



1901 Main Street | PO Box 1499 | Columbia, SC 29202-1499 | 803.799.5000 | agfirst.com

October 17, 2022

Autumn R. Agans
Deputy Director, Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Re: Response to Notice of Intent & Request for Comment – *Statement on Regulatory Burden, Farm Credit Administration, Agency; 12 CFR Chapter VI RIN 3052-AD55; 87 Federal Register 43227-43228*

Dear Ms. Agans:

AgFirst Farm Credit Bank (“AgFirst” or “the Bank”) appreciates the opportunity to comment on the Farm Credit Administration’s (“FCA”) Statement on Regulatory Burden (“Proposed Rule”) that was published in the *Federal Register* on July 20, 2022 (87 FR 43227).

In an effort to better analyze the complexities of the current regulatory environment and prepare a comment on behalf of all FCS institutions, the Farm Credit Council (“FCC”) assembled and coordinated a multi-disciplinary FCS Regulatory Burden Workgroup (“Workgroup”) of experts, representing Farm Credit System institutions (“FCS institutions”) across all four bank districts who met over the course of several months to analyze and discuss current FCA regulations, published guidance, and examination practice, including safety and soundness considerations. AgFirst had representation on the Workgroup, and supports FCC’s comments on regulatory burden. AgFirst’s individual inputs and suggestions are incorporated in the enclosure included with FCC’s comment letter. There are several themes AgFirst would like to emphasize in additional support of FCC’s comment letter on regulatory burden.

First, AgFirst supports the use of electronic signatures, disclosures, and any other matter where the use of technology can be supported to serve our customers. The need for this was made very clear as institutions adjusted to COVID-19 restrictions over the past few years. Furthermore, electronic utilization would align FCS institutions with regular practices of commercial financial institutions, thus keeping FCS institutions competitive. Several of the regulatory burden comments included in FCC’s spreadsheet discuss the issue of providing clear and explicit guidance for the use of electronic disclosures when applicable. Examples include providing the annual report to shareholders, preparing and filing reports, disclosure of requirements for sales of borrower stock, and preparing and distributing the annual meeting information statement. AgFirst recognizes that not all Farm Credit customers will use electronic means for disclosures and communications. Therefore, the request is for the option to use electronic means in accordance with applicable laws and regulations governing electronic commerce. With this option, FCS institutions can work with their borrowers, board members, and whomever

necessary in the most convenient way possible. This change will result in a beneficial experience for both the institution and the person.

Second, AgFirst supports FCC's comments regarding FCA published guidance and how it should relate to and be based on the Act and FCA regulations. Any guidance that helps promote compliance with those authorities (without exceeding their scope), whether set forth in an Informational Memorandum, Bookletter, or policy, should be **summarized and cited** in the examination manual. This will allow System institutions to confirm the scope of guidance going into an examination rather than having to review information spanning years (if not decades) and having to guess which guidance is still deemed relevant and which guidance is no longer actively being considered. The examination manual should be a one-stop resource for System institutions. System institutions should be able to rely upon such guidance to know whether they are compliant, which would help promote transparency and consistency in the examination process for both FCS institutions and FCA, allow for better preparation and communication during the examination process, and reduce the likelihood of regulation by examination and variances in interpretation. AgFirst agrees that examinations should not be a surprise environment. This makes for a better relationship between FCS institutions and FCA, thus further strengthening the commitment to safety and soundness of the System.

Moreover, AgFirst, along with other FCS institutions, recognize and understand the change in personnel that has occurred at FCA over the past few years and the experience that left with them. As a result of new examiners and new FCA staff, inconsistencies regarding examinations and regulatory interpretation have persisted from institution to institution. The inconsistency creates confusion and ambiguity throughout the institution, as a practice that was previously acceptable becomes an issue in the next examination cycle. The primary goal for examinations is compliance with the Act and FCA regulations promulgated under the Act. System institutions can more readily achieve compliance if: (i) examinations were limited to, and based on, the Act and FCA regulations; and (ii) examination manual guidance was cumulative of the guidance published by FCA through the effective date of the manual. If examinations followed these procedures, the occurrence of inconsistent examinations would decrease because all examiners would have the same plain language interpretations of the Act and regulations.

AgFirst respectfully asks that the FCA consider the comments on regulatory burden submitted by the FCC and other FCS institutions to eliminate regulations and practices that are unnecessary, unduly burdensome or costly, or not based on the law. Again, we thank you for the opportunity to constructively comment on the Proposed Rule.

Respectfully submitted,

AgFirst Farm Credit Bank



Michael T. "Bo" Stone
Chairman of the Board Directors



Leon T. Amerson
Chief Executive Officer & President