate executive compensation. A reasonable process, reasonably applied, provides a reasonable result.

21. Which factors should the Director consider when determining whether FHLBank employment involves "similar duties and responsibilities" in "other similar businesses"?

The FHLBanks operate in a highly competitive labor market and compete for necessary executive talent with commercial banks, other financial services firms, and a diversified range of private sector firms in their respective geographic markets.

The Director should consider the scope and complexity of the risk being managed to evaluate what employment involves "similar duties and responsibilities." Among the risks identified above, the capital markets activities of the FHLBanks, through their debt franchise and risk management operations, are extremely complex and operate at a very large scale. Similarly, FHLBank risk appetites are more conservative than comparably-sized peers.

The Director should also consider that the FHLBank's location affects demand for identified skills, often unpredictably. Major financial centers may experience high demand for specific skills and may have higher cost of living. On the other hand, more remote FHLBanks are more likely to face greater relocation costs, and desirable candidates may require greater compensation to agree to relocate to an FHLBank's home city.

Consistent with sound compensation principles and external and independent advice, the boards of the FHLBanks benchmark executive talent against identified peer groups, analyzing the job descriptions found within the peer group against FHLBank roles to ensure comparability. The Director should take a similar approach, and consider the same peer group an FHLBank establishes, when determining whether FHLBank employment involves "similar duties and responsibilities" in "other similar businesses."

22. To what extent should incentive compensation be tied to achieving diversity and inclusion objectives, such as fulfilling the FHLBanks' diversity and inclusion strategic plans? How much, at what levels, and why?

The FHLBanks are committed to promoting and expanding diversity and inclusion in all aspects of their business. To that end, each FHLBank has adopted strategic plans, policies, and procedures to define and advance diversity and inclusion objectives, tailored to its unique needs and contexts. FHLBank boards evaluate diversity and inclusion incentive plan goals in the same context as other incentive plan goals. The FHLBanks oppose establishing a uniform standard for diversity and inclusion goals or mandating the use of diversity and inclusion goals for incentive compensation across all FHLBanks, as such an approach would be inconsistent with the regional, decentralized structure of the FHLBank system.

The FHFA has guided each of the FHLBanks to establish incentive plan goals for diversity and inclusion, and the FHFA has continued to refine its guidance on diversity and inclusion goal design. FHLBank boards of directors have generally implemented these goals for most years' incentive plan goals. The FHLBanks support the FHFA's guidance to date, with the caveat that there may be times when, in the judgment of the board of directors, the institution would be better served by pursuing other incentive plan goals during a period than diversity and inclusion goals at that time. Similarly, it may be more effective to establish incentive plan goals that emphasize the execution of targeted activities, rather than achieving specific results (which may be outside of the FHLBank's control). The FHLBank boards of directors respectfully request the FHFA honor such judgments.

23. How should incentive compensation for the FHLBanks be tied to their mission-related activities (these activities include, but are not limited to, the Affordable Housing Program (AHP), Community Investment Program (CIP), the Community Investment Cash Advance Program (CICA) and Housing Goals)?

The FHLBanks' core mission is to act as a reliable source of liquidity and funding to their members, through all business cycles. The FHFA has recognized this through its Advisory Bulletin (AB 2015-05), which requires the FHLBanks to measure and maintain certain levels of "primary mission assets," defined to include only advances and acquired member assets (which are both liquidity sources for members). As such, we believe that, to the extent that an FHLBank's incentive program includes goals relating to advances and acquired member assets, those goals should be considered "mission-related" goals.

With respect to the "Community Dividend" programs (FHLBank mission-related activities including AHP, CIP, and CICA programs, and the FHLBanks' regulatory Housing Goals), the FHLBanks are proud of the impact that we have on the affordable housing and community development needs of our members and their communities. While the importance of these programs to our members and other constituents cannot be overstated and our contributions to these programs provide a Community Dividend to our members and the communities they serve, we note these programs derive from the strong financial performance of our FHLBanks.

As noted above, FHLBank boards factor the Community Dividend in when establishing incentive plan goals in two ways. First, a board of directors may specifically add goals related to one or more Community Dividend programs in our incentive plan goals. Second, a board of directors also advances Community Dividend programs indirectly through establishing incentive plan goals rewarding FHLBank performance and earnings. This is because Community Dividend programs are funded and enabled by FHLBank profit-generating activities; greater profits and more profit-generating activity directly increase the Community Dividend.

As noted above, incentive plan goals reflect FHLBanks boards' evaluations of business priorities and competing needs. No further mandates or requirements are necessary or appropriate.

24. Are there any topics related to executive compensation that should be considered that these questions have not addressed?

The FHFA issued a supervisory letter regarding FHLBank executive compensation in late 2020. It is unfortunate that the FHFA was unable to have the benefit of the RFI responses when preparing the supervisory letter. The FHLBanks recommend the FHFA reconsider the supervisory letter in light of the RFI responses.

Constraints on executive compensation do not merely affect executives but affect all FHLBank personnel. Compensation for non-executive personnel must fit within executive compensation constraints and also ensure key personnel at all levels can be attracted and retained. The FHFA should carefully consider the risks its executive compensation-related actions may present to the FHLBanks through their unintended effects on non-executive personnel.

No public policy goal is advanced when a director is forced to choose between acting in the best interest of the company or obeying regulatory guidance. The FHFA prudently requires FHLBank directors to maintain policies to assure their oversight of their institutions' compensation programs.[11] Establishment of caps, limits, and other restrictions through regulations and guidance inappropriately constrains directors' abilities to meet their fiduciary duties and could expose the entity to a greater risk of unintended consequences and risks than would otherwise apply.

Sudden changes to the FHLBanks' current executive compensation methodologies may also present risks to FHLBank boards' abilities to retain and attract the executive talent needed to operate the FHLBanks' businesses safely and soundly.

25. With respect to the foregoing questions, FHFA invites interested parties to submit any qualitative or quantitative information, research, studies, or data that supports a commenter's response or is otherwise relevant to the regulated entities' executive compensation policies.

The FHLBanks currently submit extensive confidential data with respect to executive compensation and compensation practices to the FHFA, and do not waive confidentiality with respect to any previously-submitted information. Should the FHFA desire additional information about FHLBank compensation practices, we would welcome the opportunity for further discussion and the submission of additional information on a confidential basis.

[11] *See* 12 C.F.R. § 1239.4(c)(1).

Thank you again for your continuing dialogue on this important topic, and your careful consideration of our comments.

Sincerely,

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