

February 17, 2012

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Re: Advance Notice of Proposed Rulemaking – Maintaining Access to Emergency Liquidity (RIN 3133-AD96)

Dear Ms. Rupp:

On behalf of the Federal Home Loan Bank of Topeka (FHLBank Topeka), I appreciate the opportunity to comment on the advance notice of proposed rulemaking (ANPR) published by the National Credit Union Administration (NCUA) in the Federal Register on December 22, 2011.

The referenced ANPR proposes a regulation which would require federally insured credit unions (FICUs) to maintain access to backup federal liquidity sources for use in times of financial emergency and distressed economic circumstances. In Question 2 of the ANPR, the NCUA asks, “Are there other sources of credit beyond the CLF and Discount Window the Board should consider as acceptable to satisfy the need for a backup federal liquidity source?” FHLBank Topeka believes the FHLBank System is a reliable source of both primary and emergency liquidity upon which FICUs can fully rely. Therefore, FHLBank Topeka believes the proposed rule should include FHLBank liquidity as a backup emergency liquidity source for FICUs. The following facts provide support for our position on this issue:

- The FHLBanks’ Congressional charter and public mission have enabled them to support their members’ liquidity and risk management needs safely and soundly for 80 years. Since their establishment by Congress in 1932, the FHLBanks have proven to be a reliable source of liquidity throughout all economic cycles.
- During the recent financial crisis the FHLBanks were able to increase their lending to members in every part of the nation by more than \$360 billion, from approximately \$640 billion in the second quarter of 2007 to over \$1 trillion in the third quarter of 2008. At FHLBank Topeka, over the same period we increased lending from \$28.5 billion to \$37.2 billion. This increase reflects the FHLBanks’ ability to not only continue lending in times of major economic difficulty, but also to substantially increase their lending and provide essential liquidity to members during such challenging times.
- Like Treasuries, FHLBank consolidated obligations are accepted as safe investments which have garnered support from regulators, such as the Commodity Futures Trading Commission and the Federal Reserve Board, for their benefits as a source of liquidity during times of stress.
- Seventy-three percent of FICUs hold eligible mortgage assets for FHLBank membership and collateral. FHLBank advances are available as a continuous source of liquidity to FHLBank members that hold sufficient eligible collateral. Therefore, FICUs that qualify for FHLBank membership could avail themselves of FHLBank advances during times of crisis as well as during more stable periods when they might desire additional liquidity for risk management or other general purposes.

- Credit union membership in the FHLBank System continues to grow. At FHLBank Topeka, from December 2008 to present, credit union membership increased 40%, growing from 52 members to 73 members.

We at FHLBank Topeka are proud of the relationships we enjoy with our 73 credit union members from the states of Colorado, Kansas, Nebraska and Oklahoma. Our purpose is to provide funding for all our members, in both good economic times as well as challenging economic times. Excluding the FHLBanks from the list of acceptable emergency liquidity sources available to credit unions is contrary to the demonstrated performance of the FHLBank System.

FHLBank Topeka thanks you for taking our comments into consideration. If you have any questions, please feel free to contact me at [Andy.Jetter@FHLBTopeka.com](mailto:Andy.Jetter@FHLBTopeka.com) or 785.438.6001 at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew J. Jetter", with a long horizontal flourish extending to the right.

Andrew J. Jetter  
President and CEO