



NEWS

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FINANCE BOARD SOLICITS COMMENTS ON MULTIPLE FHLBANK MEMBERSHIPS

The Federal Housing Finance Board today approved a notice and solicitation of comments that addresses the issue of multiple memberships in Federal Home Loan Banks, particularly the ramifications it could have for the FHLBank System.

The notice solicits public comment on a series of policy questions relating to whether single financial institutions should be allowed to become members of more than one FHLBank at the same time, particularly in cases where a member of one FHLBank district acquires a member institution in a different FHLBank district.

“This issue relates to the consolidation that has been occurring in the banking industry, and raises a variety of questions about how the FHLBank System should respond to these changes,” said Finance Board Chairman J. Timothy O’Neill. “Since this is an issue of great importance to the future of the FHLBank System, we want the FHLBanks, their members and any other interested parties to make their views known. Their input will be of great assistance as we decide what our course of action will be.”

The solicitation poses nine separate questions relating to: 1) consolidation of institutions within the banking industry; 2) how such consolidation affects the FHLBank System; 3) whether permitting multiple memberships by one institution would enhance or detract from the cooperative nature of the FHLBank System; 4) what alternatives might better address these issues, and 5) how it would affect the Affordable Housing Program (AHP).

The solicitation also poses eight questions about how to resolve the variety of regulatory issues that would need to be addressed if single institutions were allowed to join more than one FHLBank. Under current Finance Board regulations, no single institution can be a member of more than one FHLBank. However, about 100 holding companies have two or more subsidiaries, each of which belong to a different FHLBank.

Upon publication of the solicitation in the Federal Register, there will be a 90-day period for public comment. The [full text of the notice is here](#).

The Finance Board also approved today a final rule on the AHP that streamlines monitoring requirements and enhances program implementation. In addition, the Board approved a final rule with

technical amendments to the Community Investment Cash Advance program regulations, and a waiver extending until January 28, 2002 compliance with regulations relating to unsecured credit limits and minimum liquidity requirements.