upon a showing that the depositor has suffered property or other financial loss in the disaster areas as a result of Hurricane Gloria beginning on or about September 27, 1985. A member bank should obtain from a depositor seeking to withdraw a time deposit pursuant to this action a signed statement describing fully the disaster-related loss. This statement should be approved and certified by an officer of the bank. This action will be retroactive to October 18, and will remain in effect until 12 midnight, April 22, 1986.

List of Subjects in 12 CFR Part 217

Advertising, Banks, Banking, Federal Reserve System, Foreign banking.

In view of the urgent need to provide immediate assistance to relieve the financial hardship being suffered by persons in the counties directly affected by Hurricane Gloria, good cause exists for dispensing with the notice and public participation provisions in section 553(b) of Title 5 of the United States Code with respect to this action. Because of the need to provide assistance as soon as possible and because the Board's action relieves a restriction, there is good cause to make this action effective immediately.

By order of the Board of Governors, acting through its Secretary, pursuant to delegated authority, November 20, 1985.

William W. Wiles,

Secretary of the Board.

[FR Doc. 85-28108 Filed 11-25-85; 8:45 am]

BILLING CODE 6210-01-M

FEDERAL HOME LOAN BANK BOARD

12 CFR Part 508

Presidentially Declared Emergencies

Dated: November 14, 1985.

AGENCY: Federal Loan Bank Board.

ACTION: Final rule.

SUMMARY: The Federal Home Loan Bank Board ("Board") is amending 12 CFR 508.10-1 to provide for the waiver or relaxation of the operating requirements applicable to Federal savings and loan associations ("Federal associations"), institutions insured by the Federal Savings and Loan Insurance Corporation ("insured institutions"), and member institutions of the Federal Home Loan Bank System ("Bank System members") in the event of a Presidentially declared "emergency" as well as in the event of a Presidentially declared "major disaster." Such waiver or relaxation is within the Board's discretion and is available only to institutions in the designated area.

EFFECTIVE DATE: November 26, 1985.

FOR FURTHER INFORMATION CONTACT: C. Dawn Causey, Attorney, Regulations and Legislation Division, Office of General Counsel, at (202) 377-6472, Federal Home Loan Bank Board, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION: The Disaster Relief Act of 1974, 42 U.S.C. 5121 *et seq.*, empowered the President to declare an area either a "major disaster area" or an "emergency area," depending upon the severity and extent of the disaster and the damage suffered. Previous legislation had only provided the President with the power to declare a "major disaster area," which automatically triggered the full panoply of federal disaster assistance, whether or not necessary or appropriate. Because there are disaster situations in which only limited federal aid is required, the Disaster Relief Act of 1974 created a second category of disaster for such circumstances. This second, lesser disaster category of "emergency" allows the President to declare an "emergency area" and activate ony such assistance programs as are appropriate.

Pursuant to the earlier disaster assistance legislation, the Board promulgated 12 CFR 508.10-1 to provide for discretionary Board waiver or relaxation, to the extent not inconsistent with law, of any limitations pertaining to the operations of Federal associations, insured institutions, and Bank System members in any area declared by the President to be a major disaster area. In keeping with the intent of the Disaster Relief Act to provide an additional category of Presidentially declared disaster, the Board has decided to amend section 508.10-1 to include Presidentially declared emergencies as well as Presidentially declared major disasters as events which would permit the Board to waive or relax the operating requirements for institutions in areas so designated.

The Board finds that observance of the notice and comment procedures prescribed by 5 U.S.C. 553(b) and 12 CFR 508.12 and 508.13 and delay of the effective date pursuant to 5 U.S.C. 553(d) and 12 CFR 508.14 are unnecessary because the amendment is minor in nature, and merely conforms regulatory language in accordance with a statutory change.

List of Subjects in 12 CFR Part 508

General, Savings and loan associations.

Accordingly, the Board hereby amends section 508.10-1 of Subchapter A of Chapter V, Title 12, Code of Federal Regulations, as set forth below.

PART 508—PROMULGATION OF REGULATIONS AND AMENDMENTS

1. The authority for 12 CFR 508.10-1 continues to read:

(Secs. 5, 402, 403, 48 Stat. 132, 1256, 1257, as amended (12 U.S.C. 1464, 1725, 1726)).

§ 508.10-1 [Amended]

2. Amend § 508.10-1 by inserting the phrase "or emergency" after the word "disaster" each place it appears in the heading and the text of the section and by removing the word "or" before the word "so" in the text of the section.

By the Federal Home Loan Bank Board.

Jeff Sconyers,

Secretary.

[FR Doc. 85-28169 Filed 11-25-85; 8:45 am]

BILLING CODE 6720-01-M

FARM CREDIT ADMINISTRATION

12 CFR Part 615

Funding and Fiscal Affairs

AGENCY: Farm Credit Administration.

ACTION: Final rule.

SUMMARY: The Farm Credit Administration (FCA), by its Federal Farm Credit Board (Federal Board), amends its regulation concerning the acquisition and disposition of real and personal property by Farm Credit System (System) banks and of System bank board policies on electronic data processing and word processing programs. The proposed amendment will eliminate these FCA prior approval requirements in both cases.

EFFECTIVE DATE: Thirty days from this publication date, provided either or both Houses of Congress are in session. Notice of the effective date will be published.

FOR FURTHER INFORMATION CONTACT:

Joseph M. Beltramo, Office of Examination and Supervision, (703) 883-4441

or

Dorothy J. Acosta, Office of the General Counsel, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090, (703) 883-4023.

SUPPLEMENTARY INFORMATION: In the August 5, 1985, **Federal Register** (50 FR 31607), FCA published the proposed amendment to its regulation concerning System acquisition and disposition of real and personal property and System bank board policies on electronic data processing and word processing programs and invited public written comments for 60 days ending September 29, 1985. Comments were received from four Farm Credit districts: The Farm Credit Banks of Springfield, the Farm Credit Banks of Baltimore, the Farm Credit Banks of Omaha, and the Farm Credit Banks of Sacramento. The Baltimore and Omaha banks were in favor of the proposed amendment.

The Springfield banks stated that proposed 12 CFR 615.5150(c)(5) adds an unnecessary control by requiring the banks, when approving association requests, to assure the competitiveness of bids. They suggested the regulation be revised to permit after-the-fact reviews to ensure that bid competition has been considered and documented. The Federal Board does not believe an after-the-fact review would ensure competition or would be adequate to correct discoveries of non-competitiveness where a contract has been consummated and property purchased. Accordingly, the Federal Board declined to adopt the Springfield suggestion.

The Sacramento banks commented that the proposed regulation unnecessarily requires supervising banks to approve all association leases. The banks stated that they currently only approve association leases having terms in excess of 5 years and recommended the regulation be amended to require bank approval only of leases of 5 years or more. However, the proposed regulation amendment does not require approval of all association leases. The district boards are required to approve guidelines for all associations in the district and within those guidelines the banks must approve only the initial lease of any association building site or building. The Federal Board believes these requirements are minimal and not unduly burdensome and thus did not consider the change appropriate.

List of Subjects in 12 CFR Part 615

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

PART 615—[AMENDED]

As stated in the preamble, it is proposed that Part 615 of Chapter VI, Title 12 of the Code of Federal Regulations, be revised as follows:

1. The authority citation for Part 615 continues to read as follows:

Authority: Secs. 5.9, 5.12, 5.18, Pub. L. 92-181, 85 Stat. 619, 620, and 621 (12 U.S.C. 2243, 2246, 2252).

2. Section 615.5150 is revised to read as follows:

§ 615.5150 Real and personal property.

(A) Real estate and personal property may be acquired, held, or disposed of by any Farm Credit institution for the necessary and normal operations of its business. The purchase, lease, or construction of office quarters shall be limited to facilities reasonably necessary to meet the foreseeable requirements of the institution. Property shall not be acquired if it involves, or appears to involve, a bank or association in the real estate or other unrelated business.

(b) District boards, prior to approving the purchase, lease, construction, or sale of Farm Credit System bank buildings and appurtenances or the purchase, lease, or sale of a proposed bank building site, shall evaluate and document:

(1) The need, including projected building size needs, for the purchase, lease, or sale;

(2) Alternative sites or alternative building considerations;

(3) The estimated costs for the completed project and impact on the bank's financial condition:

(4) The impact of the proposed action on the operational effectiveness of the bank; and

(5) The competitiveness of bids associated with constructions or real property disposals.

(c) It shall be the responsibility of the district board to approve guidelines for all associations in the district to follow regarding the purchase, lease, construction, or sale of office space and purchase, lease, or sale of a building site. Purchase, lease, construction, or sale of association buildings and appurtenances, or the purchase, lease, or sale of a proposed association building site shall have the approval of the appropriate supervising bank, which shall keep the bank board currently advised of such actions. In the case of joint association office buildings, these actions shall be approved jointly by the supervising banks. In approving association requests, the supervising bank shall assure that association office proposals meet district requirements and plans, and that the following matters have been evaluated and documented:

(1) The need, including projected building size needs, for the purchase, lease, or sale;

(2) the adequacy or inadequacy of the size of the building to be purchased, leased, or sold;

(3) the appropriateness of the proposed site for serving borrowers of the association's chartered territory;

(4) the estimated costs for the completed project and the impact of the proposal on the financial condition of the association; and

(5) the competitiveness of bids associated with constructions or real property disposals have been considered and documented.

Within the framework of bank board guidelines, the Federal land banks and Federal intermediate credit banks may prescribe office facility-related criteria for associations and give association boards authority to take office facilities actions without bank prior approval. However, such delegations shall not include the authority to approve the purchase of, initial lease of, new construction on, or sale of association building sites or buildings. New construction as used in this paragraph does not include repairs, remodeling, and normal maintenance in connection with existing association office quarters.

(d) Each district board shall adopt policies to provide bank managements with direction in the formulation of information processsing programs. These policies shall require the development of short- and long-range information processing plans for the district. In accordance with the district information processing plan, each bank and the associations it supervises may acquire equipment, software, and such personnel related to information processing only when consistent with the plan. Such association acquisitions shall be subject to approval by the supervising bank. The operation of information processing facilities must be consistent with the Farm Credit Administration's information processing standards.

(e) The term "information processing" as used in paragraph (d) of this section shall mean the entire electronic environment, including information processing personnel, equipment, software, and data. No distinction is made between terminal versus computer operation and word processing is not distinguished as a separate category.

Donald E. Wilkinson,

Governor.

[FR Doc. 85-28114 Filed 11-25-85; 8:45 am]

BILLING CODE 6705-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 240

[Rel. No. 34-22601; File No. S7-787]

Amendments to Rule 15Bc7-1 to Make Composite Compliance Examination Information Available to the Municipal Securities Rulemaking Board

AGENCY: Securities and Exchange Commission.

ACTION: Final rule amendments.

SUMMARY: At the request of the Municipal Securities Rulemaking Board, the Commission is amending its rule governing the availability to the Board of copies of reports of compliance examinations of municipal securities brokers and dealers. The amendments permit examining authorities to submit certain composite information derived from compliance examinations in lieu of individual examination reports to the Commission to be made available to the Board.

EFFECTIVE DATE: December 26, 1985.

FOR FURTHER INFORMATION CONTACT: William W. Uchimoto, Esq., (202) 272-2409, Room 5193, Division of Market Regulation, Securities and Exchange Commission, 450 5th Street NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION:

I. Background

Section 15B(c)(7) of the Securities Exchange Act of 1934 ("Act") requires that copies of reports of compliance examinations of municipal securities brokers and municipal securities dealers made by the Commission, or furnished to it by the National Association of Securities Dealers, Inc. ("NASD") or by the appropriate bank regulatory agencies,[1] shall, on request, be made available to the Municipal Securities Rulemaking Board ("MSRB") subject to such limitations as the Commission, by rule, deems necessary or appropriate in the public interest or for the protection of investors. In response to a written request by the MSRB for copies of examination reports and in order to implement the requirements of Section 15B(c)(7), the Commission adopted Rule 15Bc7-1 on October 16, 1979.[2] The rule makes information from reports of examinations available to the MSRB, subject to limitations designed to protect the confidentiality of such information, and establishes procedures for furnishing the information to the MSRB. The information provided to the MSRB pursuant to the Rule was intended to be a source of current data that the MSRB could use to monitor the activities of municipal securities professionals in analyzing the need for rulemaking.

The MSRB informed the Commission that the information it receives pursuant to the rule, *i.e.*, descriptions of each examination, is not as useful to the MSRB as would be a report reflecting composite information derived from compliance examinations occurring over a specific period. Accordingly, the MSRB requested that the rule be amended to permit the NASD and the bank agencies to provide more generalized, composite statistical and analytical data on compliance examinations in lieu of individual examination reports or the present summary compliance reports. Accordingly, on May 28, 1985, the Commission issued a release proposing to amend Rule 15Bc7-1 to permit the periodic filing of composite information instead of the more frequent submission of information reflecting individual compliance examinations.[3]

II. Summary of Comments

In response to the Proposal Release, the Commission received comment letters from the NASD[4] and the MSRB.[5] The NASD expressed "its strong support for the proposed rule change" and stated that "such amendments will provide the Association a more efficient method of making information available to the MSRB regarding [the NASD's] compliance examinations on municipal securities brokers and dealers." Similarly, the MSRB expressed its support for adoption of the proposed amendments. The MSRB believed that "the amendments will be less burdensome for the enforcement agencies to comply with. At the same time, the information provided the Commission and the Board on the revised form will be much more useful in evaluating the effectiveness of Board rules than is the information currently received."

The MSRB suggested two revisions to the proposed amendments. First, the MSRB suggested that paragraph (b) of the rule clarify that the Commission, and not the examining authorities, is required to submit a copy of the reporting form to the MSRB. Second, the MSRB requested modification of subparagraph (4) of paragraph (b) tó include the reporting of non-public information of actions taken by examining authorities in response to violations of MSRB rules by municipal securities dealers.[6]

III. Discussion

After considering the comments, the Commission has determined to approve the amendments. The Commission believes that the amendments will ease the reporting burden of the examining authorities while providing the MSRB with an opportunity to receive information in the form that can highlight areas where additional rulemaking may be needed. Accordingly, the Commission has determined to approve the amendments to Rule 15Bc7-1 in revised form, which incorporate the suggestions made by the MSRB.

The amendments allow the examining authorities to submit, in place of full examination reports, two copies of the cumulative report to the Commission, one for the Commission's use and the other to be furnished to the MSRB. Both copies may not identify the firms that are the subject of the reports; the Commission, however, may request such identities as well as the full examination reports for its own use.

IV. Effects on Competition

Section 23(a)(2)[7] of the Act requires the Commission, in adopting rules under the Act, to consider the anticompetitive effects of such rules, if any, and to balance any anticompetitive impact against the regulatory benefits gained in terms of furthering the purposes of the Act. The Commission believes that the

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[1] Examinations are performed by five entities. The Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, as appropriate regulatory agencies, examine municipal securities dealers which are banks or separately identifiable departments or divisions of banks (as defined in MSRB rule G-1) regulated by those agencies. The NASD conducts compliance examinations of its members. The Commission is the appropriate regulatory agency for, and routinely examines, municipal securities brokers and the remaining municipal securities dealers that are not members of the NASD.

[2] *See* Securities Exchange Act Release No. 16282 (October 16, 1979), 44 FR 61944. The rule was proposed for comment in Securities Exchange Act Release No. 15885 (May 30, 1979), 44 FR 32616.

[3] *See* Securities Exchange Act Release No. 22083 (May 28, 1985) ("Proposal Release"), 50 FR 23443. Due to an oversight, part of the text of the proposed amendments was missing from the release and did not appear in the **Federal Register**. Accordingly, on June 27, 1985, the Commission republished the full text of the amendments. *See* Securities Exchange Act Release No. 22083A (June 27, 1985), 50 FR 28106.

[4] *See* Letter from John E. Pinto, Jr., Senior Vice President, Compliance, NASD, to John Wheeler, Secretary, Commission (July 12, 1985).

[5] *See* Letter from Diane G. Klinke, Deputy General Counsel, MSRB, to John Wheeler, Secretary, Commission (July 12, 1985).

[6] The MSRB indicated that this information should disclose instances where the staff of an examining authority had referred violations to its Board or a District Business Conduct Committee (in the case of the NASD).

[7] 15 U.S.C. 78w(a)(2).

amendments will have no effect on competition. In this regard, the amendments provide all examining authorities with an alternative method of supplying information for which they currently are required to provide the Commission.

V. Regulatory Flexibility Act Consideration

Section 603(a)[8] of the Administrative Procedure Act,[9] as amended by the Regulatory Flexibility Act ("RFA"),[10] generally requires the Commission to undertake a regulatory flexibility analysis of the impact of a rule or amendment on "small entities," unless exempted under Section 605(b) on the basis that the rule or rule amendments would not have a significant impact on a substantial number of small entities. The amendments' primary effect will be to provide the MSRB and the examining authorities a more efficient method of making available to the MSRB information regarding compliance examinations of municipal securities brokers and dealers. Because the MSRB and the examining authorities are not small entities for purposes of the RFA, the Chairman of the Commission has certified that the amendments will not have a significant impact on a substantial number of small entities.

List of Subjects in 17 CFR Part 240

Reporting and recordkeeping requirements, Securities.

VI. Statutory Basis and Text of the Amendments

Title 17, Chapter II of the Code of Federal Regulations is amended as follows:

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

1. The authority citation for Part 240 continues to read as follows:

Authority: Sec. 23, 48 Stat. 901, as amended, 15 U.S.C. 78w. Section 240.15Bc7–1 issued under Secs. 15B, 17, and 23(a), 15 U.S.C. 78o–4, 78q, and 78w(a).

2. Section 240.15Bc7–1 is revised as follows:

§ 240.15Bc7–1 Availability of examination reports.

(a) Upon written request, copies of any report of an examination of a municipal securities dealer made by the Commission or furnished to it by an appropriate regulatory agency pursuant to section 17(c)(3) of the Act or by a registered securities association pursuant to section 15B(c)(7)(B) of the Act shall be made available to the Municipal Securities Rulemaking Board (the "Board") by the Commission subject to the following limitations:

(1) The Board shall establish by rule and shall maintain adequate procedures for ensuring the confidentiality of any information made available to it by the Commission pursuant to section 15B(c)(7)(B) of the Act;

(2) Information made available to the Board shall not identify any municipal securities broker, municipal securities dealer, or associated person that is the subject of a non-public examination report.

(b) If information to be made available to the Board is furnished to the Commission on a separate form prepared by an appropriate regulatory agency other than the Commission or by a registered securities association, that form, rather than a copy of any report of an examination, will be made available to the Board, provided that the conditions set forth in this paragraph are satisfied. Within sixty days of every six month period ending May 31 and November 30, each appropriate regulatory agency or registered securities association making available information on a separate form shall furnish to the Commission two copies of a form containing the information set forth in paragraphs (b)(1) through (b)(8) of this section. The Commission shall make one copy of the form promptly available to the Board. Copies of any forms furnished pursuant to this paragraph shall not identify any municipal securities broker, municipal securities dealer, or associated person that is the subject of an examination from which information was derived for the form; however, the Commission may obtain for its own use, upon request, the identity of any such examinee or the full examination reports. Furnished forms shall include the following information:

(1) The report period.

(2)(i) With respect to a registered securities association, the number of examinations that formed the basis of the report and, of these examinations, the number that were routine, special, and financial/operational. (ii) With respect to an appropriate regulatory agency that is a bank agency, the number of examinations that formed the basis of the report and, of these examinations, the number that were routine, special, and financial/operational. The number of examinations that formed the basis of the report of bank dealers and the number of examinations of separately identifiable departments or divisions of banks effecting municipal securities transactions.

(3) Indications of the violations of each Board rule found in examinations that formed the basis for the report.

(4) Copies of public notices issued during the report period of any formal actions and non-public information regarding any actions taken on violations of Board rules.

(5) Any comments concerning any questionable practices relating to municipal securities activities, whether or not covered by provisions of the Act and the rules and regulations thereunder, including the rules of the Board.

(6) Descriptions of any significant or recurring customer complaints relating to municipal securities activities received by the appropriate regulatory agency or registered securities association during the report period or by municipal securities dealers during the 12 month period preceding the examination.

(7) Description of any novel issues or interpretations arising under the Board's rules.

(8) Description of any changes to existing Board rules or additional rules that would improve the regulatory scheme for municipal securities professionals or assist in the enforcement of the Board's rules.

(c) Copies of any report of an examination of a municipal securities broker or municipal securities dealer made by the Commission or furnished to it pursuant to section 15B(c)(7)(B) or section 17(c)(3) of the Act, or separate forms made available to the Commission pursuant to paragraph (b) of this section, will be maintained in a non-public file.

Dated: November 7, 1985.

By the Commission.

John Wheeler,

Secretary.

[FR Doc. 85–28001 Filed 11–25–85; 8:45 am]

BILLING CODE 8010-01-M

[8] 5 U.S.C. 603(a).

[9] 5 U.S.C. 551 *et seq.*

[10] Pub. L. No. 96–354, 94 Stat. 1164, (September 19, 1980).

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17 CFR Part 275

[Rel. No. IA 996; File No. S7–11–85]

Exemption To Allow Registered Investment Advisers to Charge Fees Based Upon a Share of Capital Gains Upon or Capital Appreciation of a Client's Account

AGENCY: Securities and Exchange Commission.

ACTION: Adoption of Rule.