



October 18, 2022

Autumn R. Agans
Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090
VIA EMAIL: reg-comm@fca.gov

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 (the “Request for Comment”)

Dear Ms. Agans:

Thank you for the opportunity to respond to the Farm Credit Administration’s (“FCA”) Statement on Regulatory Burden that was published in the Federal Register on July 20, 2022 (87 FR 43227).

In response to this Request for Comment, Farm Credit Mid-America, ACA (“Farm Credit Mid-America”) supports the comment letter submitted by the Farm Credit Council (“FCC”) on October 14, 2022. Farm Credit Mid-America participated in the workgroup referenced by the FCC in its letter and worked with other System institutions, over several months to provide feedback to the FCC on the Request for Comment. Farm Credit Mid-America shares the concerns raised by the FCC in its comment letter and supports the requests for clarification and the additional suggestions made by the FCC.

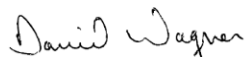
Farm Credit Mid-America would like to reiterate the cost impact that physical mailings (whether relating to shareholder meetings, mergers, lending, or other circumstances) have on System institutions of all sizes. Allowing an opportunity for shareholders to “opt-out” of electronic mailings, rather than opt-in to electronic mailings, could save Farm Credit Mid-America, and therefore its cooperative shareholders, hundreds of thousands of dollars per required mailing. Increased flexibility to not only conduct business electronically, but also provide electronic disclosures and reports to customers is essential to increasing efficiency and minimizing unwanted and unnecessary communications. Additionally, Farm Credit Mid-America supports the FCC’s comments regarding the scope and content of examinations and adds that this is particularly important when considering service corporations authorized under Section 4.25 of the Farm Credit Act. In an environment where many Farm Credit Associations are already expending substantial resources to comply with all applicable laws, regulations, and existing guidance, associations should be able to rely on those materials that have already been promulgated when entering and undergoing an examination. In areas where there is limited guidance, such as with service corporations, examinations should not become a source of *de facto* regulation.

In addition to the comments raised in the FCC's comment letter, Farm Credit Mid-America wishes to bring an additional item to FCA's attention in response to the Request for Comment. FCA's regulations regarding eligible investments found in 12 CFR Part 615, and specifically in 12 CFR 615.5140(b) include a restricted list of investments that can be purchased by Farm Credit Associations. The regulation also limits the investments of associations to no more than 10% of total outstanding loans. Both limitations are unnecessarily restrictive and place undue burden on associations' ability to manage risk. Association investment options currently are limited to (i) securities that are issued by or unconditionally guaranteed or insured by the United States Government or its agencies and (ii) those guaranteed portions of loans that are originated by non-Farm Credit lenders and sold into the secondary market that USDA fully and unconditionally guarantees or insures as to both principal and interest. System institution investment portfolios are reviewed approximately every six months and System institutions are constantly required to tweak investment policies and procedures, with little to no beneficial impact. At a minimum, because these investments are guaranteed, there should be less scrutiny (or fewer limitations) imposed on these investments and the review cycle should be extended.

Moreover, the regulatory restrictions on eligible investments in 12 CFR 615.5140(b) limit opportunities for balance sheet diversification and liquidity needs. Banks were once the direct lender, with associations being the service providers; the relationships, roles, and sophistication levels of associations have significantly changed since then. Associations are also more complex, larger, and have a greater need to better manage their own safety and soundness, with reduced reliance on banks. Associations have gained expertise to manage investments in a safe and sound manner that supports the ability to expand their investments, diversify their earnings, and allow for more stabilization of their balance sheets to better support the cooperative model. There is no reason to differentiate between associations and banks with regard to eligible investments as there once was, and System institution guidance and regulations require the monitoring of, and reporting on, such investments, and such investments are audited and subject to examination. With these and other controls and reviews, eligible investment limitations should no longer be applied to associations in a way that is dissimilar to those of banks. The eligible list of investments that can be purchased by associations, therefore, should be broadened to match those that can be purchased by banks.

We appreciate the opportunity to respond to the Request for Comment and FCA's willingness to consider this comment letter and the FCC's comment letter.

Sincerely,

A handwritten signature in cursive script that reads "Daniel Wagner".

Daniel Wagner
President & CEO