



April 28, 2026

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

Re: Response to Proposed Rule – Permanent Capital Revisions 12 CFR Parts 607, 611, 613, 614, 615, 620, 627, 628 and 630

Dear Ms. Agans:

On behalf of the Farm Credit System (“FCS”), its Accounting Standards Work Group (“ASWG”) and the Farm Credit Council (“FCC”), we appreciate the opportunity to comment on the Farm Credit Administration’s (“FCA”) proposed rule on Permanent Capital Revisions that was published in the *Federal Register* on February 27, 2026.

The ASWG and FCC solicited input from FCS Banks and all Associations, including a conference call of the FCS regulatory contacts on April 15, 2026, prior to submitting this letter to the FCA. The FCC also expects that individual FCS Banks and Associations may submit their own comment letters further detailing their thoughts on the proposed rule.

Since January 1, 2017, when the FCA implemented the current capital rule that is comparable to Basel III framework, permanent capital has not been the relevant measure for capital adequacy. The FCA notes in its proposed rule that Tier 1/Tier 2 capital measures are used to evaluate whether an institution has an adequate amount of total capital, including sufficient high-quality capital, to operate safely and soundly. The FCS agrees with the FCA that permanent capital is no longer the relevant capital measure and does not align with the Basel III framework.

Based on the review of the proposed rule and the feedback received, the FCS generally agrees with the FCA’s objectives to reduce the role of permanent capital as a measure of capital adequacy for FCS institutions, simplify the permanent capital ratio calculation and eliminate the disclosure of permanent capital in shareholder and investor reports. However, we identified two items within this “clean-up” regulation that could be problematic to the FCS as outlined below.

Section IV Description of the Proposed Rule, A.4 – Grounds for Appointing FCSIC as Conservator or Receiver §627.3.

Current regulation §627.3(b)(3)(ii) specifies that an unsafe and unsound condition includes an institution with permanent capital of less than one-half the minimum required level for the institution. FCA is proposing to replace permanent capital with a condition that the institution has either a total capital ratio less than the minimum requirement specified in §628.10(b)(3) or a

tier 1 leverage ratio less than the minimum specified in §628.10(b)(4), or both. The FCS believes that this change would be more than a technical change to reduce the burden of calculating and reporting permanent capital but could materially change the basis for appointing FCSIC as conservator or receiver. Replacing permanent capital, which is harder to breach and offers a wide buffer, with two much more sensitive Basel-aligned ratios, is not in line with the intended purpose of the proposed change. Accordingly, we recommend the FCA consider leaving the regulation unchanged or consider inserting the phrase “less than one-half” the minimum requirement for the total capital or tier 1 leverage ratios as specified above to maintain relative comparability.

Section IV Description of the Proposed Rule, D.1 – Assessment and Apportionment of Administrative Expenses

FCA proposes to make a technical revision in §607.2(b) to replace “average risk-adjusted asset base means” with “average assets mean” to conform with the other proposed changes to §615 and §628. The FCS believes this proposed definitional change in §607.2(b) could have an unintended consequence of materially impacting the assessment of FCA administrative expenses to and amongst FCS institutions. Following the capital rule changes in 2017, FCA provided guidance that FCS institutions would be assessed their share of FCA administrative expenses based on average daily risk-weighted assets. However, it appears the proposed conforming changes to §607.2(b) could cause confusion or unintended consequences by requiring the assessment based on “average assets” rather than “average risk-weighted assets” going forward. We ask the FCA to reconsider this technical revision to §607.2(b) and consider revising the definition to specifically reference “risk-weighted assets” as specified in § 628.10(c)(3).

Again, we appreciate the opportunity to provide this input on the Proposed Rule, and we appreciate the FCA’s efforts to reduce the calculation and disclosure of permanent capital. Please do not hesitate to contact me if we may be of further assistance.

Sincerely,



Robert Paul Boone, III
SVP of Regulatory Affairs & General Counsel
Farm Credit Council