

Statement
Kenneth A. Spearman, FCA Board Member
Farm Credit Administration Board Meeting
May 8, 2014

Madam Chair, I want to thank you for making the modernization of the System's capital regulations a priority. Capital is the lifeblood of any financial institution. The proposed rule we are considering today should not only strengthen the safety and soundness of the System, but also ensure the System's ability to successfully serve and fulfill its public mission as a GSE for generations of farmers and ranchers to come.

While I believe the FCA's current capital regulations have served the System and its borrower/owners well, I believe it is appropriate for the Agency to modernize the System's capital requirements to make them comparable to the Basel III framework and the rules that the U.S. banking agencies have adopted, but also to ensure that the rule take into account the cooperative structure and the organization of the System. This proposed rule attempts to strike a balance between the Basel III framework goals and the System's unique cooperative structure.

Finally, I want to thank the staff who have spent untold hours developing this Proposed Rule. I've had excellent briefings from Bill Dunn, Becky Orlich, Gary Van Meter, Jennifer Cohn, and J.C. Floyd during the development of the rule.