

***FEDERAL HOME LOAN BANK
OF ATLANTA***

December 2, 2002

Elaine L. Baker
Secretary to the Board
Federal Housing Finance Board
1777 F Street, N.W.
Washington, D. C. 20006

Re: Public Hearing on Registration of Federal Home Loan Bank Stock Under the Securities Exchange Act of 1934

Dear Ms. Baker:

The Board of Directors (“Board” or “Directors”) of the Federal Home Loan Bank of Atlanta (“Atlanta Bank”) is filing this written testimony with the Federal Housing Finance Board (“Finance Board”) consistent with the notice of public hearing on this topic published in the Federal Register on Tuesday, November 26, 2002. The Bank will not have anyone appear in person other than through the written and in person testimony presented on behalf of the Federal Home Loan Banks (“FHLBank” or “FHLBanks”) by Messrs. Alfred DelliBovi, James Roy, and Dean Schultz, the Presidents and Chief Executive Officers of the FHLBanks of New York, Pittsburgh, and San Francisco, respectively. That testimony sets forth a complete and detailed history of the legislative and regulatory approach to supervising the FHLBanks with respect to safety and soundness as well as disclosure. The Atlanta Bank endorses and supports that testimony and incorporates it by reference into this filing.

The Directors of the Atlanta Bank at several of its meetings this year have been briefed on the current state of disclosure in the FHLBank System, including disclosures regarding debt issuance through the Office of Finance (“OF”), disclosures contained in annual and periodic reports by the FHLBanks, and disclosures required in connection with the new capital plans. Also, the Directors are aware of the developments addressing disclosure at the other two principal housing government-sponsored enterprises (“GSE” or “GSEs”). In addition, the Directors have also received reports on the application of the two principal federal securities laws, the Securities Exchange Act of 1934 (“1934 Act”) and the Securities Act of 1933 (“1933 Act”), as well as the Sarbanes-Oxley Act of 2002. The Directors have also received periodic briefings on the work of the Task Force

on disclosure matters composed of staff from the Finance Board and representatives from the 12 FHLBanks and OF. The Directors are aware that the disclosure matters that have been addressed in the Task Force go beyond capital stock and include the consolidated debt and potential securitization. The Directors also appreciate the fact that enhanced disclosure is an ongoing effort for the consolidated obligations of the FHLBank System, with OF working closely with the FHLBanks.

As expressed in the testimony filed on behalf of the 12 FHLBanks, the Atlanta Bank supports complete, timely, accurate and transparent disclosure, as well as enhancements to the disclosure regime under which the FHLBanks operate. We believe that the existing approach to disclosure is good and consider that substantive attention has been given to enhancing the level and type of disclosure over the past several years. We would not, however, endorse having oversight for the reporting and disclosure for the FHLBanks at the Securities and Exchange Commission ("SEC").

The Directors appreciate the interest and efforts of the Finance Board to seek input and feedback on this matter. The Atlanta Bank would encourage the Finance Board to develop an effective approach to solicit and obtain input from the members of the FHLBank System on the matter of the application of the 1934 Act to the FHLBanks. The published announcement of this hearing and/or opportunity to file written materials on Tuesday, November 26, 2002 with a hearing date of Monday, December 2, 2002 with an intervening major holiday may not be conducive to obtain reasoned written input from the holders of the capital stock in the FHLBank System, the most affected and perceived parties of interest in this disclosure regime. The FHLBanks began operations with \$125 million in capital provided by the United States Treasury, which received 125,000 shares of stock in the FHLBanks. The FHLBanks raised additional capital by selling stock to the entities that became members and customers. The Federal Home Loan Bank Act of 1932 required the FHLBanks to start repaying the Treasury funding once stock sales equaled the federally provided seed money. The repayment began in 1948 and by 1951, the FHLBanks had become wholly owned by the member institutions. This wholly owned status continues today.

In developing the enhanced/improved disclosure by the housing GSEs that is more consistent with that of publicly traded companies, it is important to distinguish the ownership of the FHLBanks and the rights and interests of the holders of the capital stock in addition to the unique authority vested in the Finance Board. No director or officer of any FHLBank owns FHLBank stock. The capital stock is not publicly traded and there are limitations on its ownership and transferability. It is purchased and held, generally, by certain eligible member entities to meet membership requirements or to support member activities. FHLBank stock cannot trade on any exchange or trading market. The cooperative nature of the FHLBank System, the limitations on the ownership of FHLBank stock, and the rights and interests of the owner of the capital would

support an approach to the application of the 1934 Act that acknowledges these factors. Any development of a reporting and disclosure regime should be consistent with addressing the rights and interests of these shareholders.

The Directors of the Atlanta Bank cannot identify any public policy reason to transfer jurisdiction over securities issued by FHLBanks and the FHLBank System from the Finance board to the SEC. The public company model of the SEC does not accommodate the cooperatively owned FHLBank System. For the reasons expressed in the written testimony for the FHLBanks, the Atlanta Bank firmly believes that the Finance Board is in the best position to assure, as it has done in the past, the timeliness, accuracy, and completeness of the disclosures for the FHLBanks and the FHLBank System. Having SEC oversight as well as the Finance Board may create a situation that operates at cross-purposes with the mission and safety and soundness of the FHLBank System.

Because we recognize that enhanced securities disclosure for the capital stock of the FHLBanks has implications for the debt offering of the FHLBanks, the Directors of the Atlanta Bank encourage the Finance Board to consider favorably the specific recommendations for an enhanced securities disclosure regime set forth in the written testimony filed on behalf of the 12 FHLBanks.

The Atlanta Bank appreciates the opportunity to file this written testimony for this public hearing and looks forward to continued participation with the Finance Board in the effort to improve disclosure and access to information for the holders of the securities issued by the individual FHLBanks and the FHLBank System.

Sincerely,



Rita I. Fair
Chairman of the Board



J. Edward Norris, III
Vice Chairman of the Board

cc: Board of Directors
Ray Christman