



ADVISORY BULLETIN 2005-AB-02

February 24, 2005

***Federal Housing Finance Board
Office of Supervision***

To: Federal Home Loan Bank Chairs, Presidents, and Directors of Internal Audit
Office of Finance Managing Director

From: Stephen M. Cross
Director
Office of Supervision

Subject: Federal Home Loan Bank Registration with the Securities and Exchange
Commission

Background:

On June 23, 2004 the Board of Directors of the Federal Housing Finance Board (Finance Board) adopted Part 998 of its regulations. Part 998 requires each Federal Home Loan Bank (Bank) to register a class of its equity securities with the Securities and Exchange Commission (SEC). *See* 69 Fed. Reg. 38799 (June 29, 2004). Specifically, each Bank is required to file a registration statement by no later than June 30, 2005 under the registration provisions of section 12(g)(1) of the Securities Exchange Act of 1934. The Finance Board's regulation further requires that each Bank ensure that its registration statement is declared effective by the SEC no later than August 29, 2005.

On August 6, 2004 and again on October 29, 2004, the Office of Supervision issued guidance on the registration process and our quarterly monitoring of each Bank's progress toward SEC registration and compliance with part 998. *See* Advisory Bulletins 2004-AB-03 and 2004-AB-06. Advisory Bulletin 2004-AB-06, in particular, alerted each Bank's board of directors and management that the registration process for the Banks will likely take several iterations and consume time and effort as the SEC responds to each draft submission.

As the regulatory deadlines approach, each Bank is expected to follow the guidance outlined below and to provide periodic reports to its Finance Board examiner-in-charge, who will also follow up with on-site visitations, where appropriate. These monitoring efforts may also form the basis for subsequent guidance, recommendations, or other supervisory actions, as may be deemed necessary or appropriate.

Guidance:

Each Bank is responsible to ensure that each of the following steps has been taken and its progress toward SEC registration has been communicated to its examiner-in-charge.

Each Bank should already have submitted an initial draft Form 10 to the SEC. Any Bank that has not yet done so should submit an initial draft to the SEC by no later than March 15, 2005.

- Each Bank should provide a copy of any comment letter(s) or other SEC correspondence received in connection with the Bank's initial and any subsequent Form 10 submissions or filings to its examiner-in-charge immediately upon receipt thereof from the SEC.
- Each Bank should respond to any SEC comments on submissions or filings in a timely manner. Though the amount of time necessary to respond will depend on the nature of the SEC comments on the Bank's submissions and filings, we expect a Bank normally to respond within 20 calendar days of the date it receives the SEC comments. If a Bank has not responded to SEC comments received prior to the date of this Advisory Bulletin, the Bank should respond to those comments by no later than March 15, 2005. This schedule should facilitate each Bank's ability to respond adequately to what, in some cases, may be a series of SEC comments while complying with the deadline for an effective SEC registration statement as set forth in part 998.
- Each Bank should provide copies to its examiner-in-charge of all Form 10 submissions and filings, all responses to SEC comments, and all other correspondence with the SEC at the same time such materials are sent to the SEC.

Each Bank is expected to communicate the following information in writing to its examiner-in-charge by the 15th day and the last day of each month: (1) whether it has had any communication(s) with the SEC in the intervening period; (2) the nature of any such communication(s); and (3) the target date for the Bank's next submission to or filing with the SEC and an updated project timeline for complying fully with the filing requirements in part 998.

Principal Finance Board Contact:

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<p>An Advisory Bulletin is a staff document through which the Office of Supervision provides guidance to the Federal Home Loan Banks and the Office of Finance regarding particular supervisory issues. Although an Advisory Bulletin does not have the force of a regulation or an order, it does reflect the position of the Office of Supervision on the particular issue and as such will be followed by examination staff. If non-compliance with an Advisory Bulletin is cited as the basis for a supervisory determination, any such determination will be subject to review by the Board of Directors pursuant to the procedures of 12 C.F.R. § 907.9. Advisory Bulletins are effective upon issuance.</p>
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