



For Immediate Release
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FCA Board Approves Advance Notice of Proposed Rulemaking to Solicit Comments on Alternatives to Credit Ratings

McLEAN, Va., August 11, 2011 — The Farm Credit Administration (FCA or agency) Board today approved an advance notice of proposed rulemaking (ANPRM) to solicit comments on ways, other than credit ratings, to measure the creditworthiness of a security or money market instrument.

Section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires federal agencies to review their regulations that refer to, or require reliance upon, credit ratings of securities or money market instruments and to replace the references with other appropriate standards of creditworthiness. FCA completed the review of its regulations in July and now seeks to comply with the rest of the requirement by identifying appropriate standards to replace the ratings.

This ANPRM sets forth the principles that FCA believes new standards of creditworthiness should address and discusses a few options FCA could explore as alternatives to using credit ratings for securities and money market instruments. It also poses a number of questions for the public to consider. Among these questions are the following:

- How can we ensure ratings consistency over time and across Farm Credit System institutions, and how can we maintain consistency with the ratings of similar assets by commercial banks and other capital market participants?
- Should FCA seek to be consistent with the standards of creditworthiness developed by other federal financial regulators?
- How should FCA risk-weight structured securities, derivatives, and other exposures such as recourse obligations, direct credit substitutes, and residual interests?
- Should each System bank be required to develop its own risk exposure methodology? Should each association be required to develop its own methodology?

This ANPRM will be published in the Federal Register, and the comment period is open for 90 days from the date of publication.

Please submit comments by electronic mail

- to reg-comm@fca.gov,
- through the Pending Regulations section of FCA's website at www.fca.gov, or
- through the federal government Web portal at www.regulations.gov.

Comments also may be sent by mail to Gary K. Van Meter, Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090. The public may read submitted comments at the FCA office in McLean, Va., or on FCA's website at www.fca.gov.

An ANPRM is a preliminary notice published in the Federal Register, announcing that an agency is considering a regulatory action. These notices are used when an agency wishes to gather more information from the public before issuing a notice of proposed rulemaking.

Reports

In other business, the Board received a quarterly report from the Office of Management Services. This report discussed the agency's budget status through June 30, 2011, and provided an update on FCA's Human Capital Plan and its Information Resources Plan.

During the closed session of the meeting, the Board also received a quarterly report by the Office of Secondary Market Oversight.

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The Farm Credit Administration is the safety and soundness regulator of the cooperative Farm Credit System and the Federal Agricultural Mortgage Corporation (Farmer Mac). FCA charters, regulates, and examines the 96 banks, associations, service corporations and special-purpose entities of the Farm Credit System, which makes loans to agricultural producers and their cooperatives nationwide. This includes Farmer Mac, which provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA Board are Leland A. Strom, Chairman and CEO; Kenneth A. Spearman; and Jill Long Thompson.

Note: FCA news releases are available on the Web at www.fca.gov.