January 15, 2004

VIA EMAIL (*comments@fhfb.gov*) AND FEDERAL EXPRESS

Federal Housing Finance Board
1777 F Street, N.W.
Washington, D.C. 20006
Attn.: Public Comments

Re: September 17, 2003, Proposed Rule – Registration by Each Federal Home Loan Bank of a Class of its Securities Under the Securities Exchange Act of 1934

Ladies and Gentlemen:

The Federal Home Loan Bank of New York ("Bank") appreciates the opportunity to provide its comments on the Federal Housing Finance Board's ("Finance Board's") proposed rule ("Proposal") regarding the registration of a class of its securities under the Securities Exchange Act of 1934 ("Exchange Act").

The Board of Directors and management of the Bank support the Finance Board's objective of having our Bank provide comprehensive and enhanced securities disclosures as an SEC registrant.

However, we believe that it is essential that the registration process progresses in a manner that ensures that the transition to registrant status does not hinder the continued performance of our housing finance mission.

I. Registration with the SEC Should Proceed Only Upon the Determination that Certain Conditions Have Been Satisfied

To the extent that the Finance Board requires the Bank to become subject to the regulatory jurisdiction of another agency that does not share the Finance Board's statutory responsibilities for maintaining the safety and soundness of the Federal Home Loan Banks ("FHLBank" or "FHLBanks") and for ensuring that the FHLBanks are able to raise funds in the capital markets, it is imperative that the Finance Board take the appropriate steps to minimize the possible adverse impact that SEC registration may have on the Bank and on the Finance Board's ability to continue to carry out the mission assigned to it by Congress. As such, we believe that there are two conditions to registration, which we discuss below, that should be specified in the final regulation:

A. The first condition that we believe should be specified in the final regulation is a requirement that, prior to registration, a formal memorandum of understanding be executed between the Finance Board and the SEC ("MOU").

We believe that the MOU should include, at a minimum, the following points:

1. Statements of condition of the Bank and combined statements of condition of the FHLBanks should not be required to reflect any liability amount for the future obligations by the Bank or the FHLBanks to the Resolution Funding Corporation.

2. Statements of condition of the Bank should not be required to reflect the fair value of any liability related to the contingent payment liability of the Bank for repayment of consolidated obligations of the FHLBank System of which it did not receive proceeds.

3. Statements of condition of the Bank should not in any respect be required to reflect or take into account the financial condition of any other FHLBank, nor should the Bank be required to make any statement or certification in relation to the financial statements, operations or activities of any other FHLBank.

4. The Bank statement of condition and the combined statement of condition of the FHLBank System should reflect as equity all shares of Class A and B Stock. The stock should not be required to be referred to as "putable" or "redeemable", and the statutory definition at 12 U.S.C. 1426(a)(5) of Class B stock as permanent capital should be recognized as authoritative on this matter.

5. The FHLBanks should be authorized to continue to prepare their joint financial statements issued in connection with consolidated obligations in the form of combined financial statements.

6. The FHLBanks should be exempted from the application of provisions of the Exchange Act and SEC rules that are not appropriate or consistent with the unique Congressionally mandated structure of the FHLBanks. Specifically such exemptions should apply to sections 13(d), (e), (f) and (g), sections 14(a), (c), (d) and (f) and section 16 of the Exchange Act and the SEC rules issued thereunder, as well as to the SEC's Regulation FD.

7. The SEC will give prompt consideration to requests by the Finance Board or a FHLBank for exemptive action or interpretive advice in regard to provisions of the Exchange Act and SEC rules that may interfere with or may not be properly applicable to a FHLBank because of the cooperative membership structure of the FHLBanks, the absence of a public market for the equity securities of the FHLBanks, the frequent issuance of joint and several liability consolidated obligations by the FHLBanks or other circumstances relating to the unique structure of the FHLBank System.

8. The SEC will act promptly and on a priority basis in resolving any issues that may arise in regard to the Bank in order to minimize the potential for disruption of the Office of Finance's issuance of consolidated obligations. The SEC in resolving any such issues must give due consideration to the safety and soundness of the Bank and the FHLBank System and to the importance of maintaining access to the capital markets.

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B. The second condition that we believe should be specified in the final regulation is the inclusion of an affirmation by the Finance Board that, under 12 U.S.C. 1426(e)(1), the Banks have sole discretion as to whether to redeem shares of Class A or B Stock of a continuing member that are in excess of the minimum stock investment of that member and as to which the applicable redemption period has expired. This revision would avoid possible adverse accounting and financial statement characterizations of Class A and Class B Stock under Generally Accepted Accounting Principles.

II. Registration Should Not Occur Until the Bank has Adequate Time to Evaluate How Its Unique Structure, Operation, Joint and Several Liability and Housing Mission Can Best Be Accommodated by the Exchange Act

If the Finance Board ultimately does not enter into an MOU with the SEC as described in Section I above, and decides to adopt the Proposal in its current form, it will be essential that the Bank be given adequate time to address and resolve the issues that would have been covered by the MOU.

Depending on the status of the issues that would have been addressed by the MOU at the time the Proposal was adopted in final form, our Bank might have to request various forms of exemptive or other relief from the SEC. We might also have to request certain regulatory or other actions by the Finance Board in order to be in a position to accommodate requirements of the SEC that are not consistent with the current operations of the FHLBank System.

In addition, the FHLBanks individually and collectively may be required to develop and implement new procedures and controls to address SEC requirements, particularly to the extent that the SEC may seek to impose some degree of responsibility on an individual FHLBank with respect to the financial statements, condition, or business operations of the other FHLBanks. Any such requirements would represent a major change in the current governance and information sharing principles under which the FHLBanks currently operate. It would require careful consideration by the FHLBanks and the Finance Board of how a far more integrated relationship among the FHLBanks could and should be structured, as well as the statutory and regulatory changes that might be necessary to accomplish such a restructuring.

Therefore, in order to ensure that all the actions necessary for the continued safe and sound operation of the Bank after the SEC registration process are accomplished, the final version of the Proposal should not require the Bank to register a class of equity securities with the SEC under the Exchange Act with respect to fiscal quarters ending prior to December 31, 2004.

The Bank commends the Finance Board for its commitment to the objective of having each of the FHLBanks provide comprehensive and enhanced securities disclosure.

Thank you again for the opportunity to comment on the Proposal.

Very truly yours,

Paul S. Friend
General Counsel

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