October 23, 2018

Submitted via email to: *reg-comm@fca.gov*

Mr. Barry F. Mardock

Deputy Director

Office of Regulatory Policy

Farm Credit Administration

1501 Farm Credit Drive

McLean, Virginia 22102-5090

**RE:** Proposed Rule on Organization; Definitions; Eligibility Criteria for Outside Directors for the Farm Credit System published in the August 24, 2018 Federal Register

Dear Mr. Mardock:

Farm Credit Foundations, (“Foundations”) a service corporation charted under Section 4.25 of the Farm Credit Act of 1971 (“Act”) in the Farm Credit System (“System”), appreciates the opportunity to comment on the Farm Credit Administration’s (“FCA”) Proposed Rule on Organization; Definitions; Eligibility Criteria for Outside Directors for the Farm Credit System published in the August 24, 2018 Federal Register (“Proposed Rule”).

As a general position Foundation supports the objectives of the Proposed Rule. However the new proposed definition of “eligibility” will significantly impact the ability of Foundations to source and appoint appropriate Outside Directors. Below we identify proposed changes discussed below that we believe should be eliminated or modified as FCA finalizes this rulemaking. Specifically Foundations is concerned about the following provisions of the Proposed Rule:

§ 611.220 Outside Directors Definitions

(b)(1)(i) Eligibility.

* The inclusion of the phrase “agent . . . of an institution in the Farm Credit System” should be clarified and limited to refer to the common law definition of “agent” as owing a fiduciary duty to another, or stricken from the section. We recommend this phrase be stricken from the section because the practical implications are overly broad.
* The inclusion of the phrase “immediate family member of any of the above” should be clarified and further limited.
* (ii) The inclusion of the phrase “affiliated organization” should be clarified to determine how to identify what constitutes an “affiliated organization” or stricken from the section. We recommend this phrase be stricken from the section because it is vague, ambiguous, and overly broad.

Lastly, and generally, we respectfully request that the Proposed Rule acknowledge that directors and employees of System Institutions are free to serve in the capacity of a director or employee of other System Institutions, especially those in which their System Institution maintains an ownership interest.

Thank you for the opportunity to comment and FCA’s consideration of our comment letter.

Sincerely,

 

Kim Vanneman Teresa Heath-Alva

Farm Credit Foundations Board of Directors Chair Farm Credit Foundations CEO