

[6705-01-P]

FARM CREDIT ADMINISTRATION

12 CFR Part 655

RIN 3052-AD47

Federal Agricultural Mortgage Corporation Disclosure and Reporting

AGENCY: Farm Credit Administration.

ACTION: Direct final rule.

SUMMARY: The Farm Credit Administration (FCA or we) issues this direct final rule adopting administrative amendments to eliminate requirements for the Federal Agricultural Mortgage Corporation (Farmer Mac or the Corporation) to submit paper copies of certain reports to the FCA's Office of Secondary Market Oversight (OSMO). Electronic copies of the reports are sufficient for oversight and examination purposes.

DATES: If no significant adverse comment is received on or before [INSERT DATE THAT IS 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER], this regulation shall become effective no earlier than the expiration of 30 days after publication in the Federal Register during which either or both Houses of Congress are in session. We will publish notice of the effective date in the Federal Register.

ADDRESSES: For accuracy and efficiency reasons, please submit comments by e-mail or through the FCA's Web site.

We do not accept comments submitted by facsimile (fax), as faxes are difficult for us to process in compliance with section 508 of the Rehabilitation Act. Please do not submit your comment multiple times via different methods.

You may submit comments by any of the following methods:

- E-mail: Send us an e-mail at reg-comm@fca.gov.
- FCA Web site: <http://www.fca.gov>. Click inside the "I want to..." field near the top of the page; select "comment on a pending regulation" from the dropdown menu; and click "Go." This takes you to an electronic public comment form.
- Mail: Laurie A. Rea, Director, Office of Secondary Market Oversight, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

You may review copies of comments we receive on our website at <http://www.fca.gov>. Once you are in the website, click inside the "I want to..." field near the top of the page; select "find comments on a pending regulation" from the dropdown menu; and click "Go." This page will take you to the Comment Letters page where you can select the regulation for which you would like to read the public comments.

We will show your comments as submitted, but for technical reasons we may omit items such as logos and special characters. Identifying information you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove email addresses to help reduce Internet spam. You may also review comments at our office in McLean, Virginia. Please call us at (703)883-4280 or email us at reg-comm@fca.gov to make an appointment.

FOR FURTHER INFORMATION CONTACT:

Technical Information: Tiffany West, Assistant to the Director, Office of Secondary Market Oversight, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4280, TTY (703) 883-4056;

or

Legal Information: Hazem Isawi, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4020, TTY (703) 883-4056.

SUPPLEMENTARY INFORMATION:

I. Objective

The objective of this direct final rule is to eliminate the requirement for Farmer Mac to submit paper copies of reports to OSMO in most circumstances by:

- Maintaining the requirement for submission of electronic reports; and

- Limiting the requirement for submission of paper copies of reports to circumstances where it is impossible to provide an electronic report timely.

II. Discussion

Farmer Mac is a stockholder-owned, federally chartered instrumentality that is an institution of the Farm Credit System (System) and a Government-sponsored enterprise (GSE). The Corporation was established and chartered by the Agricultural Credit Act of 1987 (1987 Act)¹ to create a secondary market for agricultural real estate mortgage loans, rural housing mortgage loans, rural utility cooperative loans, and the guaranteed portions of USDA-guaranteed farm and rural development loans. Title VIII of the Farm Credit Act of 1971, as amended (Act),² governs the Corporation.

Existing FCA regulations require Farmer Mac to file both one paper copy and one electronic copy of certain reports with the FCA. There are three instances of requirements of paper copy submissions:

- Section 655.10(c) requires the Corporation to provide FCA with one paper and one electronic copy of every signed report that is distributed to its shareholders

¹Agricultural Credit Act of 1987 (Pub. L. 100-233, January 6, 1988).

²Sections 8.0 to 8.41 of the Act (12 U.S.C. 2279aa to 2279cc).

unless that report is the same as that filed with the Securities and Exchange Commission (SEC). If the report is the same as that filed with the SEC, the Corporation may instead provide the signed reports to us only in electronic form and simultaneous with filing the report with the SEC.

- Section 655.15(a) requires the Corporation to provide FCA one paper and one electronic copy of every interim report, notice, and proxy statement filed with the SEC.
- Section 655.21(a) requires the Corporation to provide FCA one paper and one electronic copy of every filing made with the U.S. Treasury, the SEC, or New York Stock Exchange (NYSE), including financial statements and related schedules, exhibits, and other documents that are part of the filing.

Additionally, § 655.21(b) requires that Farmer Mac send us, within 3 business days and according to the instructions provided by us, copies of all substantive correspondence between the Corporation and the U.S. Treasury, the SEC, or NYSE that are directed at the activities of the Corporation. However, it does not specify how the copies are to be sent.

Electronic copies of the required reports specified above are sufficient to allow for oversight and examination of the Corporation. The only circumstance where a paper copy would be necessary is if it is impossible to provide an electronic copy. This includes events such as, but not limited to, security breaches, power outages, and the inability to access electronic portals.

III. Direct Final Rule

We are eliminating the requirements for paper copy submissions in § 655.10(c), § 655.15(a), and § 655.21(a), and clarifying that submissions required under § 655.21(b) should be done electronically, by a direct final rulemaking. The Administrative Conference of the United States recommends direct final rulemaking for Federal agencies to enact noncontroversial regulations on an expedited basis, without the usual notice and comment period.³ This process enables us to reduce the time and resources we need to develop, review, and publish a final rule while still affording the public an adequate opportunity to comment or object to the rule.

In a direct final rulemaking, we notify the public that the rule will become final on a specified date unless

³ Recommendation 95-4, referencing the Administrative Procedure Act "good cause" exemption at 5 U.S.C. 553(b) (B), adopted June 15, 1995.

we receive a significant adverse comment during the comment period. A significant adverse comment is one where the commenter explains why the rule would be inappropriate (including challenges to its underlying premise or approach), ineffective, or unacceptable without a change. In general, a significant adverse comment would raise an issue serious enough to warrant a substantive response from the FCA in a notice-and-comment proceeding.

We believe that a direct final rulemaking is the appropriate method for amending § 655.10(c), § 655.15(a), and § 655.21(a) and (b) because the changes are administrative in nature and do not substantively alter the rights or responsibilities of any party. We do not anticipate there will be significant adverse comments. If, however, we receive a significant adverse comment during the comment period, we will publish a notice of withdrawal of the relevant provisions of this rule that will also indicate how further rulemaking will proceed. If we receive no significant adverse comments, we will publish notice of the effective date of the rule following the required congressional waiting period under section 5.17(c)(1) of the Act.

IV. Regulatory Flexibility Act Analysis and Major Rule Conclusion

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), FCA hereby certifies the final rule will not have a significant economic impact on a substantial number of small entities. The Corporation has assets and annual income over the amounts that would qualify it as a small entity. Therefore, the Corporation is not considered a "small entity" as defined in the Regulatory Flexibility Act.

Under the provisions of the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Management and Budget's Office of Information and Regulatory Affairs has determined that this direct final rule is not a "major rule," as the term is defined at 5 U.S.C. 804(2).

List of Subjects

12 CFR Part 655

Federal Agricultural Mortgage Corporation Disclosure and Reporting

For the reasons stated in the preamble, part 655 of chapter VI, title 12 of the Code of Federal Regulations is amended as follows:

Part 655- FEDERAL AGRICULTURAL MORTGAGE CORPORATION DISCLOSURE AND REPORTING REQUIREMENTS

1. The authority citation for part 655 continues to read as follows:

Authority: Sec. 5.9, 8.3, 8.11, and 8.12 of Pub. L. 92-181, 85 Stat. 583(12 U.S.C. 2243, 2279aa-3, 2279aa-11, 2279aa-12).

2. Section 655.10 is amended by revising the language in paragraph (c) prior to clause (1) to read as follows:

§ **655.10 Reports of condition.**

* * * * *

(c) Distribution. The Corporation must distribute the signed annual report of condition to its shareholders within 120 days of its fiscal year-end. Within 5 days of signing, the Corporation must provide to us an electronic copy of every signed report that is distributed to its shareholders. If it is impossible to provide an electronic copy, a paper copy must be submitted within the required time frame and an electronic copy as soon as possible after that.

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3. Section 655.15 is amended by revising paragraph (a) as follows:

§ **655.15 Interim reports, notices, and proxy statements.**

(a) The Corporation must provide to us an electronic copy of every interim report, notice, and proxy statement filed with the SEC within 1 business day of filing the item with the SEC, including all papers and documents that are a part of the report, notice, or statement. If it is impossible to provide an electronic copy, a paper copy must be submitted within the required time frame and an electronic copy as soon as possible after that.

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4. Section 655.21 is amended by revising paragraphs (a) and (b) to read as follows:

§ **655.21 Filings and communications with the U.S. Treasury, the SEC, and NYSE.**

(a) The Corporation must send us an electronic copy of every filing made with U.S. Treasury, the SEC, or NYSE, including financial statements and related schedules, exhibits, and other documents that are a part of the filing. Such items must be filed with us no later than 1 business day after the U.S. Treasury, SEC, or NYSE filing. For those filings with the NYSE that duplicate ones made to the SEC, the Corporation may send only the SEC filing to us. If the filing is one addressed in subpart B of this part, no action under this paragraph is

required. If it is impossible to provide an electronic copy, a paper copy must be submitted within the required time frame and an electronic copy as soon as possible after that.

(b) The Corporation must send us, within 3 business days and according to instructions provided by us, electronic copies of all substantive correspondence between the Corporation and the U.S. Treasury, the SEC, or NYSE that are directed at the activities of the Corporation.

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Dated

Dale Aultman,
Secretary,
Farm Credit Administration Board.