FCA board approves proposed rule on governance requirements for Farm Credit System institutions

McLEAN, Va., July 12, 2018 — The Farm Credit Administration board today approved a proposed rule that would amend the regulations on Farm Credit System governance. This proposed rule seeks to clarify the eligibility requirements of an outside director to achieve the independence intended by the statutory requirements.

The proposed rule would modify the existing outside director eligibility criteria under § 611.220 by expanding the list of persons who would be excluded from nomination for an outside director’s seat. The proposed rule would add the following individuals to the list of persons excluded from consideration for an outside director position:

- Borrowers of the institution
- Immediate family members of any director, officer, employee, agent, stockholder, or borrower of a System institution
- Anyone who has a controlling interest in an entity that borrows from a System institution or an organization affiliated with a System institution

In addition, the proposed rule makes conforming changes that would add a new definitions section in § 611.220 to provide clarity on the meaning of the new outside director eligibility criteria.

Following a 30-day period for congressional review, the proposed rule will be published in the Federal Register for a 60-day comment period. The public may submit comments by electronic mail to reg-comm@fca.gov, through the public comment form on FCA’s website, or through the federal government web portal at www.regulations.gov.

The public may also submit comments by mail to Barry F. Mardock, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090. The public may read submitted comments at the FCA office in McLean, Virginia, or on the public comments page on FCA’s website.
**Notational vote**

Since the June 14 FCA board meeting, one notational vote has occurred. On June 27, the board voted to adopt the [FCA Strategic Plan](#) for 2018 to 2023. Notational votes are actions taken by the FCA board between board meetings.

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The Farm Credit Administration is the safety and soundness regulator of the Farm Credit System. The System consists of two government-sponsored enterprises — a nationwide network of cooperative banks and associations established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac), which was established in 1988. The System’s borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA board are Dallas P. Tonsager, board chairman and CEO; Jeffery S. Hall; and Glen R. Smith.

Note: FCA news releases are available on the web at [www.fca.gov](http://www.fca.gov).