licenses and permits would still be used and provided by the agency—only the examples would be removed from the regulations. It is not necessary to include examples of the APHIS forms in the regulations.

We solicited comments concerning our proposal for 45 days ending October 7, 1996. We did not receive any comments by that date.

Therefore, based on the rationale set forth in the proposed rule, we are adopting the provisions of the proposal as a final rule without change.

Executive Order 12866 and Regulatory Flexibility Act

This rule is a nonsubstantive change related to agency management and is therefore not subject to review by the Office of Management and Budget under Executive Order 12866.

This rule removes unnecessary material from the regulations. The APHIS forms for a U.S. Veterinary Biologics Establishment License and U.S. Veterinary Biological Product License and Permit will still be used. Only the examples of the forms are removed from the regulations. This amendment will not have any adverse economic effect on producers as the APHIS forms are produced by the agency and provided to all qualifying license and permit applicants.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action will not have a significant economic impact on a substantial number of small entities.

Executive Order 12372

This program/activity is listed in the Catalog of Federal Domestic

Assistance under No. 10.025 and is subject to Executive Order 12372, which requires intergovernmental consultation with State and local officials (see 7 CFR part 3015, subpart V).

Executive Order 12988

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. It is not intended to have retroactive effect. This rule would not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule. There are no administrative procedures which must be exhausted prior to a judicial challenge to the provisions of this rule.

Paperwork Reduction Act

This rule contains no new information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Regulatory Reform

This action is part of the President's Regulatory Reform Initiative, which, among other things, directs agencies to remove obsolete and unnecessary regulations and to find less burdensome ways to achieve regulatory goals.

List of Subjects

9 CFR Part 102

Animal biologics, Reporting and recordkeeping requirements.

9 CFR Part 104

Animal biologics, Imports, Reporting and recordkeeping requirements, Transportation.

Accordingly, 9 CFR parts 102 and 104 are amended as follows:

PART 102—LICENSES FOR BIOLOGICAL PRODUCTS

1. The authority citation for part 102 continues to read as follows:

Authority: 21 U.S.C. 151–159; 7 CFR 2.22, 2.80, and 371.2(d).

2. Section 102.4, paragraph (c) is revised to read as follows:

§ 102.4 U.S. Veterinary Biologics Establishment License.

* * * * *

(c) U.S. Veterinary Biologics Establishment Licenses shall be numbered.

* * * * * *

§ 102.5 [Amended]

3. In § 102.5, paragraph (c) is removed and paragraphs (d), (e), and (f) are redesignated as paragraphs (c), (d), and (e).

PART 104—PERMITS FOR BIOLOGICAL PRODUCTS

4. The authority citation for part 104 continues to read as follows:

Authority: 21 U.S.C. 151–159; 7 CFR 2.22, 2.80, and 371.2(d).

5. In § 104.7, paragraph (a) is revised to read as follows:

§ 104.7 Product permit.

(a) A permit shall be numbered and dated.

* * * * *

Done in Washington, DC, this 14th day of March 1997.

Terry L. Medley,

Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 97–7013 Filed 3–19–97; 8:45 am]

BILLING CODE 3410–34–P

FEDERAL RESERVE SYSTEM

12 CFR Part 215

[Regulation O; Docket No. R–0940]

Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Loans to Holding Companies and Affiliates

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board is amending its Regulation O, which implements section 22(h) of the Federal Reserve Act and limits how much and on what terms a bank may lend to its own insiders and insiders of its affiliates. Under the final rule, Regulation O will not apply to extensions of credit by a bank to an executive officer or director of an affiliate, provided that the executive officer or director is not engaged in major policymaking functions of the bank and the affiliate does not account for more than 10 percent of the consolidated assets of the bank's parent holding company. Extensions of credit to executive officers of an affiliate that accounts for more than 10 percent of the consolidated assets of the bank's parent holding company are covered by Regulation O as a result of the Economic Growth and Regulatory Paperwork Reduction Act of 1996.

EFFECTIVE DATE: April 1, 1997.

FOR FURTHER INFORMATION CONTACT: Gregory Baer, Managing Senior Counsel (202/452–3236), or Gordon Miller, Attorney (202/452–2534), Legal Division, Board of Governors of the Federal Reserve System. For the hearing impaired *only*, Telecommunications Device for the Deaf (TDD), Dorothea Thompson (202/452–3544).

SUPPLEMENTARY INFORMATION:

Introduction

Section 22(h) of the Federal Reserve Act restricts insider lending by banks, and Regulation O implements section 22(h). 12 U.S.C. 375b; 12 CFR Part 215. Regulation O limits total loans to any one insider and aggregate loans to all insiders to a percentage of the bank's capital and requires that such loans be on non-preferential terms—that is, on the same terms a person not affiliated with the bank would receive.[1] 12 CFR 215.4(a), (c), and (d). For this purpose, an ''insider'' means an executive officer,

[1] Regulation O also requires prior approval of the bank's board of directors for certain loans to insiders and prohibits certain overdrafts by executive officers and directors. 12 CFR 215.4(b) and (e).

director, or principal shareholder, and loans to an insider include loans to any ''related interest'' of the insider, including any company controlled by the insider. 12 CFR 215.2(h). Regulation O requires banks to maintain records to document compliance with all its restrictions. 12 CFR 215.8.

The Board in 1980 generally exempted executive officers of affiliates from the restrictions of Regulation O so long as they did not participate in major policymaking functions of a bank. The Board did not exempt directors of affiliates because it lacked authority to do so. On May 3, 1996, the Board proposed amendments to Regulation O to conform its exemptions for executive officers and directors of affiliates of banks to the requirements of section 22(h), as amended by the Riegle Community Development and Regulatory Improvement Act of 1994 (Riegle Act), which had modified the authority of the Board to maintain such exemptions.[2] 61 FR 19683. On September 30, 1996, in the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA),[3] Congress amended section 22(h) to modify further the Board's exemptive authority over affiliate insiders. In view of the changes in the Board's authority and the comments received from the public concerning the Board's original proposal, the Board on November 8, 1996, sought comment on a new proposal to exempt certain insiders of affiliates from Regulation O. 61 FR 57797.

After considering the comments received on the notice, the Board has decided not to apply Regulation O to extensions of credit by a bank to an executive officer or director of a bank affiliate, provided that: (1) the executive officer or director is not engaged in major policymaking functions of the bank; and (2) the affiliate does not account for more than 10 percent of the consolidated assets of the bank's parent holding company. All commenters supported the Board's new proposal, except one commenter who complained that executive officers of certain larger affiliates of a bank who previously could be exempted from Regulation O no longer would be eligible to be exempted.

Background

Section 22(h) restricts lending not only to insiders of the bank that is making the loan but also to insiders of the bank's parent bank holding company and any other subsidiary of that bank holding company.[4] Prior to FDICIA, the Board's rules exempted from all the provisions of Regulation O a bank's loans to an executive officer of any of its affiliates (other than the parent bank holding company), provided that the executive officer did not participate in major policymaking functions at the bank.[5] 12 CFR 215.2(d) (1992). The Board considered this treatment appropriate for two reasons. First, such persons generally were not considered to be in a position to exert sufficient leverage on the lending bank to obtain a loan on anything but arms-length terms, in contrast to executive officers of the lending bank itself or its parent. Thus, the Board considered the benefits of restricting loans to these affiliate insiders, in terms of protecting the safety and soundness of bank, to be small. Second, applying these restrictions to executive officers of affiliates would have required each bank to maintain an updated list of all its affiliates' executive officers and all related interests of those executive officers, and to check all loans against the list. Particularly for a bank in a multi-subsidiary bank holding company, this effort would have constituted a significant burden not outweighed by any substantial benefit.

However, after the FDICIA amendment, the language of the statute no longer appeared to allow such an exception for executive officers of affiliates. Under the amendment, executive officers of affiliates were explicitly treated like executive officers of the bank itself. Still, nothing in the legislative history of FDICIA indicated that Congress intended to invalidate the Board's regulatory exception and extend coverage to all executive officers of affiliates.

In the Riegle Act, Congress addressed this issue by amending section 22(h)(8) again. The Riegle Act authorized the Board to make exceptions for executive officers and directors of affiliates, provided that the executive officer or director did not have the authority to participate, and did not participate, in major policymaking functions of the lending bank. The Act, however, did not authorize the Board to include any exception from section 22(h)(2), which prohibits lending on preferential terms.[6] Although the legislative history of the provision indicates that it was intended to allow the Board to maintain its existing exception for executive officers, its language did not allow the Board to do so.[7]

The Board suggested and supported an amendment to section 22(h) to make its language consistent with its apparent intent, and EGRPRA resolved the situation by dropping the requirement in section 22(h)(8) that the Board's exceptions not include the preferential lending provision. EGRPRA therefore restored the ability of the Board prior to FDICIA to exempt executive officers of a bank's affiliates from all the provisions of section 22(h), and granted the Board the authority to make the same exception for directors of a bank's affiliates as well.

Congress further revised section 22(h)(8) in EGRPRA, however, to introduce an additional restriction on the Board's exemptive authority. Under section 22(h), as amended, the Board may not grant an exception to an executive officer or director of an affiliate that constitutes more than 10 percent of the consolidated assets of the highest-tier holding company controlling the affiliate and the bank making the loan.

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[2] Pub. L. 103–325, section 334 (1994).

[3] Pub. L. 104–208, section 2211 (1996).

[4] As amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), section 22(h)(8) provides that ''any executive officer, director, or principal shareholder (as the case may be) of any company of which the member bank is a subsidiary, or of any other subsidiary of that company, shall be deemed to be an executive officer, director, or principal shareholder (as the case may be) of the member bank.'' 12 U.S.C. 375b(8)(A).

[5] Subsection (h) of section 22 was added in 1978. Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95–630, section 104. At that time, subsection (h) was ambiguous about whether an executive officer of a bank's affiliate was required to be treated like an executive officer of the bank itself. The statute provided that an ''officer'' of a bank included officers of affiliates, but did not similarly address ''executive officers.'' The statute's restrictions on lending by a bank to ''executive officers'' of the bank therefore did not clearly apply to ''executive officers'' of affiliates. No such ambiguity existed with respect to directors and principal shareholders of affiliates, who were explicitly treated like their counterparts at the lending bank. In 1980, the Board amended Regulation O to cover insiders of affiliates, but included a regulatory exception for executive officers of affiliates who did not participate in major policymaking functions at the bank.

[6] The provision extending the statute to executive officers and directors of affiliates was moved to a new paragraph (8)(A), and the authority of the Board to make exceptions was placed in a new paragraph (8)(B), which reads as follows:

The Board may, by regulation, make exceptions to subparagraph (A), except as that subparagraph makes applicable paragraph (2), for an executive officer or director of a subsidiary of a company that controls the member bank, if that executive officer or director does not have authority to participate, and does not participate, in major policymaking functions of the member bank. 12 U.S.C. 375b(8)(B). ''Paragraph (2)'' is the prohibition against lending on preferential terms.

[7] The Conference Report stated, ''It is not the intent of the Conferees to affect the exemptions that the Federal Reserve Board has already extended to executive officers, but rather to allow the Board the authority to provide appropriate treatment for directors.'' House Report 103–652, 103d Cong., 2d Sess. at 180 (1994).

Accordingly, the Board proposed an amendment to Regulation O that would eliminate its restrictions on a bank's lending to executive officers and directors of an affiliate who are not involved in major policymaking functions of the lending bank, if the assets of the affiliate did not exceed 10 percent of the consolidated assets of a company that controlled the member bank and such subsidiary and was not controlled by any other company.[8] As the Board stated in its proposal, the Board believes, for the same reasons that it originally exempted executive officers of affiliates, that retaining the executive officer exemption and expanding it to cover directors would relieve regulatory burden on bank holding companies without increasing the risk of excessive or preferential lending or resultant safety and soundness problems.

The proposal also reflected a simplified procedure for excluding executive officers of affiliates that was adopted by the Board in a final rule effective the same date as the supplemental notice, and extended the procedure to directors. 61 FR 57769. The procedure allows the board of directors of a bank to exclude affiliate insiders without requiring any action by the affiliate board of directors. The Board adopted the simplified procedures because the lending bank and its board of directors have full and formal control over who participates in the bank's policymaking. For the same reasons, the Board stated in the proposal that it believed that simplifying the requirements to exempt a director of an affiliate would relieve regulatory burden without increasing the risk of evasion of Regulation O.

The Board received 44 comments on its original rulemaking proposal. Forty-one commenters supported the Board's proposed amendments, including 17 commenters who supported the Board's amendments without qualification.[9] Several commenters asked the Board to expand its proposed amendments to provide additional relief from Regulation O. These proposals included extending the exception to include §§ 215.8, 215.10, and 215.11 of Regulation O, which impose various recordkeeping and disclosure requirements, and making the amendments effective retroactively to the effective date of the Riegle Act.[10]

The Board received 21 comments on its supplemental rulemaking, including comments from three banks, nine bank holding companies, six Federal Reserve Banks, and three trade associations. Twenty commenters supported the Board's revised amendments, including 14 commenters who supported the revised amendments without qualification. The other commenters in favor sought clarification concerning the measurement of consolidated assets, suggested further changes to Regulation O concerning persons to be treated as executive officers subject to its lending restrictions and the manner of exempting them, proposed technical changes in the text of the amendment, or requested the Board to seek further amendments of section 22(h) by Congress. One commenter opposed the revised amendments because executive officers of certain larger affiliates of a lending bank who previously could be exempted from section 22(h) and Regulation O no longer can be exempted under EGRPRA.

The Board has carefully considered the comments received, and has decided to adopt the amendment substantially as proposed.

With respect to the comments received on the original rulemaking, the Board believes that no action is required to make the exceptions effective with respect to § 215.10, concerning the reporting of loans to executive officers of member banks in a bank's quarterly report of condition pursuant to 12 U.S.C. 1817(a)(3), and § 215.11, concerning public disclosure of extensions of credit to executive officers and principal shareholders of member banks pursuant to 12 U.S.C. 1817(k). Sections 215.10 and 215.11 do not apply to executive officers of affiliates in any case. Accordingly, no action is necessary to exclude executive officers of affiliates who are covered by the exceptions. The Board also has determined that a retroactive effective date for this amendment is not appropriate.[11]

With respect to the comments received on the supplemental rulemaking, one commenter noted that EGRPRA did not address when or how often the assets of affiliates and the consolidated assets of the top-tier bank holding company should be measured in order to determine whether insiders of certain larger affiliates are ineligible to be exempted from the lending restrictions of Regulation O. The Board has decided that assets should be measured once per year, based on the average assets reported by the top-tier holding company and its banking and nonbanking subsidiaries during the four preceding calendar quarters or as determined in the examination process. This method of measurement should minimize fluctuations in asset size (as may occur, for example, as a result of seasonal loan demand) and simplify the collection of relevant data.[12]

Two commenters sought further simplification of the procedure to exclude insiders of an affiliate of a bank from the insider lending restrictions. The Board has amended the definitions of ''director'' and ''executive officer'' in Regulation O to clarify that insiders of an affiliate may be excluded by any form of resolution of the board of directors or bylaw of a bank that identifies the persons who are excluded.[13] Even under the amended

[8] The proposed amendment also would retain the current provision in Regulation O that excludes extensions of credit to exempt insiders of affiliates from the recordkeeping requirements of § 215.8 of Regulation O. The Board in its original proposal retained the recordkeeping requirement because the lending bank was required to identify loans to exempted insiders of affiliates and their related interests in order to ensure that such loans were not made on preferential terms. Under the proposed amendment, however, the Board's exemption would encompass all prohibitions under section 22(h), including the prohibition on preferential terms, and therefore make recordkeeping for loans to exempt borrowers unnecessary.

[9] Eleven commenters generally supported the amendments as originally proposed but complained that banks would continue to bear a significant recordkeeping burden to ensure that loans to affiliate insiders were not made on preferential terms. The three commenters who opposed the original proposal also objected on the basis of the recordkeeping burden. As discussed above, the recordkeeping requirement for loans to exempted insiders of affiliates has been eliminated.

[10] One commenter also suggested that the requirement for a board of directors resolution to exempt insiders of a bank's affiliates be dropped entirely. This comment was addressed in the Board's notice of final rulemaking dated November 8, 1996. 61 FR 57770.

[11] Executive officers of affiliates of a lending bank that account for more than 10 percent of the consolidated assets of the lending bank's top-tier bank holding company previously could be exempted from section 22(h) and Regulation O, but they no longer can be exempted under EGRPRA, effective September 30, 1996. The statute makes no provision for the grandfathering of nonconforming loans that were outstanding when the law became effective. The Board's practice concerning loans that are outstanding at the time a borrower becomes an insider has been not to require that such loans be brought into conformity until such loans are renewed, revised, or extended, which events are deemed to be a new extension of credit subsequent to the date the borrower became an insider. The dollar amount of nonconforming loans, however, is counted toward the individual insider and aggregate insider lending limits whenever any additional extensions of credit subject to these limits are considered. *See* 12 CFR 215.4(c) and (d).

[12] When calculating the assets of any affiliate, all inter-affiliate liabilities should be excluded, in the same manner as such liabilities are excluded when calculating the consolidated assets of the top-tier bank holding company.

[13] *See* 12 CFR 215.2(d) and (e). A bank may exclude an insider of an affiliate by using an affirmative resolution or bylaw that lists, by name or by title, persons authorized to participate in major policymaking functions of the bank and does not include the affiliate insider. A resolution or bylaw that stated, ''A, B, and C are the only persons authorized to participate as executive officers in major policymaking functions of the bank'' would

procedures, however, a bank may not rely solely on its resolution or bylaw to identify all individuals subject to Regulation O, as some affiliate officers and directors who are excluded from policymaking at the bank by a bylaw or resolution may nevertheless remain subject to Regulation O because their employer controls the bank or controls more than 10 percent of the consolidated assets of the top-tier bank holding company. 12 CFR 215.2(d)(2)(ii) and (iii) and 215.2(e)(2)(ii) and (iii).[14]

Technical changes to the text of the amendment have been made to conform the amendment to other provisions of Regulation O and clarify the application of the percentage of assets test. A technical change also has been made to § 215.4(a)(2) to clarify the scope of the exception contained therein to the provisions of § 215.4(a)(1). This exception was added as part of the final rule effective November 8, 1996, implementing certain provisions of EGRPRA. 61 FR 52769.

Determination of Effective Date

Because the final rule adjusts a requirement on insured depository institutions, the final rule will become effective April 1, 1997, the first day of the calendar quarter after the date of the final rule's publication. *See* 12 U.S.C. 4802(b).

Final Regulatory Flexibility Analysis

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) requires an agency to publish a final regulatory flexibility analysis when the agency publishes a final rule. Two of the requirements of a final regulatory flexibility analysis (5 U.S.C. 604(b))—a succinct statement of the need for, and the objectives of, the rule, and a summary of the issues raised by the public comments received, the agency assessment thereof, and any changes made in response thereto—are contained in the supplementary information above. No significant alternatives to the final rule were considered by the agency.

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Board certifies that the amendment to Regulation O will not have a significant adverse economic impact on a substantial number of small entities. The amendment will reduce the regulatory burden for most banks by increasing the number of insiders of affiliates who may be excepted from the insider lending restrictions of Regulation O.

One aspect of the amendment may increase the regulatory burden on multi-subsidiary bank holding companies. Because EGRPRA no longer authorizes the Board to exempt extensions of credit to executive officers of affiliates holding more than 10 percent of the consolidated assets of the bank holding company, the Board's existing exemption, which covers such persons, is being amended to do so no longer. Although this action will increase the recordkeeping burden on some multi-subsidiary bank holding companies, the increase in burden is required by statute and outside the Board's discretion, will generally not be significant, and will not be focused on small entities, which are less likely to have multiple subsidiaries.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the final rule under the authority delegated to the Board by the Office of Management and Budget. The Board may not conduct or sponsor, and an organization is not required to respond to, the information collection required in the final rule unless the Board displays a currently valid OMB control number. The Board's OMB control number is 7100–0036.

This collection of information is authorized by section 22(h)(10) of the Federal Reserve Act (12 U.S.C. 375b(10)), and is mandatory under Regulation O. This information is used to evidence compliance with the requirements of section 22(h) of the Federal Reserve Act.

The respondents and recordkeepers are for-profit financial institutions, including small businesses. These parties must retain records concerning their insider lending for two years, and certain information in these records must be disclosed to the public upon request. Because these records are maintained at state member banks, no issue of confidentiality under the Freedom of Information Act arises concerning this disclosure to the public.

The amendment is estimated to result in a 10 percent reduction in the annual hour burden of recordkeeping and disclosure associated with Regulation O for state member banks. The revisions affecting this burden are detailed in Section 215.2 of the final rule. The amendment will reduce the burden for most banks by increasing the number of insiders of affiliates who may be excepted from the insider lending restrictions of Regulation O. The burden may increase, however, for some multi-subsidiary bank holding companies. Comments on the burden are discussed in the Background section of this notice. The Board estimates there will be no cost burden in addition to the annual hour burden.

Some of the information collected by banks on extensions of credit to insiders of the bank and its affiliates is reported in the Consolidated Reports of Condition and Income (Call Report; FFIEC 031–034; OMB No. 7100–0036). Regulation O information is reported in the Call Report on Schedule RC-M, Memoranda, and Special Report on Loans to Executive Officers, and is available to the public upon request.

The Board has a continuing interest in the public's opinion of its information collection activities. At any time, comments regarding the burden estimate, or any other aspect of this information collection requirement, including suggestions for reducing the burden, may be sent to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100–0036), Washington, DC 20503.

List of Subjects in 12 CFR Part 215

Credit, Federal Reserve System, Penalties, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, and pursuant to the Board's authority under section 22(h) of the Federal Reserve Act (12 U.S.C. 375b), the Board amends 12 CFR part 215, subpart A, as follows:

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be sufficient to exclude all other persons. A bank also may exclude an insider of an affiliate by using a negative resolution or bylaw that lists, by name or by title, persons not authorized to participate in such functions, and includes the affiliate insider. A resolution or bylaw that stated, ''No executive officer of X Bank or Y Company is authorized to participate in major policymaking functions of this bank unless that individual is directly employed by this bank as an executive officer,'' would be sufficient to exclude all executive officers of the identified affiliates. The identical procedures also may be used to exclude officers of a company or bank from being classified as executive officers of the company or bank. *See* 12 CFR 215.2(e)(1) and (3).

[14] Another commenter proposed that the Board permit a bank or company to identify its executive officers solely by reference to all members of a particular senior management committee of the bank or company, in order to avoid all presumptions that may arise from a person's title. The comment did not indicate, however, and the Board is not aware that such a procedure for identifying persons with major policymaking functions is so widespread or standardized that it would serve as a reliable substitute in general, at this time, for the traditional identification of persons with major policymaking functions by title. Accordingly, the Board has determined not to adopt this proposal at this time. This procedure may be suitable, however, in the particular circumstances of a given bank or company, and would be permissible under the terms of § 215.2(e)(2) as amended.

PART 215—LOANS TO EXECUTIVE OFFICERS, DIRECTORS, AND PRINCIPAL SHAREHOLDERS OF MEMBER BANKS (REGULATION O)

1. The authority citation for part 215 continues to read as follows:

Authority: 12 U.S.C. 248(i), 375a(10), 375b (9) and (10), 1817(k)(3) and 1972(2)(G)(ii); Pub. L. 102–242, 105 Stat. 2236.

2. Section 215.2 is amended as follows:

a. Paragraph (d) introductory text and paragraphs (d)(1) through (d)(3) are redesignated as paragraph (d)(1) introductory text and paragraphs (d)(1)(i) through (d)(1)(iii), respectively;

b. New paragraphs (d)(2) and (d)(3) are added;

c. Paragraph (e)(2) is revised; and

d. A new paragraph (e)(3) is added.

The additions and revisions read as follows:

§ 215.2 Definitions.

* * * * *

(d)(1) * * *

(2) Extensions of credit to a director of an affiliate of a bank are not subject to §§ 215.4, 215.6, and 215.8 if—

(i) The director of the affiliate is excluded, by resolution of the board of directors or by the bylaws of the bank, from participation in major policymaking functions of the bank, and the director does not actually participate in such functions;

(ii) The affiliate does not control the bank;

(iii) As determined annually, the assets of the affiliate do not constitute more than 10 percent of the consolidated assets of the company that—

(A) Controls the bank; and

(B) Is not controlled by any other company; and

(iv) The director of the affiliate is not otherwise subject to §§ 215.4, 215.6, and 215.8.

(3) For purposes of paragraph (d)(2)(i) of this section, a resolution of the board of directors or a corporate bylaw may—

(i) Include the director (by name or by title) in a list of persons excluded from participation in such functions; or

(ii) Not include the director in a list of persons authorized (by name or by title) to participate in such functions.

(e)(1) * * *

(2) Extensions of credit to an executive officer of an affiliate of a bank are not subject to §§ 215.4, 215.6, and 215.8 if—

(i) The executive officer is excluded, by resolution of the board of directors or by the bylaws of the bank, from participation in major policymaking functions of the bank, and the executive officer does not actually participate in such functions;

(ii) The affiliate does not control the bank;

(iii) As determined annually, the assets of the affiliate do not constitute more than 10 percent of the consolidated assets of the company that—

(A) Controls the bank; and

(B) Is not controlled by any other company; and

(iv) The executive officer of the affiliate is not otherwise subject to §§ 215.4, 215.6, and 215.8.

(3) For purposes of paragraphs (e)(1) and (e)(2)(i) of this section, a resolution of the board of directors or a corporate bylaw may—

(i) Include the executive officer (by name or by title) in a list of persons excluded from participation in such functions; or

(ii) Not include the executive officer in a list of persons authorized (by name or by title) to participate in such functions.

* * * * *

3. Section 215.4 is amended by revising paragraph (a)(2) introductory text to read as follows:

§ 215.4 General prohibitions.

(a) * * *

(2) *Exception.* Nothing in this paragraph (a) or paragraph (e)(2)(ii) of this section shall prohibit any extension of credit made pursuant to a benefit or compensation program—

* * * * *

By order of the Board of Governors of the Federal Reserve System, March 14, 1997.

William W. Wiles,

Secretary of the Board.

[FR Doc. 97–7011 Filed 3–19–97; 8:45 am]

BILLING CODE 6210–01–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

15 CFR Part 902

50 CFR Parts 628 and 648

[Docket No. 970303042–7042–01; I.D. 021097C]

RIN 0648–AJ78

Fisheries of the Northeastern United States; Consolidation of the Fishery Management Plan for the Atlantic Bluefish Fishery

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule.

SUMMARY: This final rule adds regulations implementing the Fishery Management Plan (FMP) for the Atlantic Bluefish Fishery to the consolidated Northeast fisheries regulations at 50 CFR part 648. It also amends references to Paperwork Reduction Act (PRA) collection-of-information requirements to reflect the addition. The purpose of this final rule is to make the regulations more concise, better organized, and thereby easier for the public to use. This action is part of the President's Regulatory Reinvention Initiative.

EFFECTIVE DATE: March 20, 1997.

ADDRESSES: Comments regarding burden-hour estimates for collection-of-information requirements contained in this rule should be sent to Andrew A. Rosenberg, Ph.D., Regional Administrator, 1 Blackburn Drive, Gloucester, MA 01930 and the Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), Washington, D.C. 20503 (Attention: NOAA Desk Officer).

FOR FURTHER INFORMATION CONTACT: Myles Raizin, 508–281–9104.

SUPPLEMENTARY INFORMATION:

Background

In March 1995, President Clinton issued a directive to Federal agencies regarding their responsibilities under his Regulatory Reinvention Initiative. This initiative is part of the National Performance Review and calls for comprehensive regulatory reform. The President directed all agencies to undertake a review of their regulations, with an emphasis on eliminating or modifying those that are obsolete, duplicative, or otherwise in need of reform. In response to this directive, on July 3, 1996 (61 FR 34966), a final rule was published that consolidated six CFR parts setting forth Northeast Region fishery regulations into one CFR part (50 CFR part 648). The Atlantic Bluefish FMP was not included in this consolidation because NMFS had published a request for comments on a proposal to withdraw approval of this FMP and its implementing regulations (61 FR 13810, March 28, 1996). Comments received on this proposal convinced NMFS not to withdraw this FMP. Consequently, this final rule is intended to carry out further the President's directive by adding the regulations implementing the Atlantic Bluefish FMP to the consolidation and eliminating 50 CFR part 628. Portions of the bluefish regulations that contain identical or nearly identical provisions to those in part 648 have been combined