

Dated: May 10, 1995.

**Floyd Fithian,**

Secretary, Farm Credit Administration Board.

[FR Doc. 95-12015 Filed 5-15-95; 8:45 am]

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[BM-09-MAY-95-03]

### Policy Statement on Regulatory Philosophy

**AGENCY:** Farm Credit Administration.

**ACTION:** Policy statement.

**SUMMARY:** The Farm Credit Administration (FCA) Board reaffirmed the Policy Statement on Regulatory Philosophy (59 FR 32189, June 22, 1994) in order to assist in the creation of an environment which promotes the confidence of customer/shareholders, investors and the public in the Farm Credit System's (System) financial strength and future viability. The FCA recommitted to promulgate regulations only as required by law, as necessary to interpret the law, or as necessary to promote the safe and sound operation of System institutions.

**EFFECTIVE DATE:** May 9, 1995.

**FOR FURTHER INFORMATION CONTACT:**

Floyd Fithian, Secretary to the Farm Credit Administration Board, Farm Credit Administration, McLean, Virginia 22102-5090, (703) 883-4000, TDD (703) 883-4444.

**SUPPLEMENTARY INFORMATION:** The text of the Board's policy statement on regulatory philosophy is set forth below in its entirety:

#### FCA Board Action on Policy Statement on Regulatory Philosophy, BM-09-MAY-95-03, FCA-PS-59

Effective Date: May 9, 1995.

Effect on Previous Action: Replaces BM-17-FEB-94-02 [FCA-PS-59]

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

The FCA Board adopts the edited version and reaffirms the policy statement on regulatory philosophy as follows:

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 promulgate regulations that are necessary to implement the law and to promote the safety and soundness of the Farm Credit System (System). In general, the Board's regulatory objective will be to:

*Create an environment that promotes the confidence of customer/shareholders and investors and the public in the Farm Credit*

*System's financial strength and future viability and grants System institutions the maximum flexibility consistent with this purpose to offer high quality, reasonably priced credit and other services to customer/shareholders.*

The FCA Board believes that safe and sound operations of System institutions will promote the following: (a) Investor confidence in System debt securities, which works to ensure adequate funds at reasonable rates for lending to customer/shareholders; and, (b) customer/shareholder confidence in each cooperatively owned System institution, which works to ensure adequate market share and sufficient capital.

To effectively achieve its objective, the FCA will:

1. Promulgate regulations only as required by law, as necessary to interpret the law, or as necessary to promote the safe and sound operation of System institutions.

2. Work to eliminate outdated regulations and ensure that its regulations implement the purposes of the law without unnecessary burden or cost. The FCA will adopt its regulatory approach based on a reasoned determination that the benefits of the intended regulations justify their cost.

3. Strive to ensure that each regulation has a well-defined objective and addresses specifically identified risks or problems. Preambles to regulation will explain the FCA Board's rationale for the regulatory solution adopted.

4. Promulgate regulations that, to the extent feasible, specify performance criteria and objectives rather than operational methods for achieving their purposes. Operational constraints imposed by regulation should be based on specific statutory requirements or the achievement of regulatory objectives.

5. Give high priority to issues that pose the greatest risk within the Farm Credit System.

6. Consider policy positions of the other financial regulators to determine whether consistency would facilitate the objectives of the Act or whether a different approach is warranted.

7. Draft its regulations and policy statements to be clear and easy to understand, with the goal of minimizing the potential for ambiguity, uncertainty, and resultant litigation.

8. Utilize innovative approaches to seeking the public's perspective regarding regulatory proposals in appropriate circumstances.

The FCA Board will consider these principles as it develops new regulatory initiatives and as it reviews existing regulations to determine whether they

continue to be necessary and effective. The FCA Board is committed to thoughtfully evaluating competing considerations to arrive at its regulatory judgments.

Adopted this 9th day of May, 1995 by order of the Board.

Dated May 10, 1995.

**Floyd Fithian,**

Secretary, Farm Credit Administration Board.

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## FEDERAL RESERVE SYSTEM

### Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A.; Notice of Application to Engage de novo in Permissible Nonbanking Activities

The company listed in this notice has filed an application under § 225.23(a)(1) of the Board's Regulation Y (12 CFR 225.23(a)(1)) for the Board's approval under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.21(a) of Regulation Y (12 CFR 225.21(a)) to commence or to engage *de novo*, either directly or through a subsidiary, in a nonbanking activity that the Board has determined is closely related to banking and permissible for bank holding companies. Unless otherwise noted, such activities will be conducted throughout the United States.

The application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether consummation of the proposal can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." Any request for a hearing on this question must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

Comments regarding the application must be received at the Reserve Bank