FHLBANKS
LENDING THAT POWERS COMMUNITIES

August 11, 2026

Mr. Clinton Jones
General Counsel
Attention: Comments/RIN 2590-AB23
U.S. Federal Housing (FHFA)
400 Seventh Street, SW
Washington, DC 20219

Re: Suspended Counterparty Program Regulation 12 CFR Part 1227 - RIN 2590-AB23

Dear Mr. Jones,

On behalf of the Council of Federal Home Loan Banks ("Council"), and with the unanimous support of the 11 Federal Home Loan Banks ("FHLBanks") and the Office of Finance ("OF"), I am writing to provide comments on the U.S. Federal Housing's ("FHFA") notice of proposed rulemaking ("NPR") amendment of the Suspended Counterparty Program regulation, 12 C.F.R. Part 1227 ("Regulation").

The Council supports FHFA's proposal to amend the SCP regulation by removing references to "reputational harm" from the criteria for issuing suspension orders. The Council appreciates the FHFA's efforts to review its regulations to ensure they remain necessary, effective, and consistent with current law, while reducing unnecessary regulatory burdens.

As FHFA recognizes in the NPR, the inclusion of "reputational harm" in the Regulation is unnecessary because all covered misconduct in the Regulation inherently involves a risk of financial harm. The NPR appropriately notes that most activities that could negatively impact a regulated entity's reputation do so through the traditional risk channels FHFA closely monitors. As a result, reputational harm serves as a duplicative consideration that does not materially enhance the effectiveness of the program.

For these reasons, the Council supports FHFA's proposal to remove references to reputational harm from the Regulation. The Council thanks the FHFA for its consideration of its comments.

Sincerely,

Ryan Donovan
President and Chief Executive Officer
Council of Federal Home Loan Banks

cc: Chris Bederka, Senior Counsel, Office of General Counsel