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March 24, 2003

By Messenger and Electronic Mail

**Freddie
Mac**

Alfred M. Pollard, Esq.
General Counsel
Office of Federal Housing Enterprise Oversight
1700 G Street, NW
Fourth Floor
Washington, DC 20552

Re: Proposed Regulation: Public Disclosure of Financial and Other
Information; RIN 2550-AA25

Dear Mr. Pollard:

Freddie Mac appreciates the opportunity to submit its comments concerning the Public Disclosure of Financial Information and Other Information regulation proposed by the Office of Federal Housing Enterprise Oversight ("OFHEO") and published in the Federal Register on January 23, 2003.¹ Through this regulation, OFHEO will facilitate completion by Freddie Mac and Fannie Mae (together, the "Enterprises") of the steps that they have agreed to take in connection with their voluntary registration of common stock under the Securities Exchange Act of 1934 ("1934 Act").

Freddie Mac has historically provided extensive financial disclosure modeled after (and in many cases exceeding) the mandatory requirements set by the Securities and Exchange Commission ("SEC") for 1934 Act-registered corporations. As you are aware, Freddie Mac announced on July 12, 2002 that it would voluntarily subject itself to all of the SEC financial disclosure obligations required of 1934 Act reporting companies. To implement this voluntary registration, which resulted from a consensus among the Office of Federal Housing Enterprise Oversight ("OFHEO"), the SEC and other federal agencies, Freddie Mac will register its common stock voluntarily under Section 12(g) of the 1934 Act. This voluntary registration will require Freddie Mac to file with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. In addition, Freddie Mac has agreed to meet the SEC's filing requirements with respect to proxy statements, as set forth in §§ 14(a) and (c) of the 1934 Act, and insider trading reports for its officers and directors, as set forth in § 16 of the 1934 Act. An OFHEO regulation requiring that these filings be made with the SEC would provide a legal basis for the imposition

¹ 66 Fed. Reg. 3194 (Jan. 23, 2003).

of these requirements.² Accordingly, Freddie Mac agrees with the substance of the proposed regulation concerning financial disclosures, subject to our comments below.

Comments

Structure of Regulation – Freddie Mac believes that OFHEO's proposed structure of § 1730.3 of its regulation does not articulate a sufficiently clear legal mandate to comply with various SEC requirements and could be the source of confusion regarding the scope of the obligations that would be imposed by the regulation. The principal requirements of OFHEO's proposed regulation are contained in § 1730.3, which OFHEO has structured in two paragraphs. Proposed paragraph (a) sets an open-ended requirement to prepare periodic disclosures and proposed paragraph (b) indicates that the paragraph (a) requirement will be satisfied through compliance with enumerated SEC requirements. Freddie Mac believes that a structure that simply requires the Enterprises to meet specific SEC filing requirements for 1934 Act registrants would be more consistent with the July 12, 2002 announced understanding concerning voluntary registration and would avoid any confusion as to the precise legal requirements applicable to the Enterprises.

Our principal concern with OFHEO's proposed structure is that questions could be raised about whether it fully effectuates the July 12, 2002 announcement. As stated above, registration of common stock with the SEC pursuant to § 12 of the 1934 Act will legally obligate Freddie Mac to file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Taken alone, however, this step would not make Freddie Mac fully subject to the same legal obligations that apply to other 1934 Act registrants. That is why, as part of the July 12 announcement, Freddie Mac welcomed a supplemental disclosure regulation by OFHEO that would require the submission of proxy statements, and insider trading reports by officers and directors, to the SEC, as is done by other 1934 Act registrants. While OFHEO's proposed structure presents compliance with specified SEC requirements as a safe harbor for satisfying a more general disclosure obligation of unspecified scope, the proposed structure does not set a clear mandate to comply with those SEC requirements, as we believe would be consistent with the July 12, 2002 announcement.

In addition, the structure of OFHEO's proposal (*i.e.*, an open-ended requirement in paragraph (a), followed by a "safe harbor" in paragraph (b)) could create confusion regarding the obligations imposed on the Enterprises. It is unclear whether OFHEO's proposed rule is imposing a disclosure obligation that is different from the specific SEC requirements that were the subject of the July 12, 2002 announcement (*i.e.*, those requirements set forth in paragraph (b)). Ambiguity in this regard would hinder the goal of the July 12 announcement, which was to promote consistency and uniformity between the Enterprises and other 1934 Act registrants. We believe that OFHEO's regulation should indicate unambiguously that the Enterprises are subject to the same legal standards that govern other 1934 Act registrants.

² Requirements that the Enterprises file proxy statements with the SEC and that their officers and directors file insider trading reports with the SEC are consistent with the specific objective of facilitating voluntary registration, as announced on July 12, 2002. Nevertheless, Freddie Mac does not believe that OFHEO's statutory authority with respect to Enterprise disclosure is open-ended.

To avoid any question that the Enterprises are subject to the legal standards that govern other 1934 Act registrants and to eliminate any ambiguity with respect to Enterprise disclosure obligations, we believe that OFHEO should modify proposed § 1730.3 by deleting proposed § 1730.3(a) and merely requiring the Enterprises to comply with the SEC regulations specified in proposed § 1730.3(b) with respect to the submission of proxy statements and insider trading reports by officers and directors.

Disclosure of Management's Expectations – Section 1730.3(a) of OFHEO's proposed regulation would require periodic disclosure of, among other items, "management's expectations." This phrase illustrates the potential confusion that could result from the structure of the proposed regulation. While proposed § 1730.3(b) indicates that compliance with specified SEC regulations satisfies the disclosure requirements of paragraph (a), we note that SEC regulations with respect to periodic reports do not require disclosure of management expectations.³ As we indicate in the preceding paragraph, ambiguities arising from the structure of proposed § 1730.3 would be eliminated by removing proposed § 1730.3(a) and simply requiring the Enterprises to comply with the SEC regulations specified in proposed § 1730.3(b).

Staff Interpretations – Section 1730.3(b)(1) of OFHEO's proposed regulation requires an Enterprise that is satisfying its disclosure obligations through compliance with various SEC regulations to prepare and make public materials "that may be required under the rules and regulations of the [SEC], including interpretations of the Commission and its staff" This phrasing appears to impose a legal obligation on the Enterprises to comply with the interpretations of SEC staff, although no such requirement applies to other SEC registrants. While the SEC staff regularly provides guidance on the interpretation of securities laws, these staff interpretations are not statements of the SEC and are not binding on the SEC itself.⁴ In order to eliminate any question that OFHEO is requiring the Enterprises to comply with interpretations of SEC staff that are not otherwise binding on other SEC registrants, we recommend that OFHEO delete the words "and its staff" from its proposed rule.

Confidential Treatment – Section 1730.4 of OFHEO's proposed regulation requires the Enterprises to provide to OFHEO copies of all disclosures filed with the SEC. Under specified circumstances, the SEC accords confidential treatment to required submissions.⁵ In order to ensure consistency with respect to any grant by the SEC of confidential treatment to an Enterprise submission, we recommend that OFHEO modify § 1730.4 to indicate that OFHEO

³ The SEC encourages forward-looking statements and provides a safe harbor in § 21E of the Exchange Act for assertions of projections, plans, objectives and future economic performance. However, registrants are not required to make such statements.

⁴ SEC staff interpretations routinely include disclaimers to advise that such interpretations are not binding statements of SEC policy. See, e.g., SEC, Division of Corporation Finance, *Staff Legal Bulletin No. 14A* (Jul. 12, 2002) ("The statements in this staff legal bulletin represent the views of the Division of Corporation Finance. This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission. Further, the Commission has neither approved nor disapproved its content.").

⁵ See Rule 24b-2 promulgated under the 1934 Act.

Alfred M. Pollard, Esq.

March 24, 2003

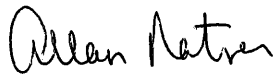
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will keep confidential any disclosures that receive confidential treatment from the SEC, under the same terms and for the same period of time as specified by the SEC.

* * * *

Again, thank you for providing us with the opportunity to comment on this proposed regulation. Please let us know if there is any additional information you might need as you consider our comments and determine the final form of the regulation.

Very truly yours,

A handwritten signature in cursive script that reads "Allan Ratner".

Allan Ratner

Vice President and Deputy General Counsel