

# Federal Housing Finance Agency



Constitution Center

400 7<sup>th</sup> Street, S.W.

Washington, D.C. 20219

Telephone: (202) 649-3800

Facsimile: (202) 649-1071

[www.fhfa.gov](http://www.fhfa.gov)

## **FHLBank System at 100 Roundtable: Corporate Governance and System Structure March 13, 2023 | 1:00 – 4:00 p.m. E.T.**

- The Federal Home Loan Bank Act (Bank Act) requires that boards of directors of the FHLBanks comprise member directors and independent directors (with independent directors comprising less than half, but no fewer than 2/5 of the board), establishes eligibility and qualification criteria for directors, and sets forth the duties of FHLBank directors. The Bank Act also includes rules governing director nominations and elections.
  - What is the appropriate size, composition, and proportion of independent directors on a FHLBank’s board of directors? Do members, via their board representation, have too much control over the selection of independent directors?
  - Do the statutory qualifications for serving as a public interest independent director ensure representation of consumer and community interests? If not, how should they be changed?
  - Are the interests of the various types of FHLBank members and differently-sized FHLBank members adequately represented? If not, how can this be accomplished?
  - How can the FHLBanks increase diversity on their boards?
  - Should the range of expertise required to be covered by a FHLBank’s independent directors be expanded? (Areas currently required to be covered are financial management, auditing and accounting, risk management practices, derivatives, project development, organizational management, and the law.)
- How effective are the FHLBanks’ boards in ensuring their FHLBank operates in a safe and sound manner? How effective are they in ensuring the public policy mission of the FHLBank is carried out? Do the boards exercise appropriate oversight of FHLBank management?
- What changes could be made to the statutory or regulatory requirements to incentivize directors and executives to ensure the FHLBanks’ safety and soundness and mission achievement?
- Should there be restrictions or limits on the compensation executives and board members receive—or should FHFA be given the authority to impose such limits?
- Are there changes that could be made to the structure of the FHLBank System, including consolidation, that would strengthen the organizational and operational efficiency of the FHLBanks? If so, please describe them. If not, please explain why.

To submit in advance:

- What is the single most important change you would recommend to the statutory or regulatory requirements pertaining to FHLBank governance? If you believe no changes are needed, explain why not. What public policy purpose would be served by your recommendation? How would it affect the safety and soundness and mission achievement of the FHLBanks?
- If you could start from a blank slate, what would governance of the FHLBanks look like?
- Other bullet points outlining the issues you would like to discuss.