



FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Building Partnerships. Serving Communities.

December 4, 2009

*via electronic mail to:
RegComments@fhfa.gov*

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA31
Federal Housing Finance Agency
Fourth Floor
1700 G Street, N.W.
Washington, DC 20552

**RE: Comments/RIN 2590-AA31
Federal Home Loan Bank Directors' Compensation and Expenses**

Dear Mr. Pollard:

The Federal Housing Finance Agency ("FHFA") has issued a proposed rule with respect to the Federal Home Loan Bank Directors' Compensation and Expenses (the "Proposed Rule"). This letter sets forth the comments of the Federal Home Loan Bank of Indianapolis (the "Bank") with respect to the Proposed Rule.

Our comments are as follows:

I. Director Attendance

- With respect to reporting on director attendance, 12 CFR Part 1261.25(f) should be clarified to confirm that a director's attendance may be in-person or via telephone or video conference.

II. Expenses Paid to Each Director—Aggregation of Group Expenses

- The Proposed Rule, in 12 CFR Part 1261.25(d), states that "each Bank shall, in its annual report, state the total expenses paid to each director in that year." This information must also be reported annually to the FHFA per 1261.21(b). We suggest that the final regulation clarify that actual expenses incurred by directors, but are not reimbursed back to the directors (for example, group dinners) should not be reported as an expense. These aggregated expenses may be reviewed as part of the regular Bank examination process. Alternatively, if all director expenses incurred but not reimbursed must be reported under the regulation, we suggest that these requirements be clarified to indicate that director

expenses incurred at group functions may be aggregated and the average cost allocated back to each director. This avoids unnecessary tracking of actual director expenses. The added cost and burden of tracking these actual expenses by each director outweighs the incremental benefit (versus disclosing the same information on an average basis per director).

If a director is reimbursed for an expense individually incurred by that director, such disclosure does not create an added burden on the Bank. In these cases, the expense averaging method would not be necessary.

III. New Annual Report Disclosures Should Be Effective For 2010

- Since the proposed disclosures per 12 CFR Parts 1261.25(b) and (c) are slightly more expansive than the current SEC rules, and 1261.25(e) and (f) are new annual reporting requirements, we suggest that these disclosure requirements be implemented for the 2010 reporting period. Since the 2009 calendar year is nearly over, it would be difficult for the Bank to accurately report on the new required information in its 2009 annual report scheduled to be filed in mid-March of 2010. To give the Bank adequate time to put procedures in place to accurately track and disclose this information, we believe making this requirement effective for the 2010 reporting cycle is more reasonable.
- Alternatively, the FHFA disclosure requirements should mirror the SEC requirements for the annual report, and the newly requested, additional information could, in the final regulation, be mandated to be reported directly to the FHFA or maintained by the Bank and be available for inspection during the regular Bank examination process.

IV. FHFA Director Disapproval of Directors' Compensation

With respect to 12 CFR Part 1261.23 standards by which the Director may disapprove a Bank's compensation policy based on a determination that the Bank's "compensation and/or expenses to be paid to the directors are not reasonable," the final regulation should expressly require that the Director provide a written factual analysis to the Bank to support such a determination. Since the granting of compensation and the payment of expenses are ultimately based on subjective decision making, this written factual analysis of the Director, if required by regulation, would assist an FHLBank's board of directors in evaluating its prior decision making and in determining whether it is meeting its duties under section 7(i) of the Bank Act with respect to retaining and compensating directors. If an FHLBank board disagrees with the findings of the Director, this also creates the record which could then be independently reviewed by the FHFA's Office of the Ombudsman as provided under §12 USC 4517.

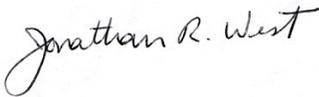
Alfred M. Pollard, General Counsel

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We thank you for this opportunity and for your consideration of our comments on this Proposed Rule. If you have any questions or need clarification with respect to these comments, please contact the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Jonathan R. West". The signature is written in black ink and is positioned above the typed name and title.

Jonathan R. West

Senior Vice President - General Counsel