$.01 par common
$2.625 convertible exchangeable preferred
Krug International Corp.
Warrants (expire 01–27–98)
LSB Financial Corporation
$.01 par common
Medpartners, Inc.
$.001 par common
Monterey Bay Bancorp, Inc.
$.01 par common
Mountbatten, Inc.
$.001 par common
Mustang Software, Inc.
No par common
Nastech Pharmaceutical Company Inc.
$.006 par common
National Instruments Corporation
$.01 par common
Neopath, Inc.
$.01 par common
NTN Canada, Inc.
$.07 par common
Oak Technology, Inc.
$.001 par common
Open Environment Corporation
No par common
Ostex International Inc.
$.01 par common
P–COM, Inc.
$.0001 par common
Pacific Basin Bulk Shipping Ltd.
$.7327 par common
Warrants (expire 09–30–99)
Palmer Wireless, Inc.
Class A, $.01 par common
Periphonics Corporation
$.01 par common
Premisys Communications, Inc.
$.01 par common
QCF Bancorp, Inc. (Minnesota)
$.01 par common
Remedy Corporation
$.00005 par common
Renaissance Solutions, Inc.
$.001 par common
Renters Choice Inc.
$.01 par common
Riviana Foods Inc.
$1.00 par common
SDL, Inc.
$.001 par common
Select Media Communications, Inc.
$.001 par common
Semitool, Inc.
No par common
Semtech Corporation
$.01 par common
Sirrom Capital Corporation
No par common
Software Artistry, Inc.
No par common
South Carolina Community Bancshares, Inc.
$.01 par common
Springfield Institution for Savings
$1.00 par common
STB Systems, Inc.
$.01 par common
Strattec Security Corporation
$.01 par common
Sure Shot International, Inc.
$.01 par common
TGV Software, Inc.
$.001 par common
Third Financial Corporation
$.01 par common
Thrustmaster, Inc.
No par common
Tivoli Systems Inc.
$.01 par common
Transaction Systems Architects Inc.
Class A, $.005 par common
Tylan General Inc.
$.001 par common
Uniholding Corporation
$.01 par common
Uniroyal Chemical Corporation
$.01 par common
US Office Products Company
$.001 par common
Vari-L Company, Inc.
$.01 par common
Viasoft, Inc.
$.001 par common
Video Sentry Corporation
$.01 par common
Videotron Holdings, PLC
American Depositary Receipts
Webster City Federal Savings Bank (Iowa)
$.10 par common
Wells Financial Corporation
$.10 par common

Deletion From the List of Foreign Margin Stocks

Hitachi Sales Corporation
¥ 50 par common

Additions to the List of Foreign Margin Stocks

Allianz Holdings AG
Registered, par DM 50
Basf AG Holding
Ordinary, par DM 50
Bayer AG
Ordinary, par DM 50
Bayerische Motoren Werke AG
Ordinary, par DM 50
Beiersdorf AG
Ordinary, par DM 50
Commerzbank AG
Bearer, par DM 50
Deutsche Bank AG
Ordinary, par DM 50
Gehe AG
Ordinary, par DM 50
Henkel KGAA-VORZUG
Preference, par DM 50
Hoechst AG
Ordinary, par DM 50
Mannesmann AG
Ordinary, par DM 50
Muenchener Rueckversicherungs
Registered, par DM 100
S.A.P. AG
Preference, par DM 50
Schering AG
Ordinary, par DM 50
Volkswagen AG
Ordinary, par DM 50

By order of the Board of Governors of the Federal Reserve System, acting by its Director of the Division of Banking Supervision and Regulation pursuant to delegated authority (12 CFR 265.7(f)(10)), April 18, 1995.

William W. Wiles,

Secretary of the Board.

[FR Doc. 95–10018 Filed 4–21–95; 8:45 am]

BILLING CODE 6210–01–P

FARM CREDIT ADMINISTRATION

12 CFR Parts 614, 615, 618

RIN 3052–AB53

Loan Policies and Operations; Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; General Provisions

AGENCY: Farm Credit Administration.

ACTION: Final rule.

SUMMARY: The Farm Credit Administration (FCA), by order of the FCA Board (Board), adopts a final rule that repeals several regulations concerning loan policies and operations, funding, and miscellaneous items as well as two Agency prior-approval requirements. These repeals are part of an ongoing effort by the FCA to reduce unnecessary regulatory burdens on Farm Credit System (FCS or System) institutions.

EFFECTIVE DATE: This rule shall become effective upon the expiration of 30 days after publication in the **Federal Register**, during which either or both Houses of Congress are in session. Notice of the effective date will be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT:
W. Eric Howard, Policy Analyst, Regulation Development, Office of Examination, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4498, TDD (703) 883–4444,
or
Richard A. Katz, Senior Attorney, Regulatory Operations Division, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TDD (703) 883–4444.

SUPPLEMENTARY INFORMATION:

I. Background

On June 10, 1993, the FCA Board approved a Statement on Regulatory

Burden seeking public comment on the appropriateness of requirements that the FCA regulations impose on the FCS. More specifically, the FCA asked the public to identify regulations that either duplicate other governmental requirements, are not effective, or impose a burden that is greater than the benefit derived. The notice of intent was published in the **Federal Register** (58 FR 34003) on June 23, 1993. After reviewing all responses to the notice of intent, the FCA proposed on January 10, 1995, to delete the following regulatory provisions: §§ 615.5104; 615.5105(c); 615.5170 (b) through (e); 615.5190; 615.5498; 615.5500; 615.5520; 615.5530; and 618.8220. Additionally, the FCA proposed the repeal of the Agency prior-approval requirements in § 614.4470 (b)(1) and (b)(3). See 60 FR 2552 (January 10, 1995).

The Farm Credit Council (Council), on behalf of its members, and a production credit association (PCA) submitted comments concerning the proposed deletions. The Council strongly supported the repeal of the above-cited regulations and Agency prior-approval requirements, and encouraged the FCA to adopt the entire proposal as a final rule. Although the PCA lauded the FCA's effort to reduce regulatory burdens on System institutions, it offered no comments about the FCA's proposal to repeal the above-cited regulations and prior-approval requirements. Instead, the PCA petitioned the FCA to address three regulatory burden issues that were not included in the proposed rule.

In response, the FCA emphasizes that its proposal of January 10, 1995, represents the first phase in an ongoing process to reduce regulatory burdens on FCS institutions. As the FCA explained in the preamble to the proposed rule, the FCA is in the process of evaluating all recommendations for reducing regulatory burdens that System commenters submitted to the Agency in response to the notice of intent. The FCA will address all remaining regulatory burden issues, including those raised by the PCA, either in (1) Regulatory projects that the FCA Board identifies in the Unified Agenda of Federal Regulations, which is routinely published in the **Federal Register**, or (2) subsequent phases of this project.

The FCA now adopts its January 10, 1995 proposal as a final rule without amendment. The regulations that the FCA now repeals are not necessary to implement or interpret the Farm Credit Act of 1971, as amended (Act), or to promote the safe and sound operations of FCS institutions. For this reason, the repeal of these regulations and Agency prior-approval requirements will relieve unnecessary regulatory burdens on the FCS. The following is a brief explanation of the rationale for repealing each of these regulatory requirements.

II. Analysis of Changes and Comments by Section

A. Loans Subject to Bank Approval

The FCA now eliminates from both §§ 614.4470 (b)(1) and (b)(3) the requirement that the Agency preapprove certain insider loan transactions at System associations. Section 614.4470(a) requires funding banks to preapprove loans that their affiliated associations make to: (1) Their own directors or employees; (2) directors or employees of a jointly managed association; or (3) bank employees. Until now, § 614.4470(b) required FCA approval of loans to any borrower whenever certain institution-affiliated parties: (1) Received proceeds of a loan in excess of an amount established by the funding bank; or (2) endorsed, guaranteed, or co-made a loan in excess of the amount established by the funding bank.

These Agency prior-approval requirements in § 614.4470 (b)(1) and (b)(3) are inconsistent with the FCA's status as an arm's-length regulator. Furthermore, these insider activities can be adequately evaluated and controlled through means other than prior approval by the FCA. Sections 612.2140 and 612.2150 establish adequate safeguards to prevent directors, officers, and employees of System institutions from using their positions for personal gain. In addition, § 620.5 requires System institutions to disclose insider loan transactions in their annual reports to shareholders. The FCA has sufficient examination and enforcement powers to ensure that loans to institution-affiliated parties do not undermine the solvency of any FCS bank or association. Once the repeal of the Agency prior-approval requirements in § 614.4470(b) becomes effective, the FCA shall rely upon its examination authority to determine whether: (1) Bank policy adequately deters insider abuses at System institutions; and (2) associations are complying with bank policy. The FCA is currently reviewing whether other prior-approval requirements that are not mandated by the Act should be retained.

B. Debt Policy and Consolidated Systemwide Notes

The FCA now repeals §§ 615.5104 and 615.5105(c) because they have been superseded by a new regulation, § 615.5135. Section 615.5104 requires each bank to adopt a policy for the management of its debt, while § 615.5105(c) requires the debt management policy of each bank to identify the maximum amount of discount notes that can be outstanding at any one time. Each FCS bank is now required by § 615.5135 to adopt an asset/liability management policy. Furthermore, § 615.5135 requires the policies of System banks to address the management of both assets and liabilities in a more comprehensive manner than §§ 615.5104 and 615.5105(c). Because § 615.5135 has rendered §§ 615.5104 and 615.5105(c) obsolete, the Agency is deleting these two regulations. In the FCA's opinion, the new investment regulations in subpart E of part 615 enhance the ability of Farm Credit banks to control liquidity and solvency risks in their portfolios.

C. Real and Personal Property

The FCA now repeals §§ 615.5170 (b) through (e). These regulations are not needed to: (1) Implement or interpret provisions in the Act that govern the acquisition of real or personal property by FCS banks and associations; or (2) promote safety and soundness. In FCA's opinion, these provisions impose burdens on System institutions that are no longer justified by the benefits derived. These regulatory provisions prescribe detailed operational standards, rather than performance criteria, for ensuring the safe and sound operation of System banks and associations. The FCA also believes that § 615.5170 (d) and (e) are no longer necessary because the safety and soundness concerns posed by information system processing technology are now adequately addressed in FCA Information Systems Bulletins. Additionally, Information Systems Bulletin 92–1 addresses information system risks in mergers and acquisitions. The FCA also observes that paragraphs (b), (c), and (d) of § 615.5170 contain obsolete references to the ''district boards'' that were abolished by section 409(d) of the Agricultural Credit Technical Corrections Act of 1988.[1]

The FCA will, however, retain § 615.5170(a) because this provision implements sections 1.5(5) and 3.1(5) of the Act. These sections authorize each bank, subject to regulation by the FCA, to acquire, hold, dispose, and otherwise exercise all the usual incidents of ownership of real and personal property necessary or convenient to its business. Sections 2.2(5) and 2.12(5) of the Act provide associations with similar

[1] Pub. L. 100–399, section 409(d), 102 Stat. 989, 1003, (August 17, 1988).

authorities subject to the supervision by their funding bank and regulation by the FCA. Section 615.5170(a) implements these sections of the Act by specifically stating that the ownership of real estate for office quarters of any bank or association ''shall be limited to facilities reasonable and necessary to meet the foreseeable requirements of the institution.'' Furthermore, § 615.5170(a) expressly prohibits any FCS institution from acquiring real property ''if it involves, or appears to involve, a bank or association in the real estate or other unrelated business.'' This restriction also serves a safety and soundness purpose because such extraneous business activities may increase the exposure of System institutions to loss.

D. Deposits of Funds

The FCA is repealing § 615.5190 because sections 1.5(14), 2.2(10), 2.12(18) and 3.1(12) of the Act provide the requisite authority for FCS institutions to deposit current funds in commercial banks that are either members of the Federal Reserve System or are insured by the Federal Deposit Insurance Corporation (FDIC).

The FCA is also repealing § 615.5190(b) because there is no statutory basis for requiring CoBank to make foreign deposits for the other banks for cooperatives (BCs). The FCA originally adopted this provision in 1981 because, at that time, only the former Central Bank for Cooperatives (CBC) had expertise to reduce the safety and soundness risks that derive from currency exchange transactions. See 46 FR 51881 (October 22, 1981). After the CBC and most district BCs merged to form CoBank, the FCA amended § 615.5190(b) to require CoBank to assume the CBC's function. See 56 FR 2671 (January 24, 1991). The rationale for § 615.5190(b) no longer exists because: (1) Individual BCs have acquired greater international lending experience since 1981; and (2) most BCs have consolidated into CoBank. In this context, § 615.5190(b) unnecessarily restricts BCs, other than CoBank, from becoming active in the international arena. The FCA has determined that the safety and soundness risks inherent in currency exchange transactions should not be controlled by a regulation that unduly restricts the business flexibility of BCs and ACBs to offer a full range of high-quality, low-cost international financial and credit services to their customers independently of CoBank. Rather, the FCA will rely upon its examination and enforcement powers to ensure that all BCs and ACBs conduct their currency exchange transactions in a safe and sound manner. Another FCA regulation, § 614.4900 establishes safety and soundness standards for currency exchange transactions by BCs and ACBs.

Another provision in § 615.5190(b) prohibits FCS banks from holding certificates of deposit that are denominated in foreign currencies as investments under § 615.5140. This provision predates the recent revision of § 615.5140, which now requires System banks to acquire investments that are denominated only in United States dollars. Hence, § 615.5190(b) is unnecessary.

E. Farm Credit Securities as Illustrations

The FCA also repeals § 615.5498, which regulates the illustration of Farm Credit securities that are used for educational or illustrative purposes. The purpose of this regulation is to deter counterfeiting of definitive FCS securities. Since virtually all FCS securities are now issued in book-entry form, § 615.5498 is obsolete. The Federal Farm Credit Banks Funding Corporation and individual System banks can implement adequate safeguards to minimize the risk of counterfeiting of the few securities that are still issued in definitive form.

F. Open Registered Mail and Express Policy

The FCA now repeals subpart P of part 615, which consists of §§ 615.5500, 615.5520, and 615.5530. These three regulations govern the shipment of negotiable securities through the United States Postal Service. The regulations of subpart P of part 615 were designed to eliminate the System's exposure to loss at a time when FCS negotiable securities were routinely shipped by mail between the Bureau of Printing and Engraving and the Federal Reserve Bank of New York. The practice of shipping negotiable securities through the mail was discontinued several years ago. The advent of electronic and computer technology for transferring negotiable securities through the book-entry system has rendered subpart P of part 615 obsolete.

G. Contributions and Membership in Other Organizations

The FCA is repealing § 618.8220, which requires the boards of directors of FCS banks and associations to approve: (1) Charitable contributions; and (2) the payment of membership dues in any voluntary association, club, or society. The regulation further requires boards of directors, during the approval process, to consider the business benefits and tax consequences of such contributions and memberships for the bank or association.

In the FCA's opinion, § 618.8220 unnecessarily interferes in the internal operations of System institutions and imposes a regulatory burden that is not commensurate with the safety and soundness risks posed by System charitable and social activities. The FCA's examination and enforcement powers can adequately deter System institutions from conducting these activities in an unsafe and unsound manner.

List of Subjects

12 CFR Part 614

Agriculture, Banks, banking, Foreign trade, Reporting and recordkeeping requirements, Rural areas.

12 CFR Part 615

Accounting, Agriculture, Banks, banking, Government securities, Investments, Rural areas.

12 CFR Part 618

Agriculture, Archives and records, Banks, banking, Insurance, Reporting and recordkeeping requirements, Rural areas, Technical assistance.

For the reasons stated in the preamble, parts 614, 615, and 618 of chapter VI, title 12 of the Code of Federal Regulations are hereby amended to read as follows:

PART 614—LOAN POLICIES AND OPERATIONS

1. The authority citation for part 614 continues to read as follows:

Authority: Secs. 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.12, 4.12A, 4.13, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.18, 4.19, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.7, 7.8, 7.12, 7.13, 8.0, 8.5, of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2096, 2121, 2122, 2124, 2128, 2129, 2131, 2141, 2149, 2183, 2184, 2199, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2207, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a–2, 2279b, 2279b–1, 2279b–2, 2279f, 2279f–1, 2279aa, 2279aa–5); sec. 413 of Pub. L. 100–233, 101 Stat. 1568, 1639.

Subpart M—Loan Approval Requirements

§ 614.4470 [Amended]

2. Section 614.4470 is amended by removing the words ''and approved by the Farm Credit Administration'' from paragraphs (b)(1) and (b)(3).

PART 615—FUNDING AND FISCAL AFFAIRS, LOAN POLICIES AND OPERATIONS, AND FUNDING OPERATIONS

3. The authority citation for part 615 continues to read as follows:

Authority: Secs. 1.5, 1.7, 1.10, 1.11, 1.12, 2.2, 2.3, 2.4, 2.5, 2.12, 3.1, 3.7, 3.11, 3.25, 4.3, 4.9, 4.14B, 4.25, 5.9, 5.17, 6.20, 6.26, 8.0, 8.4, 8.6, 8.7, 8.8, 8.10, 8.12 of the Farm Credit Act (12 U.S.C. 2013, 2015, 2018, 2019, 2020, 2073, 2074, 2075, 2076, 2093, 2122, 2128, 2132, 2146, 2154, 2160, 2202b, 2211, 2243, 2252, 2278b, 2278b–6, 2279aa, 2279aa–4, 2279aa–6, 2279aa–7, 2279aa–8, 2279aa–10, 2279aa–12); sec. 301(a) of Pub. L. 100–233, 101 Stat. 1568, 1608.

Subpart C—Issuance of Bonds, Notes, Debentures and Similar Obligations

§ 615.5104 [Removed]

4. Section 615.5104 is removed.

§ 615.5105 [Amended]

5. Section 615.5105 is amended by removing paragraph (c).

Subpart F—Property and Other Investments

§ 615.5170 [Amended]

6. Section 615.5170 is amended by removing paragraphs (b), (c), (d), (e) and the designation for paragraph (a).

Subpart G—[Removed and reserved]

7. Subpart G, consisting of § 615.5190, is removed and reserved.

Subpart O—Issuance of Farm Credit Securities

§ 615.5498 [Removed and reserved]

8. Section 615.5498 is removed and reserved.

Subpart P—[Removed and reserved]

9. Subpart P, consisting of §§ 615.5500, 615.5520, and 615.5530 is removed and reserved.

PART 618—GENERAL PROVISIONS

10. The authority citation for part 618 continues to read as follows:

Authority: Secs. 1.5, 1.11, 1.12, 2.2, 2.4, 2.5, 2.12, 3.1, 3.7, 4.12, 4.13A, 4.25, 4.29, 5.9, 5.10, 5.17 of the Farm Credit Act (12 U.S.C. 2013, 2019, 2020, 2073, 2075, 2076, 2093, 2122, 2128, 2183, 2200, 2211, 2218, 2243, 2244, 2252).

Subpart F—Miscellaneous Provisions

§ 618.8220 [Removed and reserved]

11. Section 618.8220 is removed and reserved.

Dated: March 13, 1995.

Floyd Fithian,

Secretary, Farm Credit Administration Board.

[FR Doc. 95–10007 Filed 4–21–95; 8:45 am]

BILLING CODE 6705–01–P

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12 CFR Part 620

RIN 3052–AB37

Disclosure to Shareholders

AGENCY: Farm Credit Administration.

ACTION: Final rule.

SUMMARY: The Farm Credit Administration (FCA), by the Farm Credit Administration Board, issues a final regulation amending its disclosure requirements for association annual meeting information statements including required disclosures for director candidates nominated from the floor. The amendments provide associations more flexibility in accepting floor nominations for director positions, clarify disclosure requirements when annual meetings are held in more than one session and shareholders vote by mail, and make other technical changes.

EFFECTIVE DATE: The regulations shall become effective upon expiration of 30 days after publication in the **Federal Register** during which either or both Houses of Congress are in session. Notice of the effective date will be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT:

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James M. Morris, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TDD (703) 883–4444.

SUPPLEMENTARY INFORMATION:

Background

On September 13, 1993, the FCA issued a proposed regulation (58 FR 47836) that would amend certain aspects of § 620.21(d) pertaining to required disclosures in the association annual meeting information statement (Statement) concerning the nominating and balloting process for association directors. The FCA proposed changes to § 620.21(d) after learning that the regulation may have inadvertently placed an undue burden on certain members. Section 620.21(d)(3) required the Statement to ''contain a notice that nominations from the floor must be made at the first sectional meeting'' when the association's annual meeting was held in consecutive sectional sessions. Consequently, certain members that would have otherwise attended a different session were required to travel to the first sectional session if they wished to participate in the floor nominating process. Sections 620.21(d)(5) and (d)(6) also required that persons nominated from the floor provide the necessary written disclosures ''in writing at the meeting(s) at which the nomination is considered.''

The FCA proposed regulatory amendments to make it less burdensome for members to participate in the floor nominating process. If the association's members are voting by mail ballot at the conclusion of all sessions of the annual meeting, the proposed rule allowed floor nominations at any sectional session. The proposed rule also relaxed the disclosure requirement for floor nominees by allowing them to provide the mandated disclosures ''within 10 days of nominations'' instead of ''at the meeting(s) at which the nomination is considered.'' The FCA believed that these regulatory changes would afford members more opportunity to nominate candidates from the floor when voting by mail ballot after the annual meeting is concluded and make it easier for floor nominees to provide the required disclosures without any significant inconvenience to management or other nominees.

The FCA received four comment letters on the proposed rule during the comment period that expired on October 13, 1993. One letter was submitted by a Farm Credit bank, two letters by associations, and one by the Farm Credit Council (Council) on behalf of its membership. Commenters were generally supportive of the proposed changes. The Council commented that its membership applauded the FCA's responsiveness to Farm Credit System institutions' concerns.

The final regulation allows persons to be nominated from the floor at any sectional session when the director election is conducted by mail balloting following the final session of the annual meeting. However, in response to a comment from the Council, the FCA has changed the regulation so that associations can specify in their bylaws that nominations from the floor will be accepted only at the first session. The final rule requires persons nominated from the floor to provide associations with the written disclosure information for mailing with the ballot. The final rule also allows associations using mail balloting after the last session the latitude to prescribe in their bylaws the time period for floor nominees to submit the required disclosures.