FCA Board Adopts Final Rule on Liquidity Management at Farmer Mac and Joint Proposed Rule on Flood Insurance

McLEAN, Va., Oct. 10, 2013 — At its monthly meeting today, the Farm Credit Administration Board adopted a final rule to revise its regulations governing the management of liquidity risk at the Federal Agricultural Mortgage Corporation (Farmer Mac). The purpose of the rule is as follows:

- To strengthen the management of liquidity risk at Farmer Mac
- To improve the quality of assets in its liquidity reserves
- To bolster its ability to fund its obligations and continue operations during market disruptions

The new liquidity rule enhances FCA regulatory guidance regarding Farmer Mac board responsibilities and liquidity policies. It also includes two new planning requirements:

- A liability maturity management plan
- A contingency funding plan

The rule increases the minimum requirement for the liquidity reserve from 60 to 90 days of maturing obligations. The final rule also requires progressively higher-quality liquid assets to meet progressively shorter time intervals of obligations within that new 90-day overall minimum.

This final rule will become effective six months after publication in the Federal Register. Notice of the effective date will be published in the Federal Register. For more information about this rule, see the related fact sheet.

In other business, the Board approved a proposed rule on flood insurance prepared jointly by FCA and four other federal banking agencies.
Notational Vote

Since the Sept. 12 FCA Board meeting, one notational vote has occurred. Notational votes are actions taken by the FCA Board between Board meetings. On Oct. 2, the Board voted to approve the FCA Office of Examination’s fiscal year 2014 oversight and examination plan.

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The Farm Credit Administration is the safety and soundness regulator of the cooperative Farm Credit System and the Federal Agricultural Mortgage Corporation (Farmer Mac). FCA charters, regulates, and examines the 93 banks, associations, service corporations and special-purpose entities of the Farm Credit System. The System makes loans to agricultural producers and their cooperatives nationwide. It includes Farmer Mac, which provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA Board are Jill Long Thompson, Board Chair and CEO; Kenneth A. Spearman; and Leland A. Strom.

Note: FCA news releases are available on the Web at www.fca.gov.