



**VIA FEDERAL EXPRESS AND EMAIL (RegComments@fhfa.gov)**

November 26, 2010

Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA35  
Federal Housing Finance Agency  
Fourth Floor, 1700 G Street, N.W.  
Washington, DC 20552

Re: RIN 2590-AA35

Dear Mr. Pollard:

This letter pertains to the Federal Housing Finance Agency (“Finance Agency” or “FHFA”) publication for comment in the September 30, 2010 Federal Register a proposed rule (“Proposed Rule”) intended to implement a provision in the Housing and Economic Recovery Act of 2008 (“HERA”) requiring the Finance Agency to make available to each FHLBank information relating to the financial condition of all other FHLBanks to assist the FHLBanks in their joint and several liability determinations in connection with the FHLBanks’ consolidated obligations (“COs”).

As we understand the FHFA’s proposal, information shared under the Proposed Rule would include the final Report of Examination (“ROE”) for each FHLBank and any other supervisory reports that the Finance Agency issues to an FHLBank’s Board of Directors. Findings memoranda and other supervisory communications that are not issued to an FHLBank’s Board would not be shared by the Finance Agency. Under the proposal, the Finance Agency would directly provide to each FHLBank the most recent ROE of the other FHLBanks. The affected FHLBank would have the opportunity to request that the Finance Agency redact from the ROE particular information that is ‘proprietary’ material.

The FHLBNY supports the idea of having the FHFA share information that will enhance our ability to evaluate the financial condition of the other FHLBanks. However, we are of the view that the sharing of ROEs is probably not the best method of providing the FHLBanks with the information needed to make such evaluation. There are a number of reasons why we maintain this view. For example, information discussed in an ROE will likely be out of date by the time the report is issued and thereafter provided by the FHFA to a FHLBank. Further, we believe that most of the information in another FHLBank’s ROE will likely not be relevant to the stated intent of the provision of HERA that is behind the Proposed Rule.

Here, we observe that the basis for the information sharing provision in HERA is to help ensure that each FHLBank has sufficient information to evaluate the financial condition of the other FHLBanks to assess the likelihood that it may be obligated to make payments on behalf of

another FHLBank under the joint and several liability on the FHLBanks' COs. With this in mind, the FHLBNY recommends that the disclosure of information about another FHLBank by the FHFA should be limited to the provision of specific financial condition and other information that could give the FHLBanks direct and clear insight as to what the FHFA might do. Such information could include, for example, confirmations from the FHFA that each FHLBank has submitted its quarterly '966.9' certification (whereby each FHLBank is required by regulation to certify each quarter to the FHFA that it will remain capable of making full and timely payment of all of its current obligations, including direct obligations, coming due during the next quarter). The FHFA might consider modifying the quarterly certification to cover a longer period rather than creating a new report.

If the FHLBNY was provided with information that indicated one or more other FHLBanks might not be able to meet their obligations for the principal and interest on the COs for which they are directly responsible, the disclosure by the FHLBNY would be limited to that information -- unless the FHFA disclosed to the Bank additional information about the agency's own specific intentions.

In conclusion, we believe that the FHFA can best meet the requirements of HERA with respect to information sharing by limiting the disclosures related to other FHLBanks to information that focuses on the ability of each FHLBank to meet its direct obligations for the payment of principal and interest on issued COs.

Thank you for your consideration of our comments.

Very truly yours,



Patrick Morgan  
Chief Financial Officer