

the desirable carryout level is a necessary item in that calculation; (2) this action is a relaxation in that increasing the desirable carryout increases the trade demand and free tonnage percentage making more raisins available to handlers for immediate use early in the season; (3) producers and handlers are aware of this action which was unanimously recommended by the Committee at a public meeting; and (4) this rule provides a 10-day comment period and any comments received will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Part 989

Grapes, Marketing agreements, Raisins, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 989 is amended as follows:

PART 989—RAISINS PRODUCED FROM GRAPES GROWN IN CALIFORNIA

1. The authority citation for 7 CFR part 989 continues to read as follows:

Authority: 7 U.S.C. 601-674.

2. Section 989.154 is revised to read as follows:

§ 989.154 Desirable carryout levels.

The desirable carryout levels to be used in computing and announcing a crop year's marketing policy shall be equal to the total shipments of free tonnage of the prior crop year during August, September, and one-half of October, for each varietal type, converted to a natural condition basis: *Provided*, That should the prior year's shipments be limited because of crop conditions, the Committee may select the total shipments during the months of August, September, and one-half of October during one of the three crop years preceding the prior crop year.

Dated: July 21, 1998.

Robert C. Keeney,

Deputy Administrator, Fruit and Vegetable Programs.

[FR Doc. 98-19874 Filed 7-22-98; 10:03 am]

BILLING CODE 3410-02-P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 934

[No. 98-32]

RIN 3069-AA70

Authority to Approve Federal Home Loan Bank Bylaws

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is adopting the interim final rule that added a new provision to its regulation on Federal Home Loan Bank (FHLBank) operations to devolve responsibility for approving FHLBank bylaws or amendments thereto from the Finance Board to the boards of directors of the FHLBanks as a final rule without change. The rule is part of the Finance Board's continuing effort to devolve management and governance responsibilities to the FHLBanks and is consistent with the goals of the Regulatory Reinvention Initiative of the National Performance Review.

EFFECTIVE DATE: The final rule will become effective on August 24, 1998.

FOR FURTHER INFORMATION CONTACT: Amy R. Maxwell, Compliance Assistance Division, Office of Policy, 202/408-2882, or Janice A. Kaye, Attorney-Advisor, Office of General Counsel, 202/408-2505, Federal Housing Finance Board, 1777 F Street, N.W., Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Statutory and Regulatory Background

Subject to the approval of the Finance Board, section 12(a) of the Federal Home Loan Bank Act authorizes the board of directors of each FHLBank to "prescribe, amend, and repeal by-laws, rules, and regulations governing the manner in which its affairs may be administered." 12 U.S.C. 1432(a). In December 1997, the Finance Board published an interim final rule with request for comments that added a new section, designated as § 934.16, to its regulation on FHLBank operations. See 62 FR 65197 (Dec. 11, 1997), *codified at* 12 CFR 934.16. The 30-day public comment period closed on January 12, 1998. See *id.* This new provision authorizes the board of directors of each FHLBank to prescribe, amend, or repeal bylaws or bylaws amendments governing the manner in which the FHLBank administers its affairs without the prior approval of the Finance Board provided that the bylaws or bylaws amendments are consistent with

applicable statutes, regulations, and Finance Board policies.

II. Analysis of Public Comments and the Final Rule

The Finance Board received one comment in response to the interim final rule. The commenter supports the rule because it promotes more efficient operations that benefit the FHLBanks, their members, and homebuyers. Accordingly, for the reasons set forth in detail in the interim final rulemaking, the Finance Board is adopting the interim final rule that devolves responsibility for approving FHLBank bylaws and amendments thereto from the Finance Board to the boards of directors of the FHLBanks without change.

III. Regulatory Flexibility Act

The Finance Board adopted this amendment to part 934 in the form of an interim final rule and not as a proposed rule. Therefore, the provisions of the Regulatory Flexibility Act do not apply. See 5 U.S.C. 601(2), 603(a).

IV. Paperwork Reduction Act

This final rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. See 44 U.S.C. 3501 *et seq.* Consequently, the Finance Board has not submitted any information to the Office of Management and Budget for review.

List of Subjects in 12 CFR Part 934

Federal home loan banks, Securities, Surety bonds.

Accordingly, the Federal Housing Finance Board hereby adopts the interim final rule amending 12 CFR part 934 that was published at 62 FR 65197 on December 11, 1997, as a final rule without any change.

Dated: July 8, 1998.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,
Chairperson.

[FR Doc. 98-19811 Filed 7-23-98; 8:45 am]

BILLING CODE 6725-01-P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 937

[No. 98-28]

Financial Disclosure by the Federal Home Loan Banks

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) hereby amends its regulations to require that the Federal Home Loan Banks (Banks) provide information in such form and within such timeframes as the Finance Board may prescribe so that the Finance Board may prepare combined Bank System financial disclosure in a complete and timely manner; and to require that any financial statements issued by the individual Banks be consistent in both form and content with those presented in the combined quarterly and annual financial reports issued for the Bank System by the Finance Board. This amendment is intended to ensure that the Finance Board can issue accurate and timely financial disclosure to the capital markets and that all information issued to the public concerning the Bank System is consistent and prepared in accordance with uniform standards.

EFFECTIVE DATE: August 24, 1998.

FOR FURTHER INFORMATION CONTACT:

Joseph A. McKenzie, Director, Financial Analysis and Reporting Division, Office of Policy, 202/408-2845, or Deborah F. Silberman, General Counsel, Office of General Counsel, 202/408-2570, Federal Housing Finance Board, 1777 F Street, NW., Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Background

The Federal Home Loan Bank Act (Bank Act), 12 U.S.C. 1421 *et seq.*, authorizes the Finance Board to issue consolidated obligations that are the joint and several obligations of the Banks in order to provide funds for the Banks. 12 U.S.C. 1431(b), (c). The Bank Act further authorizes the individual Banks to issue debt securities subject to rules and regulations adopted by the Finance Board, 12 U.S.C. 1431(a). The Finance Board has never adopted regulations concerning the issuance of debt securities by the individual Banks, and the Banks have never issued debt securities under this authority.

Pursuant to section 3(a)(2) of the Securities Act of 1933, 15 U.S.C. 77c(a)(2), (Securities Act), the debt securities issued by the Finance Board to raise funds for the Banks are exempt from the registration requirements of the Securities Act. Section 3(a)(2) exempts from registration and other requirements of the Securities Act, *inter alia*, securities issued or guaranteed by "any person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States." 15 U.S.C. 77c(a)(2).

Classes of securities issued by the Finance Board similarly are exempt from the registration and reporting requirements of the Securities Exchange Act of 1934, (15 U.S.C. 78a *et seq.*) (Exchange Act), pursuant to section 3(a)(42) of the Exchange Act. (15 U.S.C. 78c(a)(42)). Section 3(a)(42)(B) designates as securities exempt from registration and reporting under the Exchange Act, "government securities," including "securities which are issued or guaranteed by corporations in which the United States has a direct or indirect interest and which are designated by the Secretary of the Treasury for exemption as necessary or appropriate in the public interest or for the protection of investors." *Id.* § 78c(a)(42)(B).

The exemptions from registration and reporting under the Securities Act and the Exchange Act discussed above are principally grounded in a presumption that the securities activities of institutions acting as government entities, as designated under the federal securities laws, will be conducted in the public interest and for the protection of investors. While securities issued by the Finance Board are exempt from the registration and reporting requirements of the Securities Act and the Exchange Act, the Finance Board believes it is in the public interest and in the interests of the Bank System for the disclosure documents used in connection with the issuance of its debt to be as state-of-the-art as possible. Indeed, one of the duties of the Finance Board specified in the Bank Act is that it ensures that the Banks remain adequately capitalized and able to raise funds in the capital markets. See 12 U.S.C. 1422a(a)(3)(B)(iii).

However, the Finance Board heretofore had never formally addressed the scope and content of the financial reports issued by itself on behalf of the Bank System nor by individual Banks to their members. Because the Finance Board has supervisory and examination authority over the Banks, it is the Finance Board's responsibility to regulate the securities activities of those institutions when it finds such regulation to be necessary or appropriate for the protection of investors and the Bank system.

On February 2, 1998, the Finance Board published for notice and comment a proposed rule to amend its regulations to add a requirement that the Banks file with the Finance Board for review and provide to their members annual audited financial statements and quarterly unaudited financial statements prepared in conformance with the rules and other requirements promulgated under the Federal securities laws by the

Securities and Exchange Commission (SEC). See 63 FR 5315 (Feb. 2, 1998). The SEC's disclosure requirements prescribe that an issuer of securities into the capital markets make full and fair disclosure of all information material to an investment decision in connection with the offer, sale, and other market transactions in those securities. Generally, a securities issuer's compliance with SEC disclosure regulations will reduce risk of and liability for potential fraud. The proposed rule was designed to ensure that a Bank's members would receive timely, accurate, and uniform financial information about their respective Banks, and to codify prevailing practice at the Banks. Nothing in the proposed rule was intended to subject the Banks to the jurisdiction of any other agency, nor to confer any private right of action on any member or on any investor in Bank system securities. The proposed rule invited comment on the scope of the existing and proposed new disclosures and to indicate to the Finance Board any other disclosures that would be appropriate.

Simultaneously with the publication of the proposed rule, the Finance Board also published for notice and comment a proposed policy statement regarding the preparation of the Bank System combined annual and quarterly financial reports by the Finance Board in connection with the issuance of consolidated debt securities pursuant to section 11(c) of the Bank Act, 12 U.S.C. 1431(c), in accordance with the disclosure requirements promulgated by the SEC. See Proposed Policy Statement, Finance Board Res. No. 98-01, January 21, 1998, 63 FR 5381 (February 2, 1998).

The Finance Board received a total of six comments on the proposed policy statement and the proposed rule. Commenters included three Banks, one committee of the Banks, one trade association, and one accounting firm.

II. Analysis of the Final Rule

A. In General.

A number of the commenters expressed concern about the increased legal, accounting, and administrative costs and other burdens adoption of the proposed regulation would impose on the Banks, and about the unintended adverse consequences that would result from incorporating the SEC's disclosure requirements into the regulation. In particular, the commenters urged that future rule changes by the SEC, and SEC interpretations, bulletins, opinions, no-action letters, and analysis about its regulations should be explicitly excluded from incorporation into the

Finance Board's regulation and policy statement. The commenters suggested that, instead of adopting the proposed regulation, the Finance Board should either delay adoption of the regulation until further analysis of the effects of the regulation could be made, or adopt its own disclosure requirements specifically tailored to the business of the Banks.

The Finance Board believes that uniformity, completeness, and accuracy of financial disclosure in the capital markets is a critically important issue and is, therefore, unwilling to delay the adoption of a final rule regarding financial disclosure requirements for the Banks. However, the Finance Board does not wish to impose unnecessary burdens on the Banks, or to require duplicative disclosure. Therefore, the final rule has been revised in a number of ways to address these concerns and other considerations.

B. Definitions—Section 937.1.

The proposed rule sets forth certain definitions to be used in the part. The definitions of "Bank," and "Finance Board" are adopted as proposed without change. The definitions of "Member," "SEC," "Form 10-K," "Form 10-Q," and "Regulation S-X" have been deleted from the final rule, for the reasons discussed below.

C. Annual and Quarterly Financial Statement Requirements.

Section 937.2 of the proposed rule would have imposed a requirement that the Banks file with the Finance Board for review, and distribute to their shareholders, annual and quarterly financial statements as provided further in the regulation. Sections 937.3 and 937.4 of the proposed rule set forth the specific SEC regulatory requirements with which the Banks would have had to comply in preparing their annual and quarterly financial statements. These sections also set forth the timeframes in which the reports had to be prepared.

As discussed in the notice of proposed rulemaking, see 63 FR 5315, 5317, all of the Banks currently provide annual financial statements to their shareholders, but not all of the Banks currently issue quarterly financial statements. The Finance Board wished to assure that all members of the Banks were receiving timely financial information about the Banks, and proposed to use this regulation as the vehicle for that disclosure.

Since the proposed policy statement and regulation were published, and in connection with this project, the Finance Board has been reevaluating how it provides disclosure about

individual Banks in the combined Bank System annual and quarterly reports. The combined Bank System annual report already contains combining schedules for the statement of condition, the statement of income, statements of capital, and statements of cash flows. These combining schedules include a column of information supplied by and about each of the Banks, a column of combining adjustments that eliminate all material interbank transactions, and a column of information for the combined Bank System. While the Finance Board has not provided this information in its combined Bank System quarterly financial reports, it is planning to do so in future quarterly reports.

Because the Finance Board already includes significant financial information about each Bank in the Bank System combined annual report, because it plans to provide similarly significant financial information about each Bank in the Bank System combined quarterly reports, and because the Finance Board intends to distribute the combined annual and quarterly reports to members of the Bank System expeditiously after their publication, the Finance Board no longer believes it is necessary to require the Banks to file for review and distribute to members individually prepared annual and quarterly financial statements. Therefore, all of the requirements of proposed sections 937.2, 937.3, and 937.4 have been deleted from the final rule.

Instead, the final rule requires in section 937.2 only that the Banks provide to the Finance Board, in such form and within such timeframes as the Finance Board shall specify, all such financial and other information as the Finance Board shall need to prepare the combined Bank System annual and quarterly reports.

There is no longer any requirement in the final rule that the Banks prepare or issue individual Bank annual or quarterly financial reports. However, section 937.3 of the final rule provides that if the Banks choose to issue individual annual or quarterly financial reports, any financial statements contained in those reports must be consistent in both form and content with the financial statements presented in the combined Bank System annual or quarterly financial reports. This is to assure that all financial statements relating to the Banks in the public domain will be consistent and accurate.

The requirements of section 937.3 will not preclude a Bank from including abbreviated balance sheets or other abbreviated financial statement

information in marketing materials, so long as those materials provide clear disclosure of how and where the reader may obtain a complete set of the financial statements of the Bank or the Bank System.

III. Regulatory Flexibility Act

The final rule applies only to the Banks, which are not "small entities" as defined in the Regulatory Flexibility Act (RFA). See 5 U.S.C. 601(6). Therefore, in accordance with section 605(b) of the RFA, see *id.* 605(b), the Finance Board hereby certifies that the final rule will not have a significant economic impact on a substantial number of small entities.

IV. Paperwork Reduction Act

The final rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. See 44 U.S.C. 3501 *et seq.* Consequently, the Finance Board has not submitted any information to the Office of Management and Budget for review.

List of Subjects in 12 CFR Part 937

Federal home loan banks, Reporting and recordkeeping requirements.

Accordingly, the Federal Housing Finance Board hereby amends title 12, chapter IX, of the Code of Federal Regulations, to add a new part 937, as follows:

PART 937—FINANCIAL STATEMENTS OF THE BANKS

Sec.

937.1 Definitions.

937.2 Requirement to provide financial and other information to the Finance Board.

937.3 Requirement for voluntary bank disclosure.

Authority: 12 U.S.C. 1422a, 1422b, 1426, 1431, and 1440.

§ 937.1 Definitions.

As used in this part:

Bank means a Federal Home Loan Bank established under the authority of the Federal Home Loan Bank Act, as amended (12 U.S.C. 1421 *et seq.*).

Finance Board means the agency established as the Federal Housing Finance Board.

§ 937.2 Requirement to provide financial and other information to the Finance Board.

In order to facilitate the preparation by the Finance Board of combined Bank System annual and quarterly reports, each Bank shall provide to the Finance

Board in such form and within such timeframes as the Finance Board shall specify, all financial and other information the Finance Board shall request for that purpose.

§ 937.3 Requirement for voluntary bank disclosure.

Any financial statements contained in an annual or quarterly financial report issued by an individual Bank must be consistent in both form and content with the financial statements presented in the combined Bank System annual or quarterly financial reports prepared and issued by the Finance Board.

Dated: June 24, 1998.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,

Chairperson.

[FR Doc. 98-19810 Filed 7-23-98; 8:45 am]

BILLING CODE 6725-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 98-AGL-27]

Establishment of Class E Airspace; Waupun, WI

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action establishes Class E airspace at Waupun, WI. A Global Positioning System (GPS) Standard Instrument Approach Procedure (SIAP), 102° helicopter point in space approach, has been developed for Waupun Memorial Hospital Heliport. Controlled airspace extending upward from 700 to 1200 feet above ground level (AGL) is needed to contain aircraft executing the approach. This action creates controlled airspace with a radius of 6.0 miles for the point in space serving Waupun Memorial Hospital Heliport.

EFFECTIVE DATE: 0901 UTC, October 8, 1998.

FOR FURTHER INFORMATION CONTACT: Michelle M. Behm, Air Traffic Division, Airspace Branch, AGL-520, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois 60018, telephone (847) 294-7568.

SUPPLEMENTARY INFORMATION:

History

On Thursday, May 28, 1998, the FAA proposed to amend 14 CFR part 71 to establish Class E airspace at Waupun, WI (63 FR 29161). The proposal was to

add controlled airspace extending upward from 700 to 1200 feet AGL to contain Instrument Flight Rules (IFR) operations in controlled airspace during portions of the terminal operation and while transiting between the enroute and terminal environments.

Interested parties were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the FAA. No comments objecting to the proposal were received. Class E airspace designations for airspace areas extending upward from 700 feet or more above the surface of the earth are published in paragraph 6005 of FAA Order 7400.9E dated September 10, 1997, and effective September 16, 1997, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document will be published subsequently in the Order.

The Rule

The amendment to 14 CFR part 71 establishes Class E airspace at Waupun, WI to accommodate aircraft executing the proposed GPS SIAP, 102° helicopter point in space approach, at Waupun Memorial Hospital Heliport by creating controlled airspace for the heliport. Controlled airspace extending upward from 700 to 1200 feet AGL is needed to contain aircraft executing the approach. The area will be depicted on appropriate aeronautical charts.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this regulation—(1) is not a “significant regulatory action” under Executive Order 12866; (2) is not a “significant rule” under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS

1. The authority citation for part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9E, Airspace Designations and Reporting Points, dated September 10, 1997, and effective September 16, 1997, is amended as follows:

Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.

* * * * *

AGL WI E5 Waupun, WI [New]

Waupun Memorial Hospital Heliport, WI Point in Space Coordinates

(Lat. 43°38'00"N., long. 88°45'46"W.)

That airspace extending upward from 700 feet above the surface within a 6.0-mile radius of the Point in Space serving Waupun Memorial Hospital Heliport excluding that airspace within the Oshkosh, WI, Juneau, WI, and Beaver Dam, WI, Class E airspace areas.

* * * * *

Issued in Des Plaines, Illinois on July 15, 1998.

Richard K. Petersen,

Acting Assistant Manager, Air Traffic Division.

[FR Doc. 98-19854 Filed 7-23-98; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 98-AGL-30]

Establishment of Class E Airspace; Richland Center, WI

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action establishes Class E airspace at Richland Center, WI. A Global Positioning System (GPS) Standard Instrument Approach Procedure (SIAP), 168° helicopter point in space approach, has been developed for Richland Center Hospital Heliport. Controlled airspace extending upward from 700 to 1200 feet above ground level (AGL) is needed to contain aircraft executing the approach. This action