

**Statement Regarding FCA Rule on Compensation,
Retirement Programs, and Related Benefits
Leland A. Strom, Board Member
Farm Credit Administration
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In September 2012, the FCA Board unanimously adopted a final rule on “Compensation, Retirement Programs, and Related Benefits – RIN 3052-AC41.” The compensation rule is the product of more than three years of information gathering and a lengthy rulemaking process.

In promulgating the compensation rule, the FCA Board attempted to address specific compensation payments that were unusual in the System given its cooperative status. A central provision of the compensation rule is the requirement for a System institution to hold a nonbinding, advisory vote for its stockholders if its chief executive officer compensation, senior officer compensation, or both increase by 15 percent or more from the previous reporting period.

This past December, the Farm Credit Council, acting on behalf of the System, filed a petition for regulatory change. The petition asks that FCA repeal the nonbinding, advisory vote provision. In response, the FCA Board published the petition and a request for comment in the Federal Register.

In its request for comment, the FCA Board asked for reasonable alternatives to the nonbinding, advisory vote—alternatives that would preserve the compensation rule’s twin goals of promoting greater transparency and disclosure regarding senior officer compensation and encouraging greater participation of the owners of System institutions in compensation issues. The 60-day comment period ended on April 19.

In reviewing the comment letters to FCA’s request for alternatives to the nonbinding, advisory vote, I am pleased with the wide range of responses and constructive input we have received. Commenters have given the FCA Board a number of thoughtful alternatives to consider.

I look forward to the Agency staff’s analysis of the commenters’ views. I plan to give careful and thoughtful consideration to potential alternatives to the compensation rule’s nonbinding, advisory vote provision.

My hope is that we can find alternative methods to address some of the concerns raised while preserving the goals of greater transparency regarding compensation and greater engagement of stockholders in the institutions they own.