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

Aviation safety, VOR Federal airways.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me, part 71 of the Federal Aviation Regulations (14 CFR Part 71) is amended, as follows:

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

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

Authority: 49 U.S.C. App. 1348(a), 1354(a), 1510; Executive Order 10854; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983); 14 CFR 11.69.

§ 71.123 [Amended]

2. Section 71.123 is amended as follows:

V-263 [Amended]

By removing the words "From Albuquerque, NM, via" and substituting the words "From Corona, NM; INT Corona 278° and Albuquerque, NM, 160° radials; Albuquerque;"

Issued in Washington, DC, on July 1, 1991.

Jerry W. Ball,

Acting Manager, Airspace—Rules and Aeronautical Information Division.

[FR Doc. 91-16725 Filed 7-12-91; 8:45 am]

BILLING CODE 4910-13-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 240

[Release No. 34-29412]

Rescission of an Obsolete Rule, Rule 3a12-2

AGENCY: Securities and Exchange Commission.

ACTION: Rescission of rule.

SUMMARY: The Commission is rescinding rule 3a12-2 (17 CFR 240.3a12-2) under the Securities Exchange Act of 1934. The rule exempts a security from the operation of those provisions of the Exchange Act which by their terms do not apply to an "exempted security" if a state or political subdivision thereof is obliged to make good to the issuer of such security any deficiency in the income of such issuer, to the extent necessary to pay to the holders of such security interest or dividends at a specified rate, and the business of such issuer is managed by such state or political subdivision. The Commission believes that the rule is no longer necessary. The Commission is, therefore, rescinding the rule.

EFFECTIVE DATE: July 15, 1991.

FOR FURTHER INFORMATION CONTACT: C. Dirk Peterson, Attorney, (202) 504-2418, Office of Chief Counsel, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Commission is rescinding rule 3a12-2 [1] under the Securities Exchange Act of 1934,[2] which was adopted on June 16, 1935.[3] In 1988, the Commission proposed that the rule be rescinded.[4] No comments were received in response to the proposal.

The rule exempts a security from the operation of those provisions of the Act which by their terms do not apply to an "exempted security" if a state or political subdivision thereof is obligated to make good to the issuer of such security any deficiency in the income of such issuer, to the extent necessary to pay to the holders of such security interest or dividends at a specified rate, and the business of such issuer is managed by such state or political subdivision or by a board or officers appointed by such state or political subdivision. Although the rule was drafted in general terms, it appears that it was intended to apply to the Boston Elevated Railway Company ("BERC"). Rule 3a12-2 permitted trading in the securities of the BERC to continue on the Boston Stock Exchange without registration under the Exchange Act.[5]

[1] 17 CFR 240.3a12-2.

[2] 15 U.S.C. 78 *et seq.*

[3] Securities Exchange Act Release No. 279 (June 16, 1935).

[4] Securities Exchange Act Release No. 26181 (October 14, 1988, 53 FR 41204).

[5] Section 12(a) of the Exchange Act provides that it is "unlawful for any member, broker, or dealer to effect any transaction in any security (other than an exempted security) on a national securities exchange unless a registration is effective as to such security for such exchange in accordance with the provisions of this title, and the rules and regulations thereunder." 15 U.S.C. 78*l*(a).

The BERC's five dollar annual dividend was guaranteed by the Commonwealth of Massachusetts until 1959 and the company was managed by trustees appointed by the Commonwealth. Under the terms of a 1947 Massachusetts statute,[6] however, the Metropolitan Transit Authority was authorized to assume the outstanding indebtedness and liabilities of the BERC and acquire all of its common stock. The BERC subsequently began a process of dissolution and paid a partial liquidating dividend to stockholders of record as of September 12, 1947. Because of pending litigation, the dissolution did not occur immediately. For these reasons, the Commission permitted the market on the Boston Stock Exchange for the common stock of the BERC to continue.[7] The BERC common stock ceased trading on the Boston Stock Exchange on September 25, 1953. At that time, the BERC was the only company with a security that came within the exemptive provisions of rule 3a12-2.

In response to the Division of Market Regulation's request for information, the Massachusetts Bay Transportation Authority ("MBTA") advised the Division that all bonds, notes and other evidences of indebtedness issued by the BERC had been retired, refunded or otherwise discharged.[8] The MBTA also expressed the opinion that the Commission's rule providing an exemption for the BERC securities was no longer needed. Indeed, no comments were received following the Commission's proposal to rescind rule 3a12-2, thus indicating that no one was relying on the rule.

In light of the foregoing, the Commission believes that rule 3a12-2 is no longer necessary. Accordingly, the Commission is rescinding the rule.

List of Subjects in 17 CFR Part 240

Securities.

Text of New Rules

In accordance with the foregoing, title 17, chapter II, part 240 of the Code of Federal Regulations is amended as follows:

PART 240—[AMENDED]

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

[6] See Sections 5 and 6 of chapter 44 of the Commonwealth of Massachusetts Act of 1947.

[7] Securities Exchange Act Release No. 4077 (April 8, 1948).

[8] Letter from Joseph H. Elcock, General Counsel, Massachusetts Bay Transportation Authority, to Steve Holtzman, Special Counsel, Division of Market Regulation, SEC (June 27, 1980).

Authority: 15 U.S.C. 77c, 77d, 77s, 77ttt, 78c, 78d, 78i, 78j, 78l, 78m, 78n, 78o, 78p, 78s, 78w, 78x, 79q, 79t, 80a–29, 80a–37, unless otherwise noted.

§ 240.3a12–2 [Removed]

2. By removing § 240.3a12–2.

Dated: July 8, 1991.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 91–16706 Filed 7–12–91; 8:45 am]

BILLING CODE 8010–01–M

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17 CFR Part 289

[Release Nos. 33–6903; 34–29410; 39–2268; International Series Release No. 297]

Offerings by the International Finance Corporation

AGENCY: Securities and Exchange Commission.

ACTION: Final rules.

SUMMARY: The Commission today is adopting a new regulation specifying the periodic and other reports to be filed with it by the International Finance Corporation pursuant to the International Finance Corporation Act, as amended. The regulation is virtually identical to the regulations previously adopted by the Commission in connection with primary distributions of securities issued by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank and the African Development Bank. The regulation will ensure the availability of information about the International Finance Corporation for investors who may purchase securities issued by the International Finance Corporation and distributed in the United States.

EFFECTIVE DATE: July 15, 1991.

FOR FURTHER INFORMATION CONTACT: Amy N. Kroll, (202) 272–3246, Office of International Corporate Finance, Division of Corporation Finance, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission (the "Commission") today adopted rules and regulations specifying the periodic and other reports to be filed with it in connection with the primary distribution of securities issued by the International Finance Corporation (the "IFC"). The regulation, which is designated Regulation IFC,[1] is virtually identical to Regulations BW,[2] IA,[3] AD,[4] and AFDB,[5] which prescribe the reports to be filed by the International Bank for Reconstruction and Development ("IBRD"), the Inter-American Development Bank ("IAD"), the Asian Development Bank ("AD") and the African Development Bank ("AFDB"), respectively. (These four may be referred to herein collectively as the "Development Banks".).

I. Background

United States membership in the IFC was authorized in 1955 by the International Finance Corporation Act (the "IFC Act").[6] The IFC Act was amended recently to provide that securities issued or guaranteed by the IFC are "exempted securities" within the meaning of section 3(a)(2) of the Securities act of 1933 (the "Securities Act") and section 3(a)(12) of the Securities Exchange Act of 1934 (the "Exchange Act").[7] The IFC Act directs the IFC to file with the Commission such annual and other reports with regard to such securities as the Commission shall determine to be necessary in the public interest or for the protection of investors.[8] An exemption is also available under section 304(a)(4) of the Trust Indenture Act of 1939.[9]

The IFC was established in 1956 as an affiliate of the IBRD to further economic growth in developing member countries by promoting productive private investment. Its equity capital is provided by 135 member countries that, collectively, determine the IFC's policies and activities.[10] The IBRD and the other Development Banks are financial institutions that do not accept deposits or make short-term loans. They are organized to make loans fostering economic and social development within certain limitations embodied in their charters. Their shareholders are governments.[11] The activities of the IFC and the Development Banks are financed primarily through paid-in capital by members and through borrowing in international capital markets. Also, the IFC borrows from the World Bank under a Master Loan Agreement. In addition to its global borrowing, relying upon the statutory exemption granted to IFC securities, the IFC intends to begin borrowing in the United States' public markets during 1991.

As is the case with the Development Banks, public offerings in the United States of securities issued by the IFC will be subject to safeguards provided in both the IFC's charter and the IFC Act. First, prior to the issuance of any dollar-denominated IFC securities in the United States or any other jurisdiction, the IFC must obtain approval from the National Advisory Council on International Monetary and Financial Policies ("NAC").[12] Second, the IFC Act

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[1] 17 CFR part 289.

[2] 17 CFR part 285.

[3] 17 CFR part 286.

[4] 17 CFR part 287.

[5] 17 CFR part 288.

[6] 17 CFR part 282k.

[7] Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991, Public Law 101–513, title V, 104 Stat. 1979, 2037. Securities issued by the IFC would be government securities as defined in section 3(a)(42)(C) of the Exchange Act, 15 U.S.C. 78c(a)(42)(C). Persons acting as brokers or dealers in IFC securities would be government securities brokers or government securities dealers within the meaning of section 3(a)(43) or section 3(a)(44) of the Exchange Act, 15 U.S.C. 78c (a)(43) or (a)(44), and those persons would be subject to the registration and other requirements of section 15C of the Exchange Act, 15 U.S.C. 78*o*–5.

[8] 22 U.S.C. 282.

[9] 15 U.S.C. 77ddd (a)(4).

[10] International Finance Corporation, Annual Report 1990.

[11] The IFC and the Development Banks differ in their capital structures. The members of each Development Bank subscribe to both paid-in capital shares, that are fully or partially paid, and callable capital shares, that the Development Bank may call, in order to meet its obligations. The IFC's member country shareholders subscribe to paid-in capital shares only.

The IFC and the Development Banks also differ in certain respects with regard to the terms under which they provide funding. The Development Banks, to the extent that they lend to governments, government owned entities, government controlled entities, or public projects require that the member country or countries receiving the loan or involved in the project guarantee the Development Bank's loan or investment. To the extent that the Development Banks lend to private entities, they do not receive such government guarantees. The IFC, which lends only to private entities, is prohibited from receiving government guarantees on projects it finances.

[12] 22 U.S.C. 282b. See 22 U.S.C. 286b. The NAC was created to coordinate the policies and operations of representatives of the United States on the Development Banks or on agencies otherwise engaged in foreign financial transactions. It is composed of the Secretary of the Treasury (Chairman), who has delegated authority to approve the issuance of dollar denominated securities issued by the IFC and the Development Banks, the Secretaries of State and Commerce, the Chairman of the Federal Reserve Board and the President of the Export-Import Bank of the United States. 22 U S.C. 286b. See Executive Order No. 11269 of February 14, 1966 (as amended by Ex. Or. No. 11335, March 2, 1967, 32 FR 3933 (providing that the Chairman may consult with interested but unrepresented agencies and may invite them to designate representatives to participate in NAC deliberations); Ex. Or. No. 11808, Sept. 30, 1974, 39 FR 35563; Ex. Or. No. 11977, Mar. 14, 1977, 42 FR 14671; Ex. Or. No. 12164, Sept. 29, 1979, 44 FR 56681; Ex. Or. No. 12188, Jan. 2, 1980, 45 FR 989, Ex. Or. No. 12403, Feb. 8, 1983, 48 FR 6087; Ex. Or. No. 12567, Oct. 2, 1986, 51 FR 35395; Ex. Or. No. 12647, Aug. 2, 1988, 53 FR 29323.

provides that the IFC will file with the Commission such annual and other reports as the Commission considers appropriate.[13] Finally, the IFC Act authorizes the Commission, after consulting with the NAC, to suspend the exemption in whole or in part at any time.[14]

II. Synopsis of Regulation IFC

Regulation IFC, and the rules thereunder, reuqire the IFC to file with the Commission copies of its regular quarterly financial reports and copies of the annual report to its governing board. The quarterly financial reports will be required to be filed with the Commission within 45 days after the end of each fiscal quarter. This time period is consistent with that provided in Regulations IBRD and IAD. While the period is shorter than the time provided in Regulations AFBD and IA, 15 days additional was given the AFDB and the AD because their main offices are located in Africa and the Philippines, respectively, while the main offices of the IFC, like the IBRD and the IAD, are located in the United States. The IFC Annual Report, like the annual reports of the Development Banks, is required to be filed with the Commission within 10 days of its submission to the IFC Board of Governors.

The IFC will be required to file an additional report with the Commission on or prior to the date on which any of its primary obligations are sold to the public in the United States. Schedule A under Regulation IFC sets forth the information and documents to be furnished in a report filed with respect to a distribution of primary obligations of the IFC. The information provided in the report includes a description of the primary obligation being offered, a description of the plan of distribution and any arrangements with underwriters, sub-underwriters and dealers, including arrangements for compensation, a statement of any other expenses to be incurred in connection with the sale of the obligations, a statement of the purposes for which the proceeds from the sale of the obligations will be used, and exhibits, including copies of instruments defining the rights evidenced by the obligations, opinions of counsel, material contracts, and prospectuses or other sales literature.

The Commission has been informed by the IFC that no public offering of securities other than primary obligations is presently contemplated in the United States. Accordingly, the new rules, insofar as they require the reporting of the proposed public sale of securities, are limited to the sale of primary obligations of the IFC. Rules with respect to reporting the sale of securities guaranteed by the IFC will be proposed by the Commission if and when the need arises. Regulations BW, IA, AD and AFDB are also limited to primary obligations.

III. Administrative Procedure Act and Other Statutory Findings

The Commission finds that the notice and public comment procedures pursuant to the Administrative Procedure Act [15] are unnecessary for the following reasons: (1) The regulations adopted herein are virtually identical to those for the Development Banks, each of which was adopted without prior exposure to public comments; (2) the ownership structure and operations of the IFC, like that of the Development Banks, are unique; and (3) the views of the IFC have been received and considered. The Commission finds also that the notice and comment procedures pursuant to the Administrative Procedure Act are impracticable because of the time sensitivity of the IFC's funding activities and the IFC's current consideration of proposals for a public issue in the United States.

In addition, the Commission, acting in consultation with the National Advisory Council on International Monetary and Financial Policies, has express authority to suspend the exemption at any time. The Commission finds that this constitutes a substantial investor protection measure.

The Commission further finds that, because the rules are in the nature of exemptive rules, and because the effected party has and has had actual notice of the rules, there is good cause to dispense with the 30 days advance publication prior to effectiveness requirement pursuant to 5 U.S.C. 553(d), and therefore the rules shall be effective on July 15, 1991. The IFC will be in a position to proceed immediately with public offerings of its primary obligations in the United States.

IV. Regulatory Flexibility Act Certification

Pursuant to section 605(b) of the Regulatory Flexibility Act, [16] the Chairman of the Commission has certified that adoption of Regulation IFC will not have a significant impact on a substantial number of small entities. That certification, including the reasons therefor, is attached to this release as appendix A.

V. Statutory Basis of New Rules

Part 289 of the Code of the Federal Register is being adopted under section 13(a) of the International Finance Corporation Act (as amended) [17] and section 19(a) of the Securities Act.[18]

List of Subjects in 17 CFR Part 289

Reporting and recordkeeping requirements, Securities.

VI. Text of Amendment

In accordance with the foregoing, title 17, chapter II of the Code of Federal Regulations is amended as follows:

1. By adding new part 289 to read as follows:

PART 289—GENERAL RULES AND REGULATIONS PURSUANT TO SECTION 13(a) OF THE INTERNATIONAL FINANCE CORPORATION ACT

Authority: 15 U.S.C. 77s(a); 22 U.S.C. 282m.

§ 289.1 Applicability of this part.

This part (Regulation IFC) prescribes the reports to be filed with the Securities and Exchange Commission by the International Finance Corporation ("IFC") pursuant to section 13(a) of the International Finance Corporation Act.

§ 289.2 Periodic reports.

(a) Within 45 days after the end of each of its fiscal quarters the IFC shall file with the Commission the following information:

(1) Two copies of information as to any purchases or sales by the IFC of its primary obligations during such quarter;

(2) Two copies of the IFC's regular quarterly financial statement; and

(3) Two copies of any material modifications or amendments during such quarter of any exhibits (other than constituent documents defining the rights of holders of securities of other issuers guaranteed by the IFC, and loan and guaranty agreements to which the IFC is a party) previously filed with the Commission under any statute.

(b) Each annual report of the IFC to its Board of Governors shall be filed with the Commission within 10 days after the

[13] 22 U.S.C. 282k(a).
[14] 22 U.S.C. 282k(b).
[15] 5 U.S.C. 553(b), 553(c).
[16] 5 U.S.C. 605(b).
[17] 22 U.S.C. 282m.
[18] 15 U.S.C. 77s(a).

submission of such report to the Board of Governors.

§ 289.3 Reports with respect to proposed distribution of primary obligations.

The IFC shall file with the Commission, on or prior to the date on which it sells any of its primary obligations in connection with a distribution of such obligations in the United States, a report containing the information and documents specified in Schedule A of this part. The term "sell" as used in this section and in Schedule A of this Part means a completed sale, or a firm commitment to sell to an underwriter.

§ 289.4 Preparation and filing of reports.

(a) Every report required by this regulation shall be filed under cover of a letter of transmittal which shall state the nature of the report and indicate the particular rule and subdivision thereof pursuant to which the report is filed. At least the original of every such letter shall be signed on behalf of the IFC by a duly authorized officer thereof.

(b) Two copies of every report, including the letter of transmittal, exhibits and other papers and documents comprising a part of the report, shall be filed with the Commission.

(c) The report shall be in the English language. If any exhibit or other paper or document filed with the report is in a foreign language, it shall be accompanied by a translation into the English language.

(d) Reports pursuant to § 289.3 may be filed in the form of a prospectus to the extent that such prospectus contains the information specified in Schedule A of this Part.

§ 289.101 Schedule A. Information required in reports pursuant to § 289.3.

This schedule specifies the information and documents to be furnished in a report pursuant to § 289.3 with respect to a proposed distribution of primary obligations of the IFC. Information not available at the time of filing the report shall be filed as promptly thereafter as possible.

Item 1: Description of obligations.

As to each issue of primary obligations of the IFC that is to be distributed, furnish the following information:

(a) The title and date of the issue.

(b) The interest rate and interest payments dates.

(c) The maturity date or, if serial, the plan of serial maturities. If the maturity of the obligation may be accelerated, state the circumstances under which it may be so accelerated.

(d) A brief outline of:

(i) Any redemption provisions, and

(ii) Any amortization, sinking fund or retirement provisions, stating the annual amount, if any, which the IFC will be under obligation to apply for the satisfaction of such provisions.

(e) If secured by any lien, the kind and priority thereof, and the nature of the property subject to the lien; if any other indebtedness is secured by an equal or prior lien on the same property, state the nature of such other liens.

(f) If any obligations issued or to be issued by the IFC will, as to the payment of interest and principal, rank prior to the obligations to be distributed, describe the nature and extent of such priority, to the extent known.

(g) Outline briefly any provisions of the governing instruments under which the terms of the obligations to be distributed may be amended or modified by the holder thereof or otherwise.

(h) Outline briefly any other material provisions of the governing instruments pertaining to the rights of the holders of the obligations to be distributed or pertaining to the duties of the IFC with respect thereto.

(i) The name and address of the fiscal or paying agent of the IFC, if any.

Item 2: Distribution of obligations.

(a) Outline briefly the plan of distribution of the obligations and state the amount of the participation of each principal underwriter, if any.

(b) Describe any arrangements known to the IFC or to any principal underwriter named above designed to stabilize the market for the obligations for the account of the IFC or the principal underwriters as a group and indicate whether any transactions have already been effected to accomplish that purpose.

(c) Describe any arrangements for withholding commissions, or otherwise, to hold each underwriter or dealer responsible for the distribution of his participation.

Item 3: Distribution spread.

The following information shall be given, in substantially the tabular form indicated, as to all primary obligations that are to be offered for cash (estimate, if necessary):

	Price to the public	Selling discounts & commissions	Proceeds to the IFC
Per Unit	——	——	——
Total	——	——	——

Item 4: Discounts and commissions to sub-underwriters and dealers.

State briefly the discounts and commissions to be allowed or paid to dealers. If any dealers are to act in the capacity of sub-underwriters and are to be allowed or paid any additional discounts or commissions for acting in such capacity, a general statement to that effect will suffice, without giving the additional amounts to be so paid.

Item 5: Other expenses of the distribution.

Furnish a reasonably itemized statement of all expenses of the IFC in connection with the issuance and distribution of the obligations, except underwriters' or dealers' discounts and commissions that are provided in Items 2, 3 and 4.

Instruction

Insofar as practicable, the itemization shall include transfer agents' fees, cost of printing and engraving, and legal and accounting fees. The information may be given as subject to future contingencies. If the amounts of any items are not known, estimates, designated as such, shall be given.

Item 6: Application of proceeds.

Make a reasonably itemized statement of the purposes, so far as determinable, for which the net proceeds to the IFC from the obligations are to be used, and state the approximate amount to be used for each such purpose.

Item 7: Exhibits to be furnished.

A copy of each of the following documents shall be attached to or otherwise furnished as a part of the report:

(a) Each constituent instrument defining the rights evidenced by the obligations.

(b) An opinion of counsel, written in the English language, as to the legality of the obligations.

(c) Each material contract pertaining to the issuance or distribution of the obligations, to which the IFC or any principal underwriter of the obligations is or is to be party, except selling group agreements.

(d) Each prospectus or other sales literature to be provided by the IFC or any of the principal underwriters for general use in connection with the initial distribution of the obligations to the public.

Dated: July 8, 1991.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

Appendix A—Securities and Exchange Commission Regulatory Flexibility Act Certification

I, Richard C. Breeden, Chairman of the Securities and Exchange Commission, hereby certify, pursuant to 5 U.S.C. 605(b), that the rules contained in 17 CFR part 289 relating to exemptive regulations for the securities of the International Finance Corporation (the "IFC") will not, if promulgated, have a significant economic impact upon a substantial number of small entities. The reason for this certification is that the rules apply only to the IFC, which is not a small entity as defined in 17 CFR 240.0–10.

Dated: July 3, 1991.

Richard C. Breeden,

Chairman.

[FR Doc. 91–16707 Filed 7–12–91; 8:45 am]

BILLING CODE 8010–01–M

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17 CFR Part 290

[Release Nos. 33–6904; 34–29411; 39–2269; International Series Release No. 298]

Primary Offerings by the European Bank for Reconstruction and Development

AGENCY: Securities and Exchange Commission.

ACTION: Final rules.

SUMMARY: The Commission today is adopting a new regulation specifying the periodic and other reports to be filed with it by the European Bank for Reconstruction and Development pursuant to the European Bank for Reconstruction and Development Act. The regulation is virtually identical to the regulations previously adopted by the Commission in connection with primary distributions of securities issued by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank and the African Development Bank. The regulation will ensure the availability of information about the European Bank for Reconstruction and Development for investors who may purchase securities issued by the European Bank for Reconstruction and Development and distributed in the United States.

EFFECTIVE DATE: July 15, 1991.

FOR FURTHER INFORMATION CONTACT: Amy N. Kroll, (202) 272–3246, Office of International Corporate Finance, Division of Corporation Finance, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission (the "Commission") today adopted rules and regulations specifying the periodic and other reports to be filed with it in connection with the primary distribution of securities issued by the European Bank for Reconstruction and Development (the "EBRD"). The regulation, which is designated Regulation EBRD,[1] is virtually identical to Regulations BW,[2], IA [3] AD,[4] and AFDB,[5] which prescribe the reports to be filed by the International Bank for Reconstruction and Development ("IBRD"), the Inter-American Development Bank ("IAD"), the Asian Development Bank ("AD") and the African Development Bank ("AFDB"), respectively. (These four may be referred to herein collectively as the "Development Banks".)

I. Background

United States membership in the EBRD was authorized on November 5, 1990 by the European Bank for Reconstruction and Development Act (the "EBRD Act").[6] The EBRD Act provides that securities issued by the EBRD in connection with the raising of funds for inclusion in the EBRD's ordinary capital resources or guaranteed by the EBRD as to both principal and interest are "exempted securties" within the meaning of section 3(a)(2) of the Securities Act of 1933 (the "Securities Act") and section 3(a)(12) of the Securities Exchange Act of 1934 (the "Exchange Act").[7] The EBRD Act directs the EBRD to file with the Commission such annual and other reports with regard to such securities as the Commission shall determine to be necessary in the public interest or for the protection of investors.[8] An exemption is also available under section 304(a)(4) of the Trust Indenture Act of 1939.[9]

The organization and financing of the EBRD is similar to that of the Development Banks, which differ somewhat from traditional banks. The EBRD is a financial institution that does not accept deposits or make short-term loans. Its shareholders are 39 governments, including the United States, and two international organizations, the European Economic Community and the European Investment Bank. The EBRD is organized to make loans fostering economic and social development within certain limitations embodied in its charter. These activities are financed primarily through paid-in capital by members and through borrowing in international capital markets.

The EBRD was established in 1991 to foster the transition of Central and Eastern European countries towards open market-oriented economies and the promotion of private and entrepreneurial initiatives. To achieve this the EBRD shall assist recipient member countries to implement structural and sectoral economic privatization, to help their economies gradually become fully integrated into the international economy.[10]

The EBRD intends to begin borrowing globally, including in the United States, during 1991. As is the case with the other Development Banks, public offerings in the United States of securities issued by the EBRD would be subject to a number of safeguards both in the EBRD's charter and provided for in the EBRD Act.

The EBRD capital structure is such that its obligations, in effect, rest ultimately on the credit of its members, one of which is the United States. Members subscribe to capital shares, a percentage of which a re paidin and a percentage of which are subject to call if necessary to meet the EBRD's obligations. In the event of a default, the EBRD may issue a call, if necessary, on a pro rata basis, to members for the amount necessary to meet the obligations.

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1 17 CFR part 290.

2 17 CFR part 285.

3 17 CFR part 286.

4 17 CFR part 287.

5 17 CFR part 288.

6 11 U.S.C. 2901. Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991, Public Law 101–513, title V, 104 Stat. 1979, 2034.

7 22 U.S.C. 2901–9(a). Securities issued by the EBRD would be government securities as defined in section 3(a)(42)(C) of the Exchange Act, 15 U.S.C. 78c(a)(42)(C). Persons acting as brokers or dealers in EBRD securities would be government securities brokers or government securities dealers within the meaning of section 3(a)(43) or section 3(a)(44) of the Exchange Act, 15 U.S.C. 78c (a)(43) or (a)(44), and those persons would be subject to the registration and other requirements of section 15C of the Exchange Act, 15 U.S.C. 78o–5.

8 22 U.S.C. 2901–9(a).

9 15 U.S.C. 77ddd(a)(4).

10 The EBRD will provide funding to both government controlled or owned entities and privately owned entities. To the extent that the EBRD lends to governments, government owned entities, government controlled entities, or public projects, the EBRD may require that the member country or countries receiving the loan or involved in the project guarantee the EBRD's loan or investment. To the extent that the EBRD lends to private sector enterprises, it will follow the policy, adhered to by the Development Banks and required of the International Finance Corporation, of not requiring a member government guarantee. Agreement Establishing the European Bank for Reconstruction and Development, Article 14 and Notes there o