

Farm Credit Administration

1501 Farm Credit Drive
McLean, Virginia 22102-5090
(703) 883-4000

INFORMATIONAL MEMORANDUM



June 4, 2003

To: The Chief Executive Officer
All Farm Credit System Institutions

From: Roland E. Smith, Director
Office of Examination

Subject: Additional Guidance on the Risks of Weblinking

The Farm Credit Administration originally provided guidance on weblinking in the September 19, 2002 Informational Memorandum titled "Guidance for Weblinking Relationships." Additional guidance is now available. Attached is a copy of "Weblinking: Identifying Risks and Risk Management Techniques" recently issued by four federal financial institution regulatory agencies to assist financial institutions in identifying and managing the potential risks involved in the use of weblinks. We have also included a link to the Web site for those of you who wish to access the document through the Internet:

<http://www.fdic.gov/news/news/press/2003/pr3403a.html>

Financial institution customers, including those of Farm Credit System institutions, may be confused about the role and responsibility of the institution with respect to products and services available from third parties through a weblink. The risk of confusion is especially significant when a weblink enables a customer to purchase a financial product or service. Therefore, the above-mentioned document encourages financial institutions to use clear and conspicuous disclosures to explain their limited roles with respect to products and services offered by third parties. Financial institutions are also encouraged to have plans and programs to respond to customer complaints, conduct appropriate due diligence of potential weblinking parties, and monitor the activities of linked third parties to ensure that the institutions are aware of any changes in the risk associated with the weblinking relationship.

If you have any questions about this Informational Memorandum, please call Thomas M. Glenn, Special Examination and Supervision Division, Office of Examination, at (703) 883-4412, or write to him on the Internet at e-mail address glennt@fca.gov.