**Meeting Between Representatives of the Farm Credit System (System) Bank Liquidity Reserve Workgroup (System Liquidity Reserve Workgroup) and Staff of the Farm Credit Administration (FCA)**

August 25, 2021

Attendees from System Liquidity Reserve Workgroup (SLRW): Kiran Kini, Barry Mardock, Driss Graoui, Jeffrey Milheiser, (CoBank, ACB); Josh Goethe, Joe Preloznik (AgFirst Farm Credit Bank); Hershey He, Nitin Phase, Luis Sahmkow (AgriBank, FCB); Kristy Vrabel, Bobby Bhavsar, (Farm Credit Bank of Texas); Peter Connor, Rupa Bandopadhyaya (Federal Farm Credit Banks Funding Corporation); Sarah Reeves, Robbie Boone (Farm Credit Council).

Attendees from FCA: Kevin Kramp, Laurie Rea, Richard Katz, Jeremy Edelstein, Ryan Leist, Dave Lewandrowski, Clayton Milburn, Wade Wynn (Farm Credit System Insurance Corporation), Sarah Tulman, Curtis Bednarz, Bill Bravenec.

**Summary:** In July 2021, the Farm Credit Council requested a meeting with FCA and FCA’s liquidity workgroup to discuss System bank liquidity. On August 25, 2021,FCA staff met with representatives of the SLRW to discuss FCA’s Bank Liquidity Reserve [advance notice of proposed rulemaking](https://ww3.fca.gov/readingrm/fedreg/Federal%20Register%20Documents/86%20FR%2034645.pdf) (86 FR 34645 (June 30, 2021)). The SLRW expressed their common position that FCA’s existing liquidity reserve framework is comprehensive and working as intended and were not supportive of any substantive changes to FCA’s bank liquidity regulations. Representatives from the System banks stated: (1) the existing liquidity regulations provide them with the flexibility they need to deal with crises; (2) System banks were able to manage liquidity effectively under the existing framework during the market stress of COVID-19; (3) the Basel III liquidity framework (Liquidity Coverage Ratio and Net Stable Funding Ratio) is not appropriate for the System’s funding and non-depository structure; (4) the Contingency Funding Plan provisions of FCA’s existing liquidity regulation provides each bank with appropriate latitude and discretion to manage its inflows and outflows and maintain sufficient liquidity during times of stress or volatility in financial markets; and 5) the existing framework strikes the appropriate balance between safety and soundness and cost.

FCA informed the SLRW that the purpose of the advance notice of proposed rulemaking is to gather information, data, ideas, and views from the public that will enable our Agency to determine if or how this rulemaking should proceed. FCA staff also told the SLRW that comments from the public could potentially help FCA to formulate a new or revised regulatory framework for liquidity at System banks. If so, FCA would issue a proposed rule and seek further public comment. Additionally, FCA staff told the SLRW that the FCA Board was considering the Farm Credit Council’s separate request to extend the comment period on the advance noticed of proposed rulemaking for an additional 60 days.

The SLRW stated it intends to submit a comment letter (the individual organizations may also submit comment letters) that will contain additional detail regarding the specific items listed above.