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Terry Smith

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November 29, 2010

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By email to: RegComments@fhfa.gov

Alfred M. Pollard, Esq.
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Federal Housing Finance Agency
Fourth Floor
1700 G Street, N.W.
Washington, D.C. 20552

RE: Notice of Proposed Rulemaking and Request for Comments –
Information Sharing Among Federal Home Loan Banks (RIN 2590-AA35)

Dear Mr. Pollard:

The Federal Home Loan Bank of Dallas (the "Dallas Bank") has reviewed the proposed rule on Information Sharing Among Federal Home Loan Banks (the "Proposed Rule") which was published by the Federal Housing Finance Agency (the "Finance Agency") on September 30, 2010. The Dallas Bank appreciates the Finance Agency's efforts to enhance the information available to each Federal Home Loan Bank (a "Bank") with respect to the financial condition of the other Banks, and also appreciates the opportunity to comment on the proposal.

The Proposed Rule was issued pursuant to Section 1207 of the Housing and Economic Recovery Act of 2008 ("HERA") which requires the Finance Agency to make available to each Bank information relating to the financial condition of the other Banks. Section 1207 further requires the Finance Agency to promulgate regulations to facilitate the sharing of such information among the Banks. The basis for the information sharing provision in HERA is to ensure that each Bank has sufficient information to evaluate the financial condition of the other Banks in order to assess the likelihood that payment may be required by the Bank in connection with the Banks' joint and several liability on their consolidated obligations.

Under the Proposed Rule, the Finance Agency would periodically distribute to all Banks and to the Office of Finance the final Report of Examination for each Bank, as well as any other supervisory reports that the Finance Agency issues to a Bank's Board of Directors. The Finance Agency indicated in the preamble to the Proposed Rule that it would not be distributing other documents which are related to, but not part of, the Report of Examination and which are not issued to a Bank's Board of Directors. The Proposed Rule provides each Bank with the opportunity to request that the Finance Agency redact from its Report of Examination any information which is proprietary and which the public interest requires should not be shared.

The Dallas Bank supports the sharing of information to enhance the Banks' ability to evaluate the financial condition of other Banks. However, the Reports of Examination issued to the Banks by the Finance Agency are comprehensive and address many topics beyond the Banks' financial condition. We, therefore, believe that much of the information contained in the Banks' Reports of Examination will likely not be relevant to the stated intent of the information sharing provisions of HERA.

With this in mind, the Dallas Bank suggests that the information about a Bank to be shared with other Banks should be limited to information concerning financial condition, as this information is the key information relevant to the joint and several liability determinations which must be made by the Banks. The Dallas Bank further suggests that the information sharing rule be revised prior to publication as a final rule to require each Bank to provide to all of the other Banks on a quarterly basis a consistent set of current financial data, which could include some or all of the following:

- Confirmation that a Bank has submitted its quarterly 966 certification (by which a Bank certifies that it will remain capable of making full and timely payment of all of its current obligations, including direct obligations, coming due during the next quarter);
- Any anticipated material losses for the quarter;
- Net income projections;
- Securities and other asset impairments;
- Projected dividend rates;
- Concentrations of:
 - (a) member advances,
 - (b) derivatives, and
 - (c) supplemental mortgage insurer and primary mortgage insurer exposure;
- Market risk limit measures, including key rate durations;
- Liquidity information;
- Member collateral positions; and
- Unsecured credit exposures.

In conclusion, it is the view of the Federal Home Loan Bank of Dallas that the stated intent of HERA with respect to the sharing of Federal Home Loan Bank information can best be achieved by limiting the information disclosed to the other Federal Home Loan Banks to that information which focuses on a Bank's ability to meet its direct obligations for the payment of principal and interest on consolidated obligations.

The Federal Home Loan Bank of Dallas thanks you for your consideration of these comments.

Respectfully submitted,



Terry Smith
President & CEO