Federal Home Loan Bank
NEW YORK

FHLBNY REBATE PROGRAM FOR ADVANCES FAQS

Will the Rebate Program allow members to restructure their term advances with minimal prepayment expenses?

The prepayment expense associated with the extinguishment of an advance is comprised of two components – (1) the fair value of the advance, and (2) the amount that provides the financial indifference that the FHLBNY is required by regulation to charge when an advance is extinguished. If the advance is very "out of the money" and is extinguished, the market value "loss" will significantly influence the prepayment costs regardless of the impact of the rebate. However, the Rebate Program offers members a way to minimize their prepayment expenses when restructuring their advance(s).

Does a member have to notify the FHLBNY at the time of extinguishing an advance that they intend to utilize the Rebate Program and book a replacement advance?

The member has the option to take advantage of the Rebate Program if a new eligible term advance is booked within 30 calendar days of the extinguishment. The new advance must have a term of six months or longer. The member is not required to notify the FHLBNY of its intentions at the time of the advance prepayment; however, members must request the rebate at the time of booking an eligible replacement advance.

Does a member have to book a new replacement advance within the same reporting period of an advance extinguishment in order to take advantage of the Rebate Program?

No. As long as new eligible term advance(s) are booked within 30 calendar days of an advance extinguishment, the member is able to take advantage of the Rebate Program, providing the extinguished advance(s) created a rebate pool at the time of prepayment.

What determines the amount of the rebate pool on an extinguished advance?

When extinguishing an eligible advance, the rebate pool is calculated by multiplying the notional amount of the advance by the amount of rebate in which the advance is entitled times the remaining duration of the advance. The entitled rebate will be between zero and 20.5 basis points (zero and 18.5 bps on a repo advance) and is dependent on a number of factors, which include the product type, origination date, principal amounts and duration of the advance which is extinguished. A member should consult with their Relationship Manager to determine the possible rebate on a given advance if they intend to execute an eligible replacement advance within 30 calendar days of an extinguishment.

Are partial prepayments eligible for the rebate?

Yes, partial prepayments are eligible for the Rebate Program.

Can forward starting advances qualify as an eligible replacement advance in the Rebate Program?

Yes, providing the forward starting advance settles within 30 calendar days of the extinguishment.

Do members have to re-book the same type of advance that was prepaid in order to receive a rebate?

No. As long as the eligible new advance has a minimum term of six months, it would fit within the parameters of the Rebate Program.

When will the rebate be applied to a member's OIA account?

The rebate will be applied to a member's account within two business days of booking replacement advance(s).

For more information on the Rebate Program, including eligibility requirements, please contact your Relationship Manager at (212) 441-6700 or Member Services Desk at (212) 441-6600.