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# FEDERAL HOUSING FINANCE AGENCY



## NOTICE

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June 14, 2011

### **Final Rule on Conservatorship and Receivership And Proposed Rule and Guidelines on Prudential Management and Operations Standards**

The Federal Housing Finance Agency today sent two rules to the *Federal Register* for publication. Both rules implement provisions of the Housing and Economic Recovery Act of 2008 (HERA), which created the agency.

#### [Final Rule on Conservatorship and Receivership](#)

HERA authorized the FHFA Director to appoint the agency conservator or receiver of a troubled Enterprise or Federal Home Loan Bank, however, not all situations that may arise were addressed directly in the statute. FHFA, currently acting as conservator of Fannie Mae and Freddie Mac, raised these matters through a notice and comment public rulemaking and is now publishing the final regulation. This rule addresses the nature of a conservatorship or receivership and provides greater specificity on their operations, in line with procedures set forth in similar regulatory regimes. The rule clarifies the relationship among various classes of creditors and equity holders under a conservatorship or receivership and the priorities for contract parties and other claimants in receivership.

#### [Proposed Rule and Guidelines on Prudential Management and Operations Standards](#)

HERA requires the FHFA Director to adopt prudential standards with respect to ten categories of operation and management of the regulated entities, including such matters as internal controls, interest rate risk exposure, market risk, and others. Under the statute, those standards may be adopted by regulation or guideline. Consistent with a principles-based approach to financial supervision, the agency is proposing to adopt the standards as guidelines, which generally provide principles and leave to the regulated entities the obligation to organize and manage themselves to ensure that the standards are met, subject to agency oversight. The agency is also proposing a regulation to address the statute's procedural provisions relating to the consequences of a regulated entity's failing to meet a standard.

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