

Regulatory Philosophy

Effective Date: 08-JUL-11

Effect on Previous Action: Originally adopted BM-17-FEB-94-02 ([see 59 FR 32189, June 22, 1994](#)); [see also 60 FR 26034, May 16, 1995](#); amended by NV-11-15 (8-JUL-11).

Sources of Authority: Farm Credit Act of 1971, as amended; 12 U.S.C. 2001 et seq.

THE FARM CREDIT ADMINISTRATION (FCA) BOARD HEREBY ADOPTS THE FOLLOWING POLICY STATEMENT:

The FCA shall develop regulations consistent with its authorities under the Farm Credit Act of 1971 (Act), as amended, and other relevant statutes. It is the FCA Board's philosophy to (1) promulgate regulations that are necessary to implement the law; (2) support achievement of the Farm Credit System's (System) public mission; and (3) ensure the System's safety and soundness.

The FCA Board will strive to create an environment that promotes the confidence of customers and shareholders, investors, Congress, and the public in the System's financial strength and future viability. The FCA Board believes that safe and sound operations of System institutions will instill: (a) investor confidence in System debt securities, which helps ensure that adequate funds are available at reasonable rates; and, (b) shareholder/member confidence in each cooperatively owned System institution by ensuring that sufficient financial resources are maintained to support an adequate supply of credit and other services to its shareholders/members in both good and bad times.

FCA will give high priority to issues that enable the System to more effectively accomplish its mission and to those issues that pose significant risks to the successful operation of the System, with the intent of ensuring an adequate and flexible flow of money into rural areas. As such, the FCA Board intends to provide System institutions with the flexibility consistent with changes in law, agriculture, and rural America so institutions can offer high quality, reasonably priced credit and related services to farmers, ranchers, their cooperatives, rural residents, and other entities upon which farming operations are dependent.

The strategies for accomplishing the Board's regulatory philosophy are as follows:

1. We will develop regulations based on a reasoned determination that benefits of any proposed regulation justify its cost.
2. We will focus our regulatory efforts on issues that address identified risks in System institutions or enhance the ability of System institutions to better meet the needs of agriculture and rural America. Preambles to regulations will explain the rationale for the regulatory approach adopted.
3. We will utilize diverse approaches to encourage public participation in the development and review of regulatory proposals in appropriate circumstances.
4. We will emphasize the cooperative principles of a farmer-owned Government-sponsored enterprise

by advancing regulatory proposals that encourage farmer- and rancher-borrowers to participate in the management, control, and ownership of their institutions.

5. We will work to eliminate unnecessary regulations that impair the ability of the System to accomplish its mission to serve agriculture and rural America and any regulations that are unduly burdensome, costly, or not based on the law.

The details of how the FCA will implement these strategies will be described in the Agency's Five-Year Strategic and Annual Performance Plans and in its Unified Agenda.

Semi-annually, the Director of the Office of Regulatory Policy (ORP) will provide the Board a proposed Unified Agenda for approval. The Unified Agenda will describe the regulatory projects the Agency plans to work on during the next 12 month period and apply the principles and strategies reflected in this policy. Quarterly, the ORP Director will report to the Board on the status of, and proposed adjustments to, regulatory projects scheduled on the Unified Agenda.

DATED THIS 8th DAY OF JULY, 2011

BY ORDER OF THE BOARD

Dale L. Aultman
Secretary to the Board