



# NEWS

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## **FEDERAL HOUSING FINANCE BOARD ADOPTS PROPOSED RULE ON REGISTRATION UNDER SECURITIES EXCHANGE ACT OF 1934**

The Federal Housing Finance Board today adopted a proposed rule to enhance the financial disclosures of the Federal Home Loan Banks through voluntary registration with the Securities and Exchange Commission under section 12(g) of the Securities Exchange Act of 1934.

"My goal is ensure that the Federal Home Loan Banks play their part, as government sponsored enterprises, in contributing to the smooth functioning of the capital and mortgage finance markets," Chairman John T. Korsmo said. "Consistent and full disclosures of these institutions' finances and corporate governance also serve the public, who stand behind their charters as government sponsored enterprises."

"The time has come to put in place a disclosure regime that achieves these goals, and today's proposal will accomplish just that," he said.

Under section 12(g) of the Securities Exchange Act of 1934, each Federal Home Loan Bank would register a class of its securities with the SEC, bringing each Bank into the periodic disclosure regime as interpreted and administered by the SEC.

The proposed rule provides a 120-day comment period.

Korsmo expressed hope that each of the 12 Banks would use the comment period to work with the SEC on the steps necessary to complete voluntary registration. If that does not occur, then the final rule will require registration.

The Finance Board's vote today follows two recent requests for a Finance Board regulation requiring voluntary registration with the SEC.

- In an August 21 letter, the Board of Directors of the Federal Home Loan Bank of San Francisco, outlined its preference now that alternatives to voluntary registration have been precluded: "In this regard, we believe that the Federal Housing Finance Board should assist the boards of directors of Federal Home Loan Banks in responding to your request for voluntary registration by duly adopting a regulation addressing the directors' fiduciary duty in this context and requiring registration if it is the Federal Housing Finance Board's position that registration is appropriate," the directors wrote in response to a July 24 joint letter from Korsmo, Treasury Secretary John W.

Snow and Secretary of Housing and Urban Development Mel Martinez.

- On June 26, the Board of Directors of the Federal Home Loan Bank of Atlanta adopted a resolution also saying, "(Should) it become apparent that SEC registration is inevitable, the Bank should suggest that a regulation mandating such registration could help alleviate concerns regarding potential liability associated with voluntary registration."

In advance of any regulatory action, the Board of Directors of the Federal Home Loan Bank of Cincinnati last month resolved to "actively engage, effective immediately, in the process of voluntary registration with the SEC of its member-held stock." In February, the board decided to pursue registration, saying it could be "accomplished with minimum disruption to the operations of the Federal Home Loan Bank System."

On Tuesday, the Chairman testified on voluntary registration before an oversight hearing on the Federal Home Loan Bank System held by the Subcommittee on Financial Institutions of the Senate Banking, Housing, and Urban Affairs Committee. A copy of his prepared testimony is available from the Finance Board's website [here](#).

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