



THE FARM CREDIT COUNCIL

April 20, 2015

Mr. Barry F. Mardock
Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

RE: Mergers, Consolidations and Charter Amendments— RIN 3052-AC72 / *Federal Register* 80
(January 20, 2015) 2614-2624

The Farm Credit Council (Council), on behalf of its membership, appreciates the opportunity to comment on the Farm Credit Administration's (FCA) proposed rule published in the January 20,, 2015 *Federal Register* regarding requirements for the banks and associations of the Farm Credit System (System) to submit requests to the FCA related to merger, consolidation, and charter amendment proposals.

The comments that follow were developed after soliciting input from all System institutions.

We are in general support of FCA issuing revised regulations that serve to clarify and update existing requirements regarding the regulatory approval process for mergers, consolidations and charter amendment requests. We do note that FCA has added a provision whereby they can direct that an institution hold informational meetings in conjunction with a merger or consolidation proposal. While we agree that there may be circumstances in which such meetings would be advisable, we are concerned that by adding the regulatory authority to direct such meetings, this will become a standard requirement. We strongly encourage the agency, as it conducts its review of each proposal to consider all the facts and circumstances, including the views of the boards and management of the institutions, prior to directing that such informational meeting(s) occur.

In regard to Reconsideration Actions, we also recognize that the Act does not specifically provide that the institution impacted be provided with a copy of the reconsideration petition. We have no objection to the provisions of the Proposed Rule related to maintaining secrecy regarding the names of requestors. However, we see no similar logic in regard to the petition itself, and believe the institution should be entitled to receive a copy. Also, as noted in both the Act and the Regulation, FCA is responsible for determining compliance with the Act. A primary issue in reconsideration is verification that the requisite number of stockholders have duly requested the action. We trust FCA will take appropriate steps to ensure the authenticity of the petition(s) and the identity of stockholders requesting such action.

Separately, we note that FCA has proposed a "technical" updating of 611.1120(c) to include reference to agricultural credit associations and chartered service corporations. It also changes the existing reference to "the Chairman" to simply refer to the "the FCA". We offer no objection to those specific changes. However, we note that the existing regulation predates the significant statutory changes in FCA's organization and authority made by the 1985, 1986, and 1987 Amendments to the Act. The current regulation cites as authority two rule-making actions, one in 1985 which predated the changes establishing the FCA Board, and the "technical amendments" made in 1986 to reflect changes made by the 1985 Amendments to the Act. There is no indication that this regulation has received any

substantive review since 1987, when FCA's enumerated powers in regard to mergers, consolidations and charter amendments were modified. In contrast, the FCA authority in regard to System bank charters was the subject of a rulemaking effort following the passage of the 1987 Amendments. In response to a comment filed by the FCCA, FCA included language in 611.1000(c) limiting their authority to changes made "in accordance with the provisions of the Act." We request that FCA include similar language in 611.1120.

Finally, in its regulatory flexibility determination, FCA notes that: "Each of the banks in the Farm Credit System considered together with its affiliated associations, have assets and annual income in excess of the amounts that would qualify them as small entities." As we have noted in some other recent rule making projects, we question the appropriateness of this determination.

Again, we appreciate the opportunity to comment on this rulemaking. Please do not hesitate to contact us if you have any questions regarding our comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles P. Dana".

Charles Dana
Sr. V.P., General Counsel