



October 11, 2001

President
Federal Home Loan Bank of

NO-ACTION LETTER: Financial Management Policy Exception: Overnight Funding of
FHLBank Member Due to Events of September 11, 2001
(2001-NAL-05)

Dear Mr. :

This responds to your request of September 25, 2001 for a No-Action Letter regarding the Federal Home Loan Bank (Bank) decision to sell overnight Federal funds to a Federal Home Loan Bank member on September 11, 2001. As you state, this Federal funds transaction is typically ineligible under the Financial Management Policy (FMP) as the transaction was to a nonmember with tangible capital of less than \$250 million.

Given the circumstances surrounding the Bank's decision, Finance Board staff will not recommend to its Board of Directors that supervisory action be taken against the Bank, nor will Finance Board staff undertake any such supervisory action, for this FMP exception. This letter expresses only the position of Finance Board staff and may be modified or superseded by the Board of Directors of the Finance Board.

If you have any questions, please contact Mitchell Berns, Director, Office of Supervision, at 202-408-2562.

Sincerely,

James L. Bothwell
Managing Director

cc: Mitchell Berns