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FCA board receives staff report on regulatory pause

McLEAN, Va., July 16, 2020 — At its monthly meeting today, the Farm Credit Administration board received a report from staff on the status of the agency's regulatory pause and on plans for future regulatory activities.

The FCA board had voted on April 9 to pause regulatory activity to allow Farm Credit System institutions, as well as FCA, to focus on responding to the challenges presented by the COVID-19 pandemic. On June 1, the board voted to extend the pause until July 10.

The agency has now resumed some of its regulatory activities and will seek to publish the following five regulations this summer:

- Proposed rule to amend the tier 1/tier 2 regulatory capital framework
- Final rule on criteria to reinstate nonaccrual loans
- Final rule on amendments to the investment rule to allow System institutions to invest in certain USDA loan guarantees
- Final rule to update the amortization rule
- Final rule to amend regulations governing how farm credit banks present association financial information in their annual reports to shareholders

FCA has decided that publishing these rules will not hamper the System's ability to respond to the challenges of COVID-19.

However, the agency has decided to continue the regulatory pause for the final rule on outside directors until the end of the calendar year. This pause will also give the agency more time to consider recently received comments.

Closed session

During the closed session, the FCA board received an update from the Office of Secondary Market Oversight.

Notational votes

Since the June 11 FCA board meeting, the following notational votes have occurred. Notational votes are actions taken by the FCA board between board meetings.

On June 15, the FCA board concluded that no regulatory action listed in FCA's Spring 2020 Abstract of the Unified Agenda of Federal Regulatory and Deregulatory Actions meets the definition of a "significant regulatory action." As a result, FCA is not required to develop a regulatory plan for submission to the Office of Information and Regulatory Affairs.

On June 17, the board voted to move the July 9 board meeting to July 16.

On June 24, the board approved a [final rule \(PDF\)](#) to finalize amendments to the swap margin rule that were proposed in November 2019. In a separate vote, the board approved an [interim final rule \(PDF\)](#) to extend the remaining compliance dates for exchanging initial margin with certain counterparties. FCA, together with four other agencies, announced the two rules in a [June 25 news release \(PDF\)](#). Both rules were published in the Federal Register on July 1.

On June 30, the FCA board determined not to object to a proposed offering circular of the Farm Credit Bank of Texas for the issuance of up to \$350 million in preferred stock.

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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) that 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. FCA news releases are available on the web at www.fca.gov.