



December 27, 2016

Federal Housing Finance Agency
400 Seventh Street, SW, 8th Floor
Washington, DC 20219
Re: RIN 2590-AA78

Dear Sir or Madam:

Ramirez & Co. is pleased to have an opportunity to comment on the Federal Housing Finance Agency (FHFA) proposed amendments regarding its new regulations on minority and women inclusion (12 CFR Part 1207).

Ramirez has enjoyed long term and expanding relationships with all of the Government Sponsored Enterprises ("GSE"). Over the past two years, this relationship has deepened as the GSEs have made a strong effort to enhance business opportunities with qualified Minority and Woman Owned Broker Dealers ("MWOBs"). Nevertheless, we feel there are three areas where more of an emphasis can be made to ensure even greater participation to benefit all involved:

1. Institute a stated target percentage goal of GSE business done with minority firms
2. Where appropriate, allow MWOB broker/dealers to assume roles equivalent to non-MWOB firms
3. Greater utilization of minority firms in fee based, non-syndicate business as well as secondary trading

Following are examples where we feel particular focus should be given:

FHLB AUCTIONS

Currently FHLB utilizes an auction process for term debt (2 years to 15 years) as well as for discount notes. There appears to be no MWOB inclusion in either process. For discount notes, recent commission changes have provided incentives for broker dealers to emphasize the auction process to fill customer orders. However, MWOBs are unable to participate due to minimum capital requirements that minority firms cannot satisfy.

Similarly, term debt auctions provide an opportunity for broker dealers to participate in the market on behalf of investors. Again, minority firms are excluded from doing so. This puts MWOBs at a significant disadvantage to other dealers who are in the auction program as they can negotiate specific trades with FHLB.

Ramirez recommends that FHLB reexamine minimum capital requirements and other criteria which effectively preclude MWOBs from participating in the auctions.

BENEFITS OF MWOB AUCTION INCLUSION TO FHLB:

- Greater competition in the auction process lowers cost of funds
- MWOB auction participation should be predicated on customer orders to place auctioned bonds/discount notes directly with investors. Currently auctioned securities can be held in dealer inventory (this potentially increases funding costs through increased, unplaced securities)

SYNDICATED MORTGAGE DEBT AND SENIOR UNSECURED DEBENTURES

(Globals, Reference Notes and Benchmarks)

For syndicated multi-family mortgage debt issues (FHMS K and FNMA GeMs): Freddie Mac and Fannie Mae currently pay MWOB firm co-managers a fixed amount regardless of performance. The fee is a much smaller percentage than compensation received by non-MWOB co-managers. There is no opportunity or criteria established to allow MWOBs to move up to a greater syndicate role or to increase the fee based performance.

Credit Risk Transfer (CRT): Freddie Mac and Fannie Mae pay minority firms a fee and concession for bringing new investors to the program. The total compensation is considerably smaller than that received by non-MWOB firms. The GSEs have provided an opportunity for MWOBs to move up to a greater syndicate role but there is great difficulty to do so given the size of the fee versus the amount of work and cost-benefit necessary to generate new customer orders.

Ramirez notes that FHLB, FHLMC and FNMA have slightly different practices when issuing global notes, reference notes and benchmark notes, respectively. While FNMA and FHLMC have elevated MWOB firms to the role of co-manager, FHLB utilizes MWOBs in a lower syndicate role of "Distribution Group". Ramirez recommends that FHLB provide MWOB firms the opportunity to participate in syndicates as a "co-manager" similar to the roles the firms play in FNMA and FHLMC deals. Ramirez also believes all the agencies should consider opportunities for qualified MWOB firms to play more senior roles in syndicates-including "lead manager" which is common among municipal bond issuers, and is becoming more common among frequent corporate bond issuers.

BENEFIT TO FHLB, FNMA AND FREDDIE MAC TO INCREASE COMPENSATION TO EQUAL NON-MWOB BROKER/DEALERS:

A greater move towards increasing opportunities, fees and incentivizing compensation in line with what the GSEs are paying non-MWOB dealers has a number of benefits:

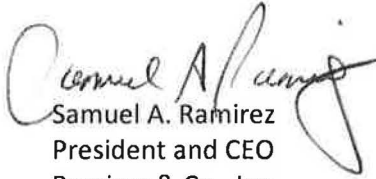
- Increased MWOB performance ensures wider placement of GSE securities and lowers the cost of funds for the GSEs
- Increased fees/compensation will increase orders from new investors
- Many investors with stated percentage MWOB business goals find the easiest way to execute business with an MWOB broker/dealer is in the new issue market

MWOB broker/dealers have had a long and mutually beneficial relationship with the GSEs. We greatly appreciate any opportunity to build upon and enhance this relationship. There are other new issue markets, i.e. municipal bonds, where minority broker/dealers are provided equal opportunities and

treatment with non-MWOB firms. Additionally in the corporate bond new issue market, frequent issuers provide the MWOBs with the opportunity to achieve higher roles in syndicates, including lead manager. Wall Street's customer is becoming increasingly diverse. It is a good business practice for GSEs to encourage equal opportunity as well in their relationships with a diverse group of MWOB investment banks.

Thank you.

Best regards,

A handwritten signature in black ink, appearing to read "Samuel A. Ramirez". The signature is fluid and cursive, with a large initial "S" and a long, sweeping tail.

Samuel A. Ramirez
President and CEO
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