



No.: **2002-63**

Date: **December 20, 2002**

FEDERAL HOUSING FINANCE BOARD

Requesting Comment from the Federal Home Loan Banks Regarding Concerns Over and the
Consequences of Ongoing Changes in the Financial Services Industry

WHEREAS there have been significant statutory, regulatory and technological changes to the financial services industry in recent years, including the advent of interstate branch banking and consolidation within the banking and thrift industries; and

WHEREAS these changes within the financial services industry have affected the distribution of members and membership assets among the Federal Home Loan Banks (FHLBanks); and

WHEREAS changes in the distribution of members and membership assets can affect the distribution of capital and advances business, the concentration of assets, and the regional availability of Affordable Housing Program funds among the FHLBanks; and

WHEREAS the primary responsibility of the Federal Housing Finance Board (Finance Board) is to preserve the safety, soundness and housing finance mission achievement of the FHLBanks and the FHLBank System; and

WHEREAS the Finance Board possesses and has exercised broad supervisory and regulatory authority, including, but not limited to regulating membership terms, to advance the Finance Board's statutory mandate to ensure that the FHLBanks operate in a safe and sound manner, carry out their housing finance mission and remain adequately capitalized;

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors hereby requests comments, by no later than February 7, 2003, from the FHLBanks identifying their specific concerns, if any, arising from the ongoing changes in the financial services industry comprising the FHLBank system membership and suggesting appropriate supervisory or regulatory responses from the Finance Board; and

IT IS FURTHER RESOLVED that, if the Board of Directors subsequently determines that regulatory action regarding the terms of membership is appropriate to address the consequences for the FHLBanks of ongoing changes in the financial sector, the Finance Board will conduct a public process in accord with the Administrative Procedures Act and will include all comments received pursuant to this Resolution as well as all relevant comments submitted pursuant to its October 2001 solicitation of comments regarding membership rules, as part of the official record of that rulemaking.

By the Board of Directors of the Federal Housing Finance Board

/s/ John T. Korsmo
John T. Korsmo, Chairman