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January 8, 2015

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW
Washington, D.C. 20024

Re: Notice of Proposed Rulemaking and Request for Comments- Members of the FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard:

I am writing on behalf of Commerce Bank to express my concern about the notice of proposed rulemaking regarding membership eligibility in Federal Home Loan Banks (FHLBanks) put forward by the Federal Housing Finance Agency (FHFA). The proposed rule includes significant and unnecessary changes to long-standing membership rules for the FHLBank system. The proposed changes are inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act). For these reasons Commerce Bank opposes this proposed rule.

I am Chief Financial Officer of Commerce Bank. Commerce Bank, is a subsidiary of Commerce Bancshares, Inc. (NASDAQ: CBSH), a \$22.7 billion regional bank holding company, as of September 30, 2014. For almost 150 years, Commerce Bank has been meeting the financial services needs of individuals and businesses. Commerce Bank provides a diversified line of financial services, including business and personal banking, wealth management, financial planning, and investments through its affiliated companies. Commerce Bank operates in more than 350 retail locations in the Central United States and has a nationwide presence in the commercial payments industry. Commerce Bancshares also has operating subsidiaries involved in mortgage banking, leasing, credit-related insurance, and private equity and real estate activities.

Your agency's proposed rules could fundamentally change how, or even whether, a depository financial institution such as Commerce, could remain a member of the FHLB Des Moines. Large institutions could be expelled from membership for not having at least 10 percent of their assets in mortgages, and small banks and credit unions without at least 1 percent of their assets in mortgages could face such a fate. This is enormously disturbing. We need to know that the FHLB Des Moines can provide funding on a moment's notice as it did in the recent financial crisis.

We agree with more than two dozen U.S. Senators who said in a recent letter to your agency "The consequences are harsh and the terms of the proposed rule are inconsistent with the express terms of the FHLBank Act." Industry groups have said the mortgage asset test is unnecessary and believe it could negatively impact liquidity in the Home Loan Bank System.

Because the proposals would harm FHLBank members and hurt housing, credit and economic growth, we ask that the FHFA withdraw the new membership rules contained in its September 12, 2014 Notice of Proposed Rulemaking and work with FHLB members to preserve the FHLBs as a reliable partner of its members that benefits local lending institutions, communities, housing, homeownership and the nation's economy. Commerce Bank strongly recommends that you withdraw the proposed rule. Thanks for taking our comments into consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles G. Kim', with a long horizontal flourish extending to the right.

Charles G. Kim
Chief Financial Officer
Commerce Bancshares, Inc.

CGK/um