This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule-making prior to the adoption of the final rules.

**FARM CREDIT ADMINISTRATION**

12 CFR Part 652

RIN 3052–AC80

Federal Agricultural Mortgage Corporation Funding and Fiscal Affairs; Farmer Mac Capital Planning

**AGENCY:** Farm Credit Administration (FCA or Agency).

**ACTION:** Proposed rule.

**SUMMARY:** The FCA, through the Office of Secondary Market Oversight (OSMO), is proposing regulations to require the Federal Agricultural Mortgage Corporation (Farmer Mac) to submit a capital plan to OSMO on an annual basis and to require Farmer Mac to notify OSMO under certain circumstances before making a capital distribution. The proposed rule would revise the current capital adequacy planning requirements to increase our regulatory focus on the quality and level of Farmer Mac’s capital base and promote best practices for capital adequacy planning and stress testing. We view high quality capital as the fundamental resource available to cover unexpected losses and ensure long-term financial flexibility and viability.

**DATES:** Please submit comments before March 26, 2013.

**ADDRESSES:** Commenters are encouraged to submit comments by email or through the FCA’s Web site. As facsimiles (faxes) are difficult for us to process and achieve compliance with section 508 of the Rehabilitation Act, we no longer accept comments submitted by fax. Regardless of the method you use, please do not submit your comments multiple times via different methods. You may submit comments by any of the following methods:

- **Email:** Send an email to reg-comm@fca.gov.
- **FCA Web site:** http://www.fca.gov. Select “Public Commenters,” then “Public Comments,” and follow the directions for “Submitting a Comment.”

- **Federal eRulemaking Portal:** http://www.regulations.gov. Follow the instructions for submitting comments.

- **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 all comments we receive at our office in McLean, Virginia or on our Web site at http://www.fca.gov. Once you are in the Web site, select “Public Commenters,” then “Public Comments,” and follow the directions for “Reading Submitted Public Comments.” We will show your comments as submitted, including any supporting data provided, but for technical reasons we may omit items such as logos and special characters. Identifying information that 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.

**FOR FURTHER INFORMATION CONTACT:**

Joseph T. Connor, Associate Director for Policy and Analysis, Office of Secondary Market Oversight, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4280, TTY (703) 883–4434; or Rebecca S. Orlich, Senior Counsel, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TTY (703) 883–4020.

**SUPPLEMENTARY INFORMATION:**

### I. Objective

The objective of this proposed rule is to improve the long-term safety and soundness and continuity of Farmer Mac operations so that Farmer Mac may better fulfill its public mission under a range of economic conditions. To achieve this, FCA is proposing to revise operational and strategic business planning requirements to enhance capital adequacy planning. The proposed rule is designed to (i) establish minimum supervisory standards for the capital planning process, including stress testing, (ii) describe how the Farmer Mac board of directors (board) and senior management should implement the process and strategies, and (iii) provide FCA with notification of Farmer Mac’s proposed capital distributions before they occur.

**II. Background**

Farmer Mac is an institution of the Farm Credit System, regulated by FCA through its Office of Secondary Market Oversight. Farmer Mac was established and chartered by Congress to create a secondary market for agricultural real estate mortgage loans, rural housing mortgage loans, and rural utilities loans, and it is a stockholder-owned instrumentality of the United States. Title VIII of the Farm Credit Act of 1971, as amended (Act), governs Farmer Mac.¹

**Farmer Mac Programs**

Under the Farmer Mac I program, Farmer Mac guarantees prompt payment of principal and interest on securities representing interests in, or obligations backed by, mortgage loans secured by first liens on agricultural real estate or rural housing. It also purchases, or commits to purchase, qualified loans or securities backed by qualified loans directly from lenders. Under the Farmer Mac II program, Farmer Mac purchases and securitizes portions of certain loans guaranteed by the U.S. Department of Agriculture, including farm ownership and operating loans and rural business and community development loans. Farmer Mac also guarantees the timely payment of principal and interest on the securities created from these loans. In 2008, Congress authorized Farmer Mac to purchase and guarantee securities backed by loans to rural electric and telephone utility cooperatives.

**III. Need for Enhanced Capital Planning**

The fundamental purpose of bank capital is to provide a cushion to absorb unexpected losses and improve an institution’s long-term resilience. The recent global financial crisis underscored the importance of capital adequacy planning, including maintaining high quality capital. In response to the crisis, the Basel Committee on Banking Supervision (BCBS) proposed the Basel III framework, which expands and clarifies international standards on regulatory capital with the intent to raise the quality, quantity, and transparency of regulatory capital.² The Basel III

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² Bank for International Settlements, Basel Committee on Banking Supervision, Basel III, A Global Regulatory Framework for More Resilient...
framework also requires banks to run stress tests to ensure they are able to sustain financial soundness under adverse market conditions. In the U.S., the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was enacted in July 2010 to strengthen regulation of the financial sector. Section 165 of the Dodd-Frank Act requires certain financial companies whose total consolidated assets are in excess of $10 billion to conduct annual stress tests. The U.S. banking agencies (the Federal Reserve System (FRS), Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC)) and the Federal Housing Finance Agency (FHFA) have issued proposed, and in some cases, final rules and guidance to enhance capital standards and stress testing.

This proposed rule reflects our general agreement with the rulemaking actions of other banking supervision authorities, both domestic and international, which emphasize high quality capital maintenance, robust planning, and stress testing as adding value to the existing regulatory framework for capital adequacy and capital planning. Farmer Mac’s statutory capital standards were enacted in 1991 and have not been updated since 1996. Under the Act, Farmer Mac must operate at or above a minimum “core capital” level and a minimum “regulatory capital” level. “Core capital” is defined in section 8.31(2) of the Act as the par value of outstanding common and preferred stock, paid-in capital, and retained earnings. Farmer Mac’s minimum core capital requirement is an amount equal to the sum of 2.75% of on-balance sheet assets and 0.75% of off-balance sheet obligations. “Regulatory capital” is defined in section 8.31(5) as core capital plus an allowance for losses and guarantee claims (ALL). Farmer Mac’s minimum risk-based capital requirement is the amount of regulatory capital for interest rate and credit risk determined by applying a risk-based capital stress test (RBCST) as defined in section 8.32(a) of the Act, plus an additional 30 percent of that amount for management and operations risk.

The regulatory requirements of the RBCST were implemented in FCA’s regulations at 12 CFR part 652, subpart B in 2002 and have been revised several times. While the RBCST provides a valuable alternative perspective as a risk index of Farmer Mac’s operations from quarter to quarter, the Act prescribes several components of the model’s design that constrain its usefulness as the only approach to calculating risk-based capital required by regulation. Under certain conditions, the Act’s provisions do not impose a significant level of stress; for example, the Act’s interest rate stress provisions do not impose a stressful scenario of interest rate shock in very low interest rate environments such as the current one. Moreover, there are a number of areas of the statutory design, requirements, and the RBCST that may no longer reflect best practices in economic capital modeling, which has advanced considerably since the provisions were enacted. We believe applying current best practices for comprehensive and robust stress testing approaches is prudent and warranted for capital planning.

In addition, the Act’s minimum regulatory capital standards do not necessarily ensure that Farmer Mac holds a sufficient amount of high quality capital—primarily common equity and retained earnings—to survive periods of high financial stress. The statutory definition of “core capital” broadly defines the types of capital instruments that may be included without distinguishing the quality of the capital instruments. More recent views of capital, including the Basel III framework for stock corporations, make much finer distinctions between, for example, different structures of preferred stock on the basis of the terms of their underlying contractual provisions. These distinctions include how much incentive is built into preferred stock terms for the issuer to redeem the shares. An example of such an incentive would be significant step-ups in dividend rates over time. Such provisions create greater uncertainty about the relative permanence of that capital and, therefore, how available it will be to cover unexpected losses in the future.

Consistent with the view that high quality capital is the fundamental resource available to cover unexpected losses and ensure long-term financial flexibility and viability, we propose to revise the current capital adequacy planning requirements to increase our regulatory focus on the quality and level of capital and advance best practices for capital adequacy planning and stress testing at Farmer Mac.

IV. Proposed Revisions

We propose to revise our regulation on Corporation Board Guidance by deleting the provisions related to the capital adequacy plan that is part of the operational and strategic business plan requirement in existing §652.60(b)(5) and (c) and creating a new §652.61 with revised and expanded guidance on capital planning. In §652.60(a), we propose to add the requirement that Farmer Mac’s capital be sufficient to meet goals and objectives in a newly proposed element (in §652.61(c)) of its operational and strategic business plan. We further propose to require Farmer Mac to notify the OSMO within 10 calendar days of determining that capital is not sufficient to meet this new requirement. In §652.60(b), we propose to add several items that Farmer Mac must address in its business plan. These include a business and organizational overview and an assessment of management capabilities; an assessment of Farmer Mac’s strengths and weaknesses; strategies for achieving mission, financial, and business goals and objectives; and a marketing plan. We propose to add to the required review of internal and external factors likely to affect Farmer Mac during the business planning period a required discussion of how factors might impact Farmer Mac’s current financial position and business goals.

In new §652.61, we propose to require Farmer Mac to develop and maintain an annual capital plan and to submit the plan for FCA review. The revisions generally refer to a required capital plan rather than the existing rule’s references to capital adequacy planning, and the proposed requirements, while more specific and detailed, are very similar in their overall objective. As described more fully below, Farmer Mac would be required to calculate a high quality capital ratio as well as the ratios described in the Act and existing regulations. In proposed §652.62, we would require Farmer Mac to notify the FCA prior to making a
capital distribution under certain circumstances.

A. Annual Capital Planning Requirement

We propose to define a capital plan as a written presentation of Farmer Mac’s capital planning strategies and capital adequacy process that includes certain mandatory elements. The proposed capital plan would be organized into four main components, each with specified mandatory elements. The four mandatory elements are:

1. An assessment of the expected uses and sources of capital over the planning horizon (at least 12 quarters, beginning with the quarter preceding the quarter in which Farmer Mac submits its capital plan) that reflects Farmer Mac’s size, complexity, risk profile and scope of operations, assuming both expected and stressful conditions;

2. A detailed description of Farmer Mac’s process for assessing capital adequacy;

3. Farmer Mac’s capital policy; and

4. A discussion of any expected changes to Farmer Mac’s business plan that are likely to have a material impact on its capital adequacy or liquidity.

The first mandatory element, the assessment of uses and sources of capital, must contain the following components:

- Estimates of projected revenues, losses, reserves, and non-formal capital levels, including any minimum statutory or regulatory capital ratio, a high-quality Tier 1 ratio as described below, and any additional capital measures deemed relevant by Farmer Mac, over the planning horizon under expected conditions and under a range of stressed scenarios, including any scenarios provided by FCA and at least two stressed scenarios developed by Farmer Mac appropriate to its business model and portfolio; such scenarios could include agricultural and general economic conditions that cause increases in delinquency rates caused by any variety of factors (e.g., widespread, weather-related crop losses), interest rate spikes that could impact historically high cropland values and the cost of debt funding, changes in laws that affect plant-based renewable fuels subsidies, as well as liquidity-related stress such as reduced access to debt markets; and

- A discussion of all planned capital actions over the planning horizon. We propose to define a capital action as any issuance of a debt or equity capital instrument, a capital distribution, or any similar action that the FCA determines could impact Farmer Mac’s capital. A capital distribution would include a redemption or repurchase of any debt or equity capital instrument, a dividend payment, a payment that may be temporarily or permanently suspended by Farmer Mac on any instrument that is eligible for inclusion in total equity (as reported in accordance with GAAP), and any similar transaction that the Agency determines to be in substance a distribution of capital.

The second mandatory element of the capital plan, the process for assessing capital adequacy, must contain the following components:

- A discussion of how Farmer Mac will, under normal and stressful conditions, be able to maintain capital commensurate with its risks, maintain capital above the minimum statutory and regulatory capital ratios and above a Tier 1 ratio set in accordance with the board’s clearly articulated risk tolerance policy; and

- A discussion of the results of any stress test required by law or regulation, including the RBCST, and an explanation of how the capital plan takes these results into account.

We do not propose to establish a new regulatory minimum capital requirement in this rule. Rather, we propose to require Farmer Mac to establish an internal minimum standard in accordance with widely recognized approaches as a part of board policy on capital. To comply with the proposed requirements of the Tier 1 ratio, Farmer Mac must utilize an approach that is in accordance with an appropriate Basel framework (or frameworks), or comparable U.S. regulatory frameworks in effect (e.g., Standardized or advanced internal ratings based (Advanced) approaches, or both). The approach selected to calculate risk-weighted assets must be appropriate given Farmer Mac’s business activities and must be consistent with broadly accepted banking practices and standards (e.g., Basel accords or similar U.S. regulations, including those applied by Farm Credit Systems banks and associations under part 615 of the FCA’s regulations). The OSMO strongly

7 Publications by the BCBS explaining these approaches include: (1) International Convergence of Capital Measurement and Capital Standards, A Revised Framework Comprehensive Version, June 2006; (2) Enhancements to the Basel II framework July 2009; and (3) Basel III, A Global Regulatory Framework for More Resilient Banks and Banking Systems, December 2010 (revised June 2011). recommends that, for capital planning purposes, Farmer Mac calculate and report in its business plan the ratio of Tier 1 capital to risk-weighted assets using both the Basel Standardized approach and the Advanced approach to provide alternative perspectives on the Farmer Mac’s risk-bearing capacity.

The third mandatory element of the capital plan, the capital policy, is a written assessment of the principles and guidelines used for capital planning, capital issuance, usage and distributions, including internal capital goals, the quantitative or qualitative guidelines for dividend and stock repurchases, the strategies for addressing potential capital shortfalls, and the internal governance procedures around capital policy principles and guidelines.

Finally, the fourth mandatory element of Farmer Mac’s capital plan is a discussion of any expected changes to Farmer Mac’s business plan that are likely to have a material impact on capital adequacy or liquidity. For example, the capital plan should reflect any expected material effects of new lines of business or activities on Farmer Mac’s capital adequacy or liquidity, including revenue and losses.

We propose to require the board, at least annually, to review the robustness of the process for assessing capital adequacy, ensure that any deficiencies in the process for assessing capital adequacy are appropriately remedied, and approve the capital plan. The robustness of Farmer Mac’s capital adequacy process should be evaluated based on the following elements:

- A sound risk management infrastructure that supports the identification, measurement, and assessment of all material risks arising from the business activities of Farmer Mac;

- An effective process for translating risk measures into estimates of potential loss over a range of adverse scenarios and for aggregating those estimated losses across Farmer Mac;

- A clear definition of available capital resources and an effective process for forecasting available capital resources over the same range of adverse scenarios used for loss forecasting;

- A process for considering the impact of loss estimates on capital adequacy consistent with Farmer Mac’s stated goals for the level and composition of capital and for taking into account any limitations of the company’s capital adequacy process and its components;

- A process, supported by Farmer Mac’s capital policy, to use its assessments of the impact of loss and
resource estimates on capital adequacy to make key decisions regarding the current level and composition of capital, specific capital actions, and capital contingency plans as they affect capital adequacy:

(vi) Sound internal controls governing the capital adequacy process, including sufficient documentation, model validation and independent review, and audit testing; and

(vii) Effective board and senior management oversight of Farmer Mac’s capital adequacy process, including periodic review of capital goals, assessment of the appropriateness of adverse scenarios considered in capital planning, regular review of any limitations and uncertainties in the process, and approval of planned capital actions.

B. FCA’s Review of Capital Plans

FCA expects to consider the following factors in reviewing Farmer Mac’s capital plan: (1) The comprehensiveness of the capital plan, including the extent to which the analysis underlying the capital plan captures and addresses potential risks stemming from activities across Farmer Mac’s operations and its capital policy; (2) the reasonableness of its assumptions and analysis underlying the capital plan and its methodologies for reviewing the robustness of its capital adequacy process; and (3) its ability to maintain capital above the board-established minimum Tier 1 Capital to risk-weighted assets ratio on a pro forma basis under both normal and stressful conditions throughout the planning horizon, including but not limited to any stressed scenarios required under this rule.

The FCA would also consider the following information in reviewing Farmer Mac’s capital plan:

(i) Relevant supervisory information about Farmer Mac and its subsidiaries;

(ii) Farmer Mac’s regulatory and financial reports, as well as supporting data that will allow for an analysis of the loss, revenue, and reserve projections;

(iii) Compliance with statutory and regulatory minimum capital standards;

(iv) As applicable, the FCA’s own pro forma estimates of Farmer Mac’s potential losses, revenues, reserves, and resulting capital adequacy under both normal and stressful conditions, including but not limited to any stressed scenarios required under the final rule, as well as the results of any stress tests conducted by Farmer Mac or the FCA; and

(v) Other information requested or required by the FCA, as well as any other information relevant to Farmer Mac’s capital adequacy.

C. FCA Action on a Capital Plan

OSMO would review the capital plan and provide an assessment to Farmer Mac of the capital adequacy and planning process through its normal examination and oversight program. In determining whether a capital plan or proposed capital distributions would constitute an unsafe or unsound practice, the FCA will consider whether Farmer Mac is and will remain in sound financial condition after giving effect to the capital plan and proposed capital distributions.

OSMO may require Farmer Mac to submit additional data about planning assumptions, stress test strategies, and other qualitative and quantitative information. OSMO may also require Farmer Mac to revise and re-submit its capital plan.

D. Farmer Mac’s Response to OSMO’s Review

We propose to require Farmer Mac to take into account the results of the stress tests conducted under the requirements of this section, as well as OSMO’s assessment, in making changes as appropriate to Farmer Mac’s capital structure (including the level and composition of capital); its exposures, concentrations, and risk positions; any plans for recovery and resolution; and overall risk management. In addition, Farmer Mac must document in writing any changes it makes to its capital structure such as issuance or retirement of equity securities, as well as decisions not to make such changes with respect to any shortcomings noted in OSMO’s assessment.

V. Prior Notice Requirements

A. Notice to OSMO of Capital Distributions

We believe an enhanced level of dialogue between the Agency and Farmer Mac in advance of capital distributions will improve the level of FCA’s oversight of, and communication with, regulated entity. Such enhanced dialogue would provide the board with valuable external perspective on such decisions from both a safety and soundness and mission achievement points of view. In new § 652.62, we propose to require Farmer Mac to provide OSMO with notice 15 calendar days prior to a board action to declare a capital distribution. We expect such notice to include a description of the capital distribution including, for redemptions or repurchases of securities, the gross consideration to be paid and the terms and sources of funding for the transaction, and for dividends, the amount of the dividend, as well as any additional information requested by OSMO (which could include, among other things, an assessment of Farmer Mac’s capital adequacy under a stress scenario specified by OSMO). There would be an exception to the notice requirement for dividends on common and preferred stock when there is no change from the amount of the dividends paid in the previous period.

VI. Regulatory Flexibility Act

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

List of Subjects in 12 CFR Part 652

Agriculture, Banks, Banking, Capital, Investments, Rural areas.

For the reasons stated in the preamble, part 652 of chapter VI, title 12 of the Code of Federal Regulations is proposed to be amended as follows:

PART 652—FEDERAL AGRICULTURAL MORTGAGE CORPORATION FUNDING AND FISCAL AFFAIRS

1. The authority citation for part 652 continues to read as follows:


2. Revise § 652.60 to read as follows:

§ 652.60 Corporate business planning.

(a) Your board of directors is responsible for ensuring that you maintain capital at a level that is sufficient to ensure continued financial viability and provide for growth. In addition, your capital must be sufficient to meet statutory and regulatory requirements as well as the goals and objectives in the required element of your capital plan in § 652.61(c)(2)(i)(B). You must notify the OSMO within 10 calendar days of determining that capital is not sufficient to meet those goals and objectives.

(b) No later than 65 days after the end of each calendar year, your board of
addressing potential capital shortfalls; and the internal governance procedures around capital policy principles and guidelines. **Planning horizon** means the period of at least 12 quarters, beginning with the quarter preceding the quarter in which Farmer Mac submits its capital plan, over which the relevant projections extend.

**Tier 1 Capital** means the components meeting the criteria of Common Equity Tier 1 Capital and Additional Tier 1 Capital and the regulatory adjustments as set forth in Basel III, or Tier 1 Capital as defined in regulations of the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve, or the Federal Deposit Insurance Corporation, as revised from time to time; or another capital standard to measure high quality capital as approved for use under this regulation by the Director of OSMO.

**Tier 1 ratio** means the ratio of Farmer Mac's Tier 1 Capital to Total Risk-Weighted Assets.

**Total Risk-Weighted Assets** means a risk-weighting approach that is appropriate given Farmer Mac's business activities and consistent with broadly accepted banking practices and standards (e.g., one of the frameworks of the Basel Committee on Banking Supervision or similar U.S. regulations).

**General requirements.**

(1) **Annual capital planning.**

(i) Farmer Mac must develop and maintain a capital plan each year.

(ii) Farmer Mac must submit its complete annual capital plan to OSMO by March 1 or such later date as directed by OSMO, after consultation with the FCA Board.

(iii) Prior to submission of the capital plan under paragraph (c)(1)(i) of this section, Farmer Mac's board of directors must:

(A) Review the robustness of Farmer Mac’s process for assessing capital adequacy.

(B) Ensure that any deficiencies in Farmer Mac’s process for assessing capital adequacy are appropriately remedied; and

(C) Approve Farmer Mac’s capital plan.

(2) **Mandatory elements of capital plan.** The capital plan must contain at least the following elements:

(i) An assessment of the expected uses and sources of capital over the planning horizon that reflects Farmer Mac’s size, complexity, risk profile, and scope of operations, assuming both expected and stressful conditions, including:

(A) Projected revenues, losses, reserves, and pro forma capital levels, including the core capital and regulatory capital ratios required by sections 8.32 and 8.33 of the Act, the Tier 1 ratio as defined in this section, and any additional capital measures deemed relevant by Farmer Mac, over the planning horizon under expected conditions and under a range of at least two progressively severe stress scenarios developed by Farmer Mac appropriate to its business model and portfolios, as well as any scenarios provided by the Director of OSMO. At least 15 calendar days prior to this stress testing, Farmer Mac must provide to OSMO a description of the expected and stressed scenarios that Farmer Mac intends to use to conduct its annual stress test under this section.

(B) A description of all planned capital actions over the planning horizon.

(ii) A detailed description of Farmer Mac’s process for assessing capital adequacy, including:

(A) A discussion of how Farmer Mac will, under expected and stressed conditions, maintain capital commensurate with its risks, maintain capital above the minimum core capital and regulatory capital ratios and above the Tier 1 ratio set in accordance with a well-articulated risk tolerance policy established by the board of directors;

(B) A discussion of how Farmer Mac will, under expected and stressed conditions, maintain sufficient capital to continue its operations by maintaining ready access to funding, meeting its obligations to creditors and other counterparties, and continuing to serve its statutory purposes; and

(C) A discussion of the results of the risk-based stress test required by section 8.32 of the Act and the stress tests required by this section, as well as any other stress test required by law or regulation, and an explanation of how the capital plan takes these results into account.

(iii) Farmer Mac’s capital policy; and

(iv) A discussion of any expected changes to Farmer Mac’s business plan that are likely to have a material impact on the Corporation’s capital adequacy or liquidity.

(d) **Review of capital plan by OSMO.**

(1) OSMO will consider the following factors in reviewing Farmer Mac’s capital plan:

(i) The comprehensiveness of the capital plan, including the extent to which the analysis underlying the capital plan captures and addresses risks stemming from activities across Farmer Mac’s operations;

(ii) The reasonableness of Farmer Mac’s assumptions and analysis underlying the capital plan and its methodologies for reviewing the
robustness of its capital adequacy process; and
(iii) Farmer Mac’s ability to maintain capital above the minimum core capital and regulatory capital ratios and above a Tier 1 ratio set in accordance with a well-articulated risk tolerance policy established by the board of directors on a pro forma basis under expected and stressful conditions throughout the planning horizon, including but not limited to any stressed scenarios required under paragraph (c)(2)(i)(A) and (c)(2)(ii) of this section.
(iv) All supervisory information about Farmer Mac and its subsidiaries;
(v) Farmer Mac’s regulatory and financial reports, as well as supporting data that would allow for an analysis of its loss, revenue, and projections;
(vi) As applicable, OSMO’s own pro forma estimates of Farmer Mac’s potential losses, revenues, and resulting capital adequacy measurements under expected and stressful conditions, including but not limited to any stressed scenarios required under paragraphs (c)(2)(i)(A) and (c)(2)(ii) of this section, as well as the results of any other stress tests conducted by Farmer Mac or OSMO; and
(vii) Other information requested or required by OSMO, as well as any other information relevant to Farmer Mac’s capital adequacy.
(e)(3) of this section) as well as OSMO’s own pro forma estimates of Farmer Mac’s potential losses, revenues, and resulting capital adequacy measurements under expected and stressful conditions, including but not limited to any stressed scenarios required under paragraphs (c)(2)(i)(A) and (c)(2)(ii) of this section, as well as the results of any other stress tests conducted by Farmer Mac or OSMO; and
(vii) Other information requested or required by OSMO, as well as any other information relevant to Farmer Mac’s capital adequacy.
(1) OSMO will review the capital plan and provide an assessment to Farmer Mac of the capital adequacy and planning process through its ongoing examination and oversight process.
(2) Upon a request by OSMO, Farmer Mac must provide OSMO with sufficient information regarding its planning assumptions, stress test strategies and results and any other relevant qualitative or quantitative information requested by OSMO to facilitate review of Farmer Mac’s capital plan under this section.
(3) OSMO may require Farmer Mac to revise and re-submit its capital plan.
(f) Farmer Mac response to OSMO’s assessment. Regardless of whether re-submission is required, Farmer Mac must take the results of the stress tests conducted under paragraph (c)(2)(i)(A) and (c)(2)(ii) of this section (including any revisions required under paragraph (e)(3) of this section) as well as OSMO’s assessment into account in making changes, as appropriate, to Farmer Mac’s capital structure (including the level and composition of capital); its exposures, concentrations, and risk positions; any plans for recovery and resolution; and to improve overall risk management. Farmer Mac must document in writing its actions in response to the stress tests and assessment, as well as decisions not to take actions in response to any issues raised in the assessment.
§ 652.62 Notice to OSMO of capital distributions.
(a) Farmer Mac must provide OSMO with notice 15 calendar days prior to a board consideration of a declaration of a capital distribution or any material changes in capital distributions policies.
(b) Notice under paragraph (a) is not required with respect to a regular periodic payment of dividends on common stock and preferred stock when there is no change in the amount of payment per share from the previous period.
Dated: January 18, 2013.
Dale L. Aultman,
Secretary, Farm Credit Administration Board.
[FR Doc. 2013–01500 Filed 1–24–13; 8:45 am]
BILLING CODE 6705–01–P
DEPARTMENT OF TRANSPORTATION
Federal Aviation Administration
14 CFR Part 71
[Docket No. FAA–2012–0853; Airspace Docket No. 12–ANM–23]
Proposed Amendment of Class E Airspace; Astoria, OR
AGENCY: Federal Aviation Administration (FAA), DOT.
ACTION: Supplemental notice of proposed rulemaking (SNPRM).
SUMMARY: The FAA is issuing a SNPRM for the notice of proposed rulemaking (NPRM) published on October 9, 2012, in order to elicit comments addressing the proposed airspace modification west of the airport to accommodate aircraft using Area Navigation (RNAV) Global Positioning System (GPS) standard instrument approach procedures. The FAA has reassessed the NPRM and finds that extension of the Class E airspace area west of the airport to within 11 miles north of the airport 268° degree bearing is necessary for the safety and management of instrument flight rules (IFR) operations in the Astoria, OR, area.
DATES: Comments must be received on or before March 11, 2013.
FOR FURTHER INFORMATION CONTACT: Eldon Taylor, Federal Aviation Administration, Operations Support Group, Western Service Center, 1601 Lind Avenue SW., Renton, WA 98057; telephone (425) 203–4537.
SUPPLEMENTARY INFORMATION:
History
On October 9, 2012, the FAA published a NPRM to modify Class E airspace, extending upward from 700 feet or more above the surface, at Astoria Regional Airport, Astoria, OR (77 FR 61306). The comment period closed November 23, 2012. No comments were received. Subsequent to publication, the Western Flight Procedures Office reassessed the proposal and modified the north extension west of the airport from within 6 miles north to within 11 miles north of the airport 268° degree bearing. The airspace extension would accommodate missed approach holding for RNAV (GPS) standard instrument approach procedures.
Comments Invited
Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments, as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal.
Communications should identify both docket numbers (FAA Docket No. FAA–2012–0853 and Airspace Docket No. 12–ANM–23) and be submitted in triplicate to the Docket Management System (see ADDRESSES section for address and telephone number). You may also submit comments through the Internet at http://www.regulations.gov.
Commenters wishing the FAA to acknowledge receipt of their comments on this action must submit with those comments a self-addressed stamped postcard on which the following statement is made: “Comments to FAA Docket No. FAA–2012–0853 and Airspace Docket No. 12–ANM–23”. The postcard will be date/time stamped and returned to the commenter.
All communications received on or before the specified closing date for