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List of CFR Parts Affected

The following numerical guide is a list of the parts of each title of the Code of Federal Regulations affected by documents published in today's issue. A cumulative list of parts affected, covering the current month to date, appears following the Notices section of each issue beginning with the second issue of the month.

A cumulative guide is published separately at the end of each month. The guide lists the parts and sections affected by documents published since January 1, 1971, and specifies how they are affected.

Presidential Documents

Title 3—The President

PROCLAMATION 4094

National Farm-City Week, 1971

By the President of the United States of America

A Proclamation

More than at any time in our history, it is apparent that the quality of life in America tomorrow will greatly depend upon balanced growth in our Nation today.

The flourishing of agriculture upon our shores has been one of the greatest success stories in the history of man, and today Americans are the best fed people the world has ever known.

Yet average family income in non-metropolitan areas is 22 percent below that of metropolitan areas, and growing numbers of people have left rural America to seek fresh opportunity in the city. With this vast migration has come not just industrial progress, but also a host of new social and economic problems. Many of our cities are becoming less and less governable.

Only through balanced growth in both our rural and urban areas can we weather this gathering storm. It is time for all Americans to realize that we must have a strong rural economy in order to achieve orderly and beneficial urban growth.

In recognition of this need, I, RICHARD NIXON, President of the United States of America, do hereby designate the week of November 19 through November 25, as National Farm-City Week and call upon all citizens wherever they live to participate in this observance.

I request that leaders of agricultural organizations, business groups, labor unions, youth and women's clubs, schools, and other interested groups, focus their attention upon the interrelationship of urban and rural community development.

I urge the Department of Agriculture, land-grant educational institutions, and all appropriate organizations and Government officials to mark the significance of National Farm-City Week with public meetings, exhibits, and presentations for the press, radio, and television.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of November, in the year of our Lord nineteen hundred seventy-one, and of the Independence of the United States of America the one hundred ninety-sixth.

Richard Nixon

[FR Doc.71-16765 Filed 11-12-71; 4:15 pm]

Rules and Regulations

Title 12—BANKS AND BANKING

Chapter II—Federal Reserve System

SUBCHAPTER A—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. Y]

PART 225—BANK HOLDING COMPANIES

Nonbanking Activities of Foreign Bank Holding Companies

By notice of proposed rule making published in the FEDERAL REGISTER on June 23, 1971 (36 F.R. 11944), the Board of Governors proposed to implement its regulatory authority under section 4(c) (9) of the Bank Holding Company Act to exempt foreign bank holding companies from the prohibitions of section 4 of the Act with respect to certain of their nonbanking activities and interests in the United States.

Following consideration of the comments received, the Board has determined that it would be consistent with the purposes of the Act and in the public interest to permit foreign bank holding companies (1) to engage, directly or indirectly, in nonbanking activities in the United States that are incidental to their activities outside the United States, (2) to own noncontrolling interests in foreign companies engaged in nonbanking activities in the United States if those companies do more than half of their business outside the United States and do not engage in underwriting, selling, or distributing securities in the United States, and (3) with the consent of the Board, to invest in companies that are principally engaged in the United States in financing or facilitating transactions in international or foreign commerce. The Board has also confirmed exemptions for foreign bank holding companies with respect to their direct nonbanking activities outside the United States and their ownership of shares of stock in a bona fide fiduciary capacity.

In the case of activities or investments that do not meet the foregoing standards, a procedure is established whereby a foreign bank holding company may apply to the Board for special permission to engage in activities or retain or make investments subject to appropriate conditions. Such permission would require a determination by the Board that, under the circumstances and subject to specified conditions, an exemption of those activities or investments would not be substantially at variance with the purposes of the Act and would be in the public interest.

To implement its determination, the Board has amended § 225.4 of its Regulation Y by adding paragraph (g) to read as set forth below. An accompanying interpretation expresses the Board's views on several questions that arose during the course of its consideration of this matter.

§ 225.4 Nonbanking activities.

* * * * *

(g) *Foreign bank holding companies.* (1) As used in this paragraph: (i) "Revenues" means gross income and "consolidated" means consolidated in accordance with generally accepted accounting principles in the United States consistently applied; (ii) "foreign country" means any foreign nation or colony, dependency, or possession thereof; and (iii) "foreign bank holding company" means a bank holding company, organized under the laws of a foreign country, more than half of whose consolidated assets are located, or consolidated revenues derived. outside the United States.

(2) A foreign bank holding company may:

(i) Engage in direct activities of any kind outside the United States;

(ii) Engage in direct activities in the United States that are incidental to its activities outside the United States;

(iii) Own or control voting shares of any company that is not engaged, directly or indirectly, in any activities in the United States except as shall be incidental to the international or foreign business of such company;

(iv) With the consent of the Board, own or control voting shares of any company principally engaged in the United States in financing or facilitating transactions in international or foreign commerce;

(v) Own or control voting shares of any company, organized under the laws of a foreign country, that is engaged, directly or indirectly, in any activities in the United States if (*a*) such company is not a subsidiary of such bank holding company, (*b*) more than half of such company's consolidated assets and revenues are located and derived outside the United States, and (*c*) such company does not engage, directly or indirectly, in the business of underwriting, selling, or distributing securities in the United States; and

(vi) Own or control voting shares of any company in a fiduciary capacity under circumstances which would entitle such shareholding to an exemption under section 4(c)(4) of the Act if the shares were held or acquired by a bank.

Nothing in this subparagraph shall authorize a foreign bank holding company to own or control more than 5 percent of any class of voting shares of any other bank holding company or company accepting deposits or similar credit balances in the United States, except in a fiduciary capacity or with prior approval of the Board.

(3) A foreign bank holding company that is of the opinion that other activities or investments may, in particular circumstances, meet the conditions for an exemption under section 4(c)(9) of the Act may apply to the Board for such a determination by submitting to the Reserve bank of the district in which its banking operations in the United States are principally conducted a letter setting forth the basis for that opinion.

(4) A foreign bank holding company shall inform the Board, through such Reserve bank within 30 days after the close of each quarter, of all shares of companies engaged, directly or indirectly, in activities in the United States that were acquired during such quarter under the authority of this paragraph. Such information shall (unless previously furnished) include a brief description of the nature and scope of each such company's business in the United States. Information required need be given only insofar as it is known or reasonably available to a foreign bank holding company. If any required information is unknown and not reasonably available to the bank holding company, either because the obtaining thereof would involve unreasonable effort or expense or because it rests peculiarly within the knowledge of a company that is not controlled by the bank holding company, the information need not be provided, but the bank holding company shall (i) give such information on the subject as it possesses or can acquire without unreasonable effort or expense together with the sources thereof, and (ii) include a statement either showing that unreasonable effort or expense would be involved or indicating that the company whose shares were acquired is not controlled by the bank holding company and stating the result of a request made to such company for information. No such request need be made, however, to any foreign government, or an agency or instrumentality thereof, if, in the opinion of the bank holding company, such request would be harmful to existing relationships.

(5) If, in the Board's judgment, a company is a substantial competitor in any line of commerce in the United States, an exemption under this paragraph with respect to ownership or control of such company's voting shares may not be predicated on the unavailability of information to establish whether or not such company's activities in the United States are consistent with such an exemption. In the absence of available information, it will be presumed that such a company's activities do not justify an exemption under this paragraph for the holding of its shares by a foreign bank holding company. A company will be deemed to be a substantial competitor in any line of commerce in the United States if its products or services are nationally advertised or distributed in this country or if they are widely advertised or distributed in a regional market in which a banking subsidiary, branch or agency of the foreign bank holding company is located. If unable to obtain sufficient information to

establish whether or not an exemption is available, a foreign bank holding company should seek prior approval of the Board before investing in any company that might be a substantial competitor in any line of commerce in the United States.

Effective date: December 1, 1971.

By order of the Board of Governors, November 4, 1971.

[SEAL] TYNAN SMITH,
Secretary of the Board.

[FR Doc.71-16660 Filed 11-15-71;8:48 am]

[Reg. Y]

PART 225—BANK HOLDING COMPANIES

Nonbanking Activities of Foreign Bank Holding Companies

§ 225.124 Foreign bank holding companies.

(a) Effective December 1, 1971, the Board of Governors has added a new § 225.4(g) to Regulation Y implementing its authority under section 4(c)(9) of the Bank Holding Company Act. The Board's views on some questions that have arisen in connection with the meaning of terms used in § 225.4(g) are set forth in paragraphs (b) through (g) of this section.

(b) The term "activities" refers to nonbanking activities and does not include the banking activities that foreign banks conduct in the United States through branches or agencies licensed under the banking laws of any State of the United States or the District of Columbia.

(c) A company (including a bank holding company) will not be deemed to be engaged in "activities" in the United States merely because it exports (or imports) products to (or from) the United States, or furnishes services or finances goods or services in the United States, from locations outside the United States. A company is engaged in "activities" in the United States if it owns, leases, maintains, operates, or controls any of the following types of facilities in the United States:

(1) A factory,

(2) A wholesale distributor or purchasing agency,

(3) A distribution center,

(4) A retail sales or service outlet,

(5) A network of franchised dealers,

(6) A financing agency, or

(7) Similar facility for the manufacture, distribution, purchasing, furnishing, or financing of goods or services locally in the United States.

A company will not be considered to be engaged in "activities" in the United States if its products are sold to independent importers, or are distributed through independent warehouses, that are not controlled or franchised by it.

(d) In the Board's opinion, section 4(a)(1) of the Bank Holding Company Act applies to ownership or control of shares of stock as an investment and does not apply to ownership or control of shares of stock in the capacity of an underwriter or dealer in securities. Underwriting or dealing in shares of stock are nonbanking activities prohibited to bank holding companies by section 4(a)(2) of the Act, unless otherwise exempted. Under § 225.4(g) of Regulation Y, foreign bank holding companies are exempt from the prohibitions of section 4 of the Act with respect to their activities outside the United States; thus foreign bank holding companies may underwrite or deal in shares of stock (including shares of United States issuers) to be distributed outside the United States, provided that shares so acquired are disposed of within a reasonable time.

(e) A foreign bank holding company does not "indirectly" own voting shares by reason of the ownership or control of such voting shares by any company in which it has a noncontrolling interest. A foreign bank holding company may, however, "indirectly" control such voting shares if its noncontrolling interest in such company is accompanied by other arrangements that, in the Board's judgment, result in control of such shares by the bank holding company. The Board has made one exception to this general approach. A foreign bank holding company will be considered to indirectly own or control voting shares of a bank if that bank holding company acquires more than 5 percent of any class of voting shares of another bank holding company. A bank holding company may make such an acquisition only with prior approval of the Board.

(f) A company is "indirectly" engaged in activities in the United States if any of its subsidiaries (whether or not incorporated under the laws of this country) is engaged in such activities. A company is not "indirectly" engaged in activities in the United States by reason of a noncontrolling interest in a company engaged in such activities.

(g) Under the foregoing rules, a foreign bank holding company may have a noncontrolling interest in a foreign company that has a U.S. subsidiary (but is not engaged in the securities business in the United States) if more than half of the foreign company's consolidated assets and revenues are located and derived outside the United States. For the purpose of such determination, the assets and revenues of the United States subsidiary would be counted among the consolidated assets and revenues of the foreign company to the extent required or permitted by generally accepted accounting principles in the United States. The foreign bank holding company would not, however, be permitted to "indirectly" control voting shares of the said U.S. subsidiary, as might be the case if there are other arrangements accompanying its noncontrolling interest in the foreign parent company that, in the Board's judgment, result in control of such shares by the bank holding company.

(Interprets and applies 12 U.S.C. 1843(a)(1), 1843(a)(2), and 1843(c)(9))

By order of the Board of Governors, November 4, 1971.

[SEAL] TYNAN SMITH,
Secretary of the Board.

[FR Doc.71-16661 Filed 11-15-71;8:48 am]

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Administration, Department of Transportation

[Airspace Docket No. 71-WE-48]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Designation of Control Zone

On October 5, 1971, a notice of proposed rule making was published in the FEDERAL REGISTER (36 F.R. 19399) stating that the Federal Aviation Administration was considering an amendment to Part 71 of the Federal Aviation regulations that would designate a new control zone at San Clemente Island, Calif.

Interested persons were given 30 days in which to submit written comments, suggestions, or objections. No objections have been received and the proposed amendment is hereby adopted without change.

Effective date. This amendment shall be effective 0901 G.m.t., January 6, 1972.

(Sec. 307(a), Federal Aviation Act of 1958, as amended, 49 U.S.C. 1348(a); sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in Los Angeles, Calif., on November 8, 1971.

ROBERT O. BLANCHARD,
Acting Director, Western Region.

§ 71.171 (36 F.R. 2055) the following control zone is added.

SAN CLEMENTE ISLAND, CALIF.

Within a 5-mile radius of NALF San Clemente (latitude 33°01'20" N., longitude 118°35'15" W.) extending upward from the surface to and including 5,000 feet MSL, excluding that airspace beyond 3NM from and parallel to the shoreline. This control zone is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Airmen's Information Manual.

[FR Doc.71-16625 Filed 11-15-71;8:45 am]

Title 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

SUBCHAPTER C—DRUGS

PART 135b—NEW ANIMAL DRUGS FOR IMPLANTATION OR INJECTION

Flumethasone Acetate

The Commissioner of Food and Drugs has evaluated a new animal drug application (36-212V) filed by Syntex Laboratories proposing the safe and effective use of flumethasone for the treatment of specified conditions in dogs. The application is approved.