

Proposed Rules

Federal Register

Vol. 80, No. 192

Monday, October 5, 2015

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.

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Chapter I

[Docket ID FFIEC-2014-0001]

FEDERAL RESERVE SYSTEM

12 CFR Chapter II

[Docket No. R-1510]

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Chapter III

Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996

AGENCIES: Office of the Comptroller of the Currency (“OCC”), Treasury; Board of Governors of the Federal Reserve System (“Board”); and Federal Deposit Insurance Corporation (“FDIC”).

ACTION: Notice of outreach meeting.

SUMMARY: The OCC, Board, and FDIC (together “we” or “Agencies”) announce the fifth in a series of outreach meetings on the Agencies’ interagency process to review their regulations under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (“EGRPRA”).

DATES: An outreach meeting will be held in Chicago, Illinois on Monday, October 19, 2015, beginning at 9:00 a.m. Central Daylight Time (CDT). Online registrations will be accepted through October 13, 2015, or until all seats are filled, whichever is earlier. If seats are available after the close of online registration, individuals may register in person at the Federal Reserve Bank of Chicago on the day of the meeting. The sixth outreach meeting is scheduled for December 2, 2015, in the Washington, DC, area.

ADDRESSES: The Agencies will hold the October 19, 2015, outreach meeting at

the Federal Reserve Bank of Chicago, 230 S. LaSalle St., Chicago, Illinois 60604. Live video of this meeting will be streamed at <http://egrpra.ffiec.gov/>. Participants attending in person should register at <http://egrpra.ffiec.gov/outreach/outreach-index.html>.

In addition, to enhance participation, interested persons anywhere in the country will have the opportunity to view and participate in the meeting online using their computers. Members of the public watching online will be able to submit written comments at any time during the meeting using the text chat feature. In addition to the online option, a toll-free telephone number (888-431-3632) is available for members of the public who would like only to listen to the meeting, and who may choose later to submit written comments. Information regarding these additional participation options is described in the meeting details section for the Chicago meeting at <http://egrpra.ffiec.gov/outreach/outreach-meeting-details-chicago.html>.

Any interested individual may submit comments through the EGRPRA Web site during open comment periods at: <http://egrpra.ffiec.gov/submit-comment/submit-comment-index.html>. On this site, click “Submit a Comment” and follow the instructions. Alternatively, comments also may be submitted through the Federal eRulemaking Portal “Regulations.gov” at: <http://www.regulations.gov>. Enter “Docket ID FFIEC-2014-0001” in the Search Box, click “Search,” and click “Comment Now.” Those who wish to submit their comments by an alternate means may do so as indicated by each agency below.

OCC

The OCC encourages commenters to submit comments through the Federal eRulemaking Portal, Regulations.gov, in accordance with the previous paragraph. Alternatively, comments may be emailed to regs.comments@occ.treas.gov or sent by mail to Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Mail Stop 9W-11, 400 7th Street SW., Washington, DC 20219. Comments also may be faxed to (571) 465-4326 or hand delivered or sent by courier to 400 7th Street SW., Washington, DC 20219. For comments submitted by any means other than Regulations.gov, you must include

“OCC” as the agency name and “Docket ID FFIEC-2014-0001” in your comment.

In general, the OCC will enter all comments received into the docket and publish them without change on Regulations.gov. Comments received, including attachments and other supporting materials, as well as any business or personal information you provide, such as your name and address, email address, or phone number, are part of the public record and subject to public disclosure. Therefore, please do not include any information with your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may inspect and photocopy in person all comments received by the OCC at 400 7th Street SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect or photocopy comments. You may make an appointment by calling (202) 649-6700 or, for persons who are deaf or hard of hearing, TTY (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to a security screening.

Board

The Board encourages commenters to submit comments regarding the Board’s regulations by any of the following methods:

- Agency Web site: <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>. Follow the instructions for submitting comments on the Agency Web site.
- Federal eRulemaking Portal, in accordance with the directions above.
- Email: regs.comments@federalreserve.gov. Include “EGRPRA” and Docket No. R-1510 in the subject line of the message.
- FAX: (202) 452-3819.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551.

In general, the Board will enter all comments received into the docket and publish them without change on the Board’s public Web site, www.federalreserve.gov/Regulations.gov; and <http://egrpra.ffiec.gov>. Comments received,

including attachments and other supporting materials, as well as any business or personal information you provide, such as your name and address, email address, or phone number, are part of the public record and subject to public disclosure. Therefore, please do not enclose any information with your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may inspect and photocopy in person all comments received by the Board in Room 3515, 1801 K Street NW. (between 18th and 19th Street NW.), Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may make an appointment by calling (202) 452-3000. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to a security screening.

FDIC

The FDIC encourages commenters to submit comments through the Federal eRulemaking Portal, "Regulations.gov," in accordance with the directions above. Alternatively, you may submit comments by any of the following methods:

- *Agency Web site:* <http://www.fdic.gov/regulations/laws/federal>. Follow instructions for submitting comments on the Agency Web site.

- *Email:* Comments@FDIC.gov. Include "EGRPRA" in the subject line of the message.

- *Mail:* Robert E. Feldman, Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17th Street NW., Washington, DC 20429.

- *Hand Delivery/Courier:* Guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m. (EDT).

The FDIC will post all comments received to <http://www.fdic.gov/regulations/laws/federal> without change, including any personal information provided. Comments may be inspected and photocopied in the FDIC Public Information Center, 3501 North Fairfax Drive, Room E-1002, Arlington, VA 22226, between 9:00 a.m. and 5:00 p.m. (EDT) on business days. Paper copies of public comments may be ordered from the Public Information Center by calling (877) 275-3342.

FOR FURTHER INFORMATION CONTACT:

OCC: Heidi M. Thomas, Special Counsel, (202) 649-5490; for persons who are deaf or hard of hearing, TTY (202) 649-5597.

Board: Kevin Wilson, Financial Analyst, (202) 452-2362; Claudia Von Pervieux, Counsel (202) 452-2552; for persons who are deaf or hard of hearing, TTY (202) 263-4869.

FDIC: Ruth R. Amberg, Assistant General Counsel, (202) 898-3736; for persons who are deaf or hard of hearing, TTY 1-800-925-4618.

SUPPLEMENTARY INFORMATION:

EGRPRA¹ directs the Agencies, along with the Federal Financial Institutions Examination Council (Council), not less frequently than once every ten years, to conduct a review of their regulations to identify outdated or otherwise unnecessary regulations imposed on insured depository institutions. As part of this review, the Agencies are holding a series of six outreach meetings to provide an opportunity for bankers, consumer and community groups, and other interested persons to present their views directly to senior management and staff of the Agencies on any of 12 specific categories of the Agencies' regulations, as further described below. The Agencies held the first of these outreach meetings on December 2, 2014, in Los Angeles, California; the second outreach meeting on February 4, 2015, in Dallas, Texas; the third outreach meeting on May 4, 2015, in Boston, Massachusetts; and the fourth outreach meeting, which focused on rural banks and their communities, on August 4, 2015, in Kansas City, Missouri. Additional details, including videos and transcripts of the first four outreach meetings, are available on the EGRPRA Web site at <http://egrpra.ffiec.gov/outreach/outreach-index.html>.

The fifth outreach meeting will be held on October 19, 2015, in Chicago, Illinois, and will be streamed live at <http://egrpra.ffiec.gov/>. FDIC Chairman Martin J. Gruenberg, Comptroller of the Currency Thomas J. Curry, and FRB Governor Lael Brainard are scheduled to attend, along with senior staff members of the Agencies. The meeting will consist of panels of bankers and consumer and community groups who will present particular issues. There will be limited time after each panel for comments from meeting attendees. In addition, there will be a session at the end of the meeting during which audience members may present views on any of the regulations under review. The Agencies reserve the right to limit the time of individual commenters, if needed, in order to accommodate the number of persons desiring to speak.

Comments made by panelists, audience members, and online

participants at this meeting will be reflected in the public comment file. Audience members who do not wish to comment orally may submit written comments at the meeting. As noted above, any interested person may submit comments through the EGRPRA Web site during open comment periods at: <http://egrpra.ffiec.gov/submit-comment/submit-comment-index.html> or directly to the Agencies through any of the other manners specified above.

All participants attending in person should register for the Chicago outreach meeting at <http://egrpra.ffiec.gov/outreach/outreach-index.html>. Because of space constraints, on-site attendance will be limited. Online registrations will be accepted through October 13, 2015, or until all seats are filled, whichever is earlier. If seats are available, individuals may register in person at the Federal Reserve Bank of Chicago on the day of the meeting. Individuals do not need to register to view the live-stream broadcast.

We note that the meeting will be video-recorded and publicly webcast in order to increase education and outreach. By participating in person at the meeting, you consent to appear in such recordings.

Additional Background on EGRPRA

Section 2222 of EGRPRA directs the Agencies, along with the Council, to conduct a review of their regulations not less frequently than once every ten years to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions. In conducting this review, the Agencies are required to categorize their regulations by type and, at regular intervals, provide notice and solicit public comment on categories of regulations, requesting commenters to identify areas of regulations that are outdated, unnecessary, or unduly burdensome. The statute requires the Agencies to publish in the **Federal Register** a summary of the comments received, identifying significant issues raised and commenting on these issues. The statute also directs the Agencies to eliminate unnecessary regulations to the extent that such action is appropriate. Finally, section 2222 requires the Council, of which the Agencies are members, to submit a report to Congress that summarizes any significant issues raised in the public comments and the relative merits of such issues. The report also must include an analysis of whether the Agencies are able to address the regulatory burdens associated with such issues by regulation or whether these burdens must be addressed by legislative action.

¹ Public Law 104-208 (1996), 110 Stat. 3009-414, codified at 12 U.S.C. 3311.

For purposes of this review, the Agencies have grouped our regulations into 12 categories: Applications and Reporting; Banking Operations; Capital; Community Reinvestment Act; Consumer Protection; Directors, Officers and Employees; International Operations; Money Laundering; Powers and Activities; Rules of Procedure; Safety and Soundness; and Securities. On June 4, 2014, we published a **Federal Register** notice announcing the start of the EGRPRA review process and also asking for public comment on three of these categories—Applications and Reporting; Powers and Activities; and International Operations regulations.² In that notice we published a chart, listing the Agencies' regulations in the 12 categories included in the EGRPRA review. On February 13, 2015, we published a **Federal Register** notice asking for public comment on three additional categories—Banking Operations; Capital; and the Community Reinvestment Act.³ The comment period for the second **Federal Register** notice closed on May 14, 2015. On June 5, 2015, the Agencies published a third **Federal Register** notice asking for public comment on three additional categories—Consumer Protection; Directors, Officers and Employees; and Money Laundering.⁴ The comment period for the third notice closed on September 3, 2015. As noted in the third **Federal Register** notice, the Agencies' will take comment on all of our regulations issued in final form up to the date that we publish the last EGRPRA notice for public comment. In the third notice, we published an additional chart, listing the rules included in the review that had not been reflected in prior charts. Before the end of the year, the Agencies intend to issue the final **Federal Register** notice, requesting comment on regulations in the last three categories—Rules of Procedure; Safety and Soundness; and Securities, as well as on any other final rules not covered by one of the prior **Federal Register** notices.

Dated: September 25, 2015.

Thomas J. Curry,

Comptroller of the Currency.

By order of the Board of Governors of the Federal Reserve System, September 28, 2015.

Robert deV. Frierson,

Secretary of the Board.

Dated: September 29, 2015.

Federal Deposit Insurance Corporation by
Robert E. Feldman,
Executive Secretary.

[FR Doc. 2015-25258 Filed 10-2-15; 8:45 am]

BILLING CODE 4810-33P; 6210-01-P; 6714-01-P

SMALL BUSINESS ADMINISTRATION

13 CFR Part 107

RIN 3245-AG67

Small Business Investment Companies; Passive Business Expansion & Technical Clarifications

AGENCY: U.S. Small Business Administration.

ACTION: Proposed rule.

SUMMARY: The U.S. Small Business Administration (SBA) proposes to revise the regulations for the Small Business Investment Company (SBIC) program to expand the use of Passive Businesses and provide further clarification with regard to investments in such businesses. SBICs are generally prohibited from investing in passive businesses under the Small Business Investment Act of 1958, as amended (Act). SBIC program regulations provide for two exceptions that allow an SBIC to structure an investment utilizing a passive small business as a pass-through. The first exception provides conditions under which an SBIC may structure an investment through up to two levels of passive entities to make an investment in a non-passive business that is a subsidiary of the passive business directly financed by the SBIC. The second exception enables a partnership SBIC, with SBA's prior approval, to provide financing to a small business through a passive, wholly-owned C corporation, but only if a direct financing would cause the SBIC's investors to incur Unrelated Business Taxable Income (UBTI). A passive C corporation formed under the second exception is commonly known as a blocker corporation. This proposed rule would clarify the first exception, and would expand the permitted use of blocker corporations and eliminate the prior approval requirement in the second exception. The rule also proposes to add new reporting and other requirements for passive investments to help protect SBA's financial interests and ensure adequate oversight and make minor technical amendments.

DATES: Comments on the proposed rule must be received on or before December 4, 2015.

ADDRESSES: You may submit comments, identified by RIN 3245-AG67, by any of the following methods:

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

- *Mail, Hand Delivery/Courier:* Javier Saade, Associate Administrator for Investment and Innovation, U.S. Small Business Administration, 409 Third Street SW., Washington, DC 20416.

SBA will post comments on <http://www.regulations.gov>. If you wish to submit confidential business information (CBI) as defined in the User Notice at <http://www.regulations.gov>, please submit the information to Theresa Jamerson, Office of Investment and Innovation, 409 Third Street SW., Washington, DC 20416. Highlight the information that you consider to be CBI and explain why you believe this information should be held confidential. SBA will review the information and make the final determination of whether it will publish the information or not.

FOR FURTHER INFORMATION CONTACT: Theresa Jamerson, Office of Investment and Innovation, (202) 205-7563 or sbic@sba.gov.

SUPPLEMENTARY INFORMATION:

A. Passive Businesses

Section 107.720 Small Businesses That May Be Ineligible for Financing

The Small Business Investment Act of 1958, as amended, and the SBIC program regulations prohibit an SBIC from making passive investments. The implementing regulation at 13 CFR 107.720(b) defines a business as passive if: (1) It is not engaged in a regular and continuous business operation; (2) its employees do not carry on the majority of day-to-day operations, and the company does not exercise day-to-day control and supervision over contract workers; or (3) the business passes through substantially all financing proceeds to another entity.

The current regulation provides for two exceptions that allow an SBIC to structure an investment utilizing a passive small business as a pass-through. The first exception, identified in § 107.720(b)(2), permits an investment utilizing up to two passive entities, as long as substantially all of the financing proceeds are passed through to one or more active "subsidiary companies," each of which is an eligible small business. The regulation defines a subsidiary company as one in which the financed passive business directly or indirectly owns at least 50% of the outstanding voting securities. As an example, this exception allows an SBIC to finance

² 79 FR 32172.

³ 80 FR 7980.

⁴ 80 FR 32046.