



FEDERAL HOUSING FINANCE AGENCY

[No. 2023–N–9]

Proposed Collection; Comment Request

AGENCY: Federal Housing Finance Agency.

ACTION: Federal Home Loan Bank Capital Stock – 60-day Notice of submission of information collection for approval from Office of Management and Budget.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA), the Federal Housing Finance Agency (FHFA) is seeking public comment concerning an information collection known as “Federal Home Loan Bank Capital Stock,” which has been assigned control number 2590-0002 by the Office of Management and Budget (OMB). FHFA intends to submit the information collection to OMB for review and approval of a three-year extension of the control number, which is due to expire on November 30, 2023.

DATES: Interested persons may submit comments on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Submit comments to FHFA, identified by “Proposed Collection; Comment Request: ‘Federal Home Loan Bank Capital Stock, (No. 2023-N-9)’” by any of the following methods:

- *Agency Website:* www.fhfa.gov/open-for-comment-or-input.
- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments. If you submit your comment to the *Federal eRulemaking Portal*, please also send it by *e-mail* to FHFA at RegComments@fhfa.gov to ensure timely receipt by the agency.
- *Mail/Hand Delivery:* Federal Housing Finance Agency, Office of General Counsel, 400 Seventh Street SW., Washington, DC 20219, ATTENTION:

Proposed Collection; Comment Request: “Federal Home Loan Bank Capital Stock, (No. 2023-N-9).”

We will post all public comments we receive without change, including any personal information you provide, such as your name and address, email address, and telephone number, on the FHFA website at <http://www.fhfa.gov>.

Copies of all comments received will be available for examination by the public through the electronic comment docket for this PRA Notice also located on the FHFA website.

FOR FURTHER INFORMATION CONTACT: Lindsay Spadoni, Assistant General Counsel, Lindsay.Spadoni@fhfa.gov, (202) 649-3634 or Angela Supervielle, Senior Counsel, Angela.Supervielle@fhfa.gov, (202) 649-3973 (these are not toll-free numbers). For TTY/TRS users with hearing and speech disabilities, dial 711 and ask to be connected to any of the contact numbers above.

SUPPLEMENTARY INFORMATION:

A. Paperwork Reduction Act

Under the PRA (44 U.S.C. 3501– 3520), Federal agencies must obtain approval from OMB for each collection of information they conduct or sponsor. “Collection of information” is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that ten or more persons submit information to a third party.

Section 3506(c)(2)(A) of title 44 requires Federal agencies to provide a 60-day notice¹ in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection of information to OMB for approval. FHFA’s collection of information set forth in this document is titled “Federal Home Loan Bank Capital Stock”

¹ Following the close of this notice’s 60-day comment period, FHFA will publish a second notice with a 30-day comment period as required by 44 U.S.C. 3507(b) and 5 CFR 1320.10(a).

(assigned control number 2590-0002 by OMB). To comply with the PRA requirement, FHFA is publishing notice of a proposed three-year extension of this collection of information and renewal of the control number, which is due to expire on November 30, 2023.

B. Background

The Federal Home Loan Bank System consists of eleven regional Federal Home Loan Banks (Banks) and the Office of Finance (a joint office that issues and services the Banks' debt securities). The Banks are wholesale financial institutions, organized under authority of the Federal Home Loan Bank Act (Bank Act) to serve the public interest by enhancing the availability of residential housing finance and community lending credit through their member institutions and, to a limited extent, through certain eligible nonmembers. Each Bank is structured as a regional cooperative that is owned and controlled by member institutions located within its district, which are also its primary customers. An institution that is eligible for membership in a particular Bank must purchase and hold a prescribed minimum amount of the Bank's capital stock in order to become and remain a member of that Bank. With limited exceptions, only an institution that is a member of a Bank may obtain access to low cost secured loans, known as advances, or other products provided by that Bank.

Section 6 of the Bank Act establishes capital requirements for the Banks and requires FHFA to issue regulations prescribing uniform capital standards applicable to all of the Banks.² Section 6 also establishes parameters relating to the Banks' capital structures and requires that each Bank adopt a "capital structure plan" (capital plan) to establish, within those statutory parameters, its own capital structure and to establish requirements for, and govern transactions in, the Bank's capital stock.³ FHFA's

² See 12 U.S.C. 1426(a).

³ See 12 U.S.C. 1426(b), (c).

regulations on Bank Capital Requirements, Capital Stock, and Capital Plans are located at 12 CFR part 1277.

C. Need For and Use of the Information Collection

Both the Bank Act and FHFA's regulations state that a Bank's capital plan must require its members to maintain a minimum investment in the Bank's capital stock, but both permit each Bank to determine for itself what that minimum investment is and how each member's required minimum investment is to be calculated.⁴ Although each Bank's capital plan establishes a slightly different method for calculating the required minimum stock investment for its members, each Bank's method is tied to some degree to both the level of assets held by the member institution (typically referred to as a "membership stock purchase requirement") and the amount of advances or other business engaged in between the member and the Bank (typically referred to as an "activity-based stock purchase requirement").

A Bank must collect information from its members to determine the minimum capital stock investment each member is required to maintain at any point in time. Although the information needed to calculate a member's required minimum investment and the precise method through which it is collected differ somewhat from Bank to Bank, the Banks typically collect two types of information. First, in order to calculate and monitor compliance with its membership stock purchase requirement, a Bank typically requires each member to provide and/or confirm an annual report on the amount and types of assets held by that institution. Second, each time a Bank engages in a business transaction with a member, the Bank typically confirms with the member the amount of additional Bank capital stock, if any, the member must acquire in order to satisfy the Bank's activity-based stock purchase requirement and the method through which the member will acquire that stock.

⁴ See 12 U.S.C. 1426(c)(1); 12 CFR 1277.22, 1277.28(a).

The OMB number for the information collection is 2590-0002, which is due to expire on November 30, 2023. The likely respondents include current and former Bank members and institutions applying for Bank membership.

D. Burden Estimate

FHFA has analyzed the time burden imposed on respondents by the two collections under this control number and estimates that the average total annual hour burden imposed on all respondents over the next three years will be 20,245 hours. The estimate for each collection was calculated as follows:

1. Membership Stock Purchase Requirement Submissions

FHFA estimates that the average annual number of current and former members and applicants for membership required to report information needed to calculate a membership stock purchase requirement will be 6,550, and that each institution will submit one report per year, resulting in an estimated total of 6,550 submissions annually. The estimate for the average time required to prepare, review, and submit each report is 0.7 hours. Accordingly, the estimate for the annual hour burden associated with membership stock purchase requirement submissions is $(6,550 \text{ reports} \times 0.7 \text{ hours per report}) = 4,585 \text{ hours}$.

2. Activity-Based Stock Purchase Requirement Submissions

FHFA estimates that the average number of daily transactions between Banks and members that will require the exchange of information to confirm the member's activity-based stock purchase requirement will be 300, and that there will be an average of 261 working days per year, resulting in an estimated 78,300 submissions annually. The estimate for the average preparation time per submission is 0.2 hours. Accordingly, the estimate for the annual hour burden associated with activity-based stock purchase requirement submissions is $(78,300 \text{ submissions} \times 0.2 \text{ hours per submission}) = 15,660 \text{ hours}$.

E. Comment Request

FHFA requests written comments on the following: (1) Whether the collection of information is necessary for the proper performance of FHFA functions, including whether the information has practical utility; (2) the accuracy of FHFA's estimates of the burdens of the collection of information; (3) ways to enhance the quality, utility, and clarity of the information collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Shawn Bucholtz,

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Federal Housing Finance Agency.

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