TABLE TO § 652.40(C)—Continued

Liquidity level	Instruments	Discount (multiply market value by)
	• Government-sponsored agency senior debt securities that mature within 60 days, excluding securities issued by the Farm Credit System.	95 percent.
	• Diversified investment funds comprised of cash, overnight money market funds, obligations of the United States, and Government-sponsored agency senior debt securities *provided that* such diversified investment funds meet the requirements of 17 CFR 270.2a–7(c)(2).	95 percent.
Level 2	• Additional Level 1 investments	Discount for each Level 1 investment applies.
	• Obligations of the United States with a final remaining maturity of more than 3 years.	97 percent.
	• Mortgage-backed securities that are explicitly backed by the full faith and credit of the United States as to the timely payment of principal and interest.	95 percent.
	• Diversified investment funds that qualify for Level 1 or are comprised exclusively of Level 2 instruments.	95 percent.
Level 3	• Additional Level 1 or Level 2 investments	Discount for each Level 1 or Level 2 investment applies.
	• Government-sponsored agency senior debt securities with maturities exceeding 60 days, excluding senior debt securities of the Farm Credit System.	93 percent for all instruments in Level 3.
	• Government-sponsored agency mortgage-backed securities that the timely repayment of principal and interest are not explicitly backed by the full faith and credit of the United States, excluding Farmer Mac mortgage-backed securities.	
	• Money market instruments maturing within 90 days.	
	• Diversified investment funds comprised exclusively of levels 1, 2, and 3 instruments.	
	• Qualifying securities backed by Farmer Mac program assets (loans) guaranteed by the United States Department of Agriculture (excluding the portion that would be necessary to satisfy obligations to creditors and equity holders in Farmer Mac II LLC).	
Supplemental Liquidity	• Eligible investments under § 652.20	90 percent except discounts for Level 1, 2 or 3 investments apply to such investments held as supplemental liquidity.

EFFECTIVE DATE NOTE: At 78 FR 65553, Nov. 1, 2013, § 652.40 was added, effective 180 days after date of publication in the FEDERAL REGISTER, provided either or both Houses of Congress are in session for at least 30 calendar days after publication of this regulation.

§ 652.45 Temporary regulatory waivers or modifications for extraordinary situations.

Whenever the FCA determines that an extraordinary situation exists that necessitates a temporary regulatory waiver or modification, the FCA may, in its sole discretion:

(a) Modify or waive the minimum liquidity reserve requirement in § 652.40 of this subpart;

(b) Modify the amount, qualities, and types of eligible investments that you are authorized to hold pursuant to § 652.20 of this subpart; and/or

(c) Take other actions as deemed appropriate.

Subpart B—Risk-Based Capital Requirements

SOURCE: 71 FR 77253, Dec. 26, 2006, unless otherwise noted.

§ 652.50 Definitions.

For purposes of this subpart, the following definitions will apply:

AgVantage Plus means both the product by that name used by Farmer Mac and other similarly structured program volume that Farmer Mac might finance in the future under other names. Those AgVantage securities with initial principal amounts under $25 million and whose issuers were part of the original AgVantage program are excluded from this definition.

Farmer Mac, Corporation, you, and your means the Federal Agricultural Mortgage Corporation and its affiliates as defined in subpart A of this part.

Our, us, or we means the Farm Credit Administration.

Regulatory capital means the sum of the following as determined in accordance with generally accepted accounting principles:

(1) The par value of outstanding common stock;

(2) The par value of outstanding preferred stock;

(3) Paid-in capital, which is the amount of owner investment in Farmer Mac in excess of the par value of stock;

(4) Retained earnings; and,

(5) Any allowances for losses on loans and guaranteed securities.

Risk-based capital means the amount of regulatory capital sufficient for Farmer Mac to maintain positive capital during a 10-year period of stressful conditions as determined by the risk-based capital stress test described in § 652.65.

Rural utility guarantee fee means the actual guarantee fee charged for off-balance sheet volume and the earnings spread over Farmer Mac's funding costs for on-balance sheet volume on rural utility loans.

[71 FR 77253, Dec. 26, 2006, as amended at 76 FR 23467, Apr. 27, 2011]

§ 652.55 General.

You must hold risk-based capital in an amount determined in accordance with this subpart.

§ 652.60 Corporation board guidelines.

(a) Your board of directors is responsible for ensuring that you maintain total 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.

(b) No later than 65 days after the beginning of Farmer Mac's planning year, your board of directors must adopt an operational and strategic business plan for at least the next 3 years. The plan must include:

(1) A mission statement;

(2) A review of the internal and external factors that are likely to affect you during the planning period;

(3) Measurable goals and objectives;

(4) Forecasted income, expense, and balance sheet statements for each year of the plan; and,

(5) A capital adequacy plan.

(c) The capital adequacy plan must include capital targets necessary to achieve the minimum, critical and risk-based capital standards specified by the Act and this subpart as well as your capital adequacy goals. The plan must address any projected dividends, equity retirements, or other action that may decrease your capital or its components for which minimum amounts are required by this subpart. You must specify in your plan the circumstances in which stock or equities may be retired. In addition to factors that must be considered in meeting the statutory and regulatory capital standards, your board of directors must also consider at least the following factors in developing the capital adequacy plan:

(1) Capability of management;

(2) Strategies and objectives in your business plan;

(3) Quality of operating policies, procedures, and internal controls;

(4) Quality and quantity of earnings;

(5) Asset quality and the adequacy of the allowance for losses to absorb potential losses in your retained mortgage portfolio, securities guaranteed as to principal and interest, commitments to purchase mortgages or securities, and other program assets or obligations;

(6) Sufficiency of liquidity and the quality of investments; and,

(7) Any other risk-oriented activities, such as funding and interest rate risks, contingent and off-balance sheet liabilities, or other conditions warranting additional capital.

EFFECTIVE DATE NOTE: At 78 FR 65149, Oct. 31, 2013, § 652.60 was revised, effective Jan. 3, 2014. For the convenience of the user, the revised text is set forth as follows:

§ 652.60 Corporate business planning.

(a) Farmer Mac's board of directors is responsible for ensuring that Farmer Mac maintain capital at a level that is sufficient to ensure continued financial viability and provide for growth. In addition, Farmer