orders, including the Nashville, Tennessee, order, should be amended in several respects and that the provisions of the proposed amended orders are necessary to effectuate the declared policy of the Act. The changes adopted provided for:

(1) Three uniform classes of milk use in all the orders;

(2) Defining liquid concentrated milk (up to 50 percent solids) as a fluid milk product; and,

(3) Reducing somewhat the payment required when nonfat dry milk (a Class III use) is reconstituted for disposition as Class I milk.

Having found on the basis of the hearing evidence that certain provisions of the current order should be amended, it is found that the current provisions in question are not effectuating the declared policy of the Act and should be terminated pursuant to section 8c(16)(A) of the Act.

(b) In a referendum concluded on March 25, 1993 the required producer approval was not obtained to enable the Department to issue the proposed order as set forth in the February 5, 1993, Final decision. The referendum was initially ordered in conjunction with the Final Decision. The Acting Assistant Secretary issued an order on April 20, 1993, extending until March 25, 1993, the time for conducting a referendum to determine whether producers approved the issuance of the order. Less than the required two-thirds approval by producers who participated in the referendum was obtained in favor of the proposed amended order. The Act requires approval by at least two-thirds of the producers voting in the referendum or by producers of at least two-thirds of the volume of milk represented by those voting in the referendum, before an amended order may be issued.

(c) The comments filed in response to the notice of the proposed termination (58 FR 25577) do not provide a sufficient basis for not proceeding with the termination.

Only one comment was received. A proprietary handler filed a comment stating that the Nashville order had served the market well and that the termination order will create chaotic marketing conditions in the area. The handler proposed delaying the termination of the order until proposals now being received by the Department to merge the Nashville order with several other southeastern orders have been considered and a merger of orders has become effective. In the alternative, the handler urged that if the Nashville order is terminated the Department should expedite the merger hearing process.

The handler did not provide sufficient support for delaying termination of the order. However, if a hearing on merger proposals is called, the question of expeditious action may be considered at that time.

List of Subjects in 7 CFR Part 1098

Milk marketing orders.

Order

It is therefore ordered, That the terms and provisions of the order, as amended, regulating the handling of milk in the Nashville, Tennessee, marketing area, (7 CFR part 1098) except § 1098.1, which incorporates the General Provisions in part 1000, are hereby terminated effective at midnight, July 31, 1993.

PART 1098—MILK IN THE NASHVILLE, TENNESSEE, MARKETING AREA

1. The authority citation for 7 CFR part 1098 continues to read as follows:

Authority: Secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674.

§§ 1098.2 through 1098.94 [Removed]

2. Sections 1098.2 through 1098.94 are removed.

Effective date: Midnight, July 31, 1993.

Dated: June 25, 1993.

Eugene Branstool,

Assistant Secretary, Marketing and Inspection Services.

[FR Doc. 93–15545 Filed 6–30–93; 8:45 am]

BILLING CODE 3410–02–P

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7 CFR Part 1099

[Docket No. AO–183–A45; DA–90–017]

RIN 0581–AA37

Milk in the Paducah, Kentucky, Marketing Area; Referendum Order; Determination of Representative Period and Designation of Referendum Agent

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Referendum order.

SUMMARY: This document orders that a new referendum be conducted to determine whether producers favor issuance of the amended order regulating the handling of milk in the Paducah, Kentucky, marketing area, as proposed in the final decision issued by the Acting Assistant Secretary on February 5, 1993.

DATES: The referendum is to be completed on or before 15 days after the issuance of this order.

FOR FURTHER INFORMATION CONTACT: Richard A. Glandt, Marketing Specialist, USDA/AMS/DAIRY DIVISION, Order Formulation Branch, Room 2968, South Building, P.O. Box 96456, Washington, DC 20090–6456, 202/720–4829.

SUPPLEMENTARY INFORMATION: Prior documents in this proceeding:

Advance Notice of Proposed Rulemaking: Issued March 29, 1990; published April 3, 1990 (55 FR 12369).

Notice of Hearing: Issued July 11, 1990; published July 17, 1990 (55 FR 29034).

Extension of Time for Filing Briefs and Reply Briefs: Issued March 28, 1991; published April 3, 1991 (56 FR 13603).

Recommended Decision: Issued November 6, 1991; published November 22, 1991 (56 FR 58972).

Extension of Time for Filing Exceptions: Issued December 24, 1991; published January 6, 1992 (57 FR 383).

Final Decision: Issued February 5, 1993; published March 6, 1993 (58 FR 12634).

Proposed Termination of Order: Issued April 20, 1993; published April 27, 1993 (58 FR 25577).

On February 5, 1993, the Acting Assistant Secretary, Marketing and Inspection Services, issued a final decision on proposed amendments to all Federal milk orders, including the Paducah, Kentucky, order. A referendum was then held to determine if affected producers favored the issuance of the proposed amended order for the Paducah market. April 1992 was the representative period. The proposed amended order failed to receive the required producer approval.

A notice of proposed termination of the order was then issued, inviting comments on why the order should not be terminated. On the basis of the comments received, it appears that there is widespread support by current producers on the market for the proposed amended order. Therefore, it is concluded that a new referendum should be conducted using May 1993 as a representative period.

It is hereby directed that a referendum be conducted to determine whether the issuance of the amended order regulating the handling of milk in the Paducah, Kentucky, marketing area, which was attached to the decision of the Acting Assistant Secretary issued February 5, 1993, is approved by at least the required two-thirds of the producers, or by producers who produced at least two-thirds of the total milk produced during the representative period.

The month of May 1993 is hereby determined to be the representative period for the conduct of such referendum.

Donald R. Nicholson is hereby designated agent of the Secretary to conduct such referendum in accordance with the procedure for the conduct of referenda (7 CFR 900.300 *et seq.*).

Such referendum shall be completed on or before 15 days from the issuance of this referendum order.

List of Subjects in 7 CFR Part 1099

Milk marketing orders.

The authority citation for 7 CFR part 1099 continues to read as follows:

Authority: Secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674.

Dated: June 25, 1993.

Eugene Branstool,

Assistant Secretary, Marketing and Inspection Services.

[FR Doc. 93–15546 Filed 6–30–93; 8:45 am]

BILLING CODE 3410–02–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 710

Voluntary Liquidation

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: The NCUA Board is revising part 710 of its Rules and Regulations to update and streamline minimal procedures for voluntary liquidations of federal credit unions. This final rule is designed to assist a federal credit union's officials in the orderly dissolution of the institution and payment to members and provide NCUA with sufficient information to monitor the process and avoid losses to the National Credit Union Share Insurance Fund. It requires the development of a written liquidation plan, with a one year period for completing the liquidation; expands the notification to creditors requirement for federal credit unions with more than $500,000 in assets; eliminates certain reporting requirements; and expands the record retention period from three to five years to coincide with the Federal Credit Union Act's provision regarding destruction of records. For federally insured state credit unions, this rule only requires notification, with minimal reporting, to NCUA when the decision to voluntarily liquidate is made.

EFFECTIVE DATE: August 2, 1993

ADDRESSES: National Credit Union Administration, 1776 G Street, NW., Washington, DC 20456.

FOR FURTHER INFORMATION CONTACT: Jerry L. Courson, Special Assistant to the President, Asset Liquidation Management Center, National Credit Union Administration, 4807 Spicewood Springs Road, suite 5100, Austin, Texas 78759–8490, telephone (512) 795–0999; or James J. Engel, Deputy General Counsel, Office of General Counsel, National Credit Union Administration, 1776 G Street, Northwest, Washington, DC 20456, telephone (202) 682–9630.

SUPPLEMENTARY INFORMATION:

Background

The procedures for voluntary liquidations have not been updated since June of 1972. Most voluntary liquidations involve small credit unions, and in many cases the credit unions are marginally solvent. A more efficient liquidation process will help maintain the solvency and avoid the necessity of involuntary liquidation and the resulting losses to the National Credit Union Share Insurance Fund (NCUSIF). Also, since members do not have access to their shares during the liquidation process, it is in the best interest of the members to effect liquidation within a short period of time.

On October 13, 1992, the NCUA Board requested comments on proposed changes to the voluntary liquidation regulation. 57 FR 47999, October 21, 1992. The comment period ended on December 21, 1992. The proposal added a definition of "voluntary liquidation", reduced the time for notification to NCUA in several provisions, required prompt action in obtaining the membership vote, added a provision that once the liquidation was approved by the members, it could only be rescinded with regional director approval, provided for resubmission to the membership if the original proposal to liquidate was rejected, expanded the provision on notification to creditors, expanded the record retention period from three to five years, and consolidated and streamlined several provisions. It also eliminated the requirement for regional director approval for partial distribution, verification of account balances, reports at commencement and during the liquidation and final reports.

Comments were requested on all aspects of the proposed rule, as well as other issues involving voluntary liquidations. Comments were specifically requested on the need for a liquidation plan, a possible time limit for completing the liquidation, and whether the rule or portions of it should apply to state chartered credit unions entering voluntary liquidation.

Six comment letters were received: two comments from Federal credit unions, two from state credit union leagues, and two from national credit union trade associations. All the comments expressed general support of the proposed regulation and the effort to make the liquidation process more efficient.

The NCUA Board is adopting the regulation as proposed with two substantial amendments and several minor changes. First, § 710.2(e) is added to require the board of directors or the liquidating agent to develop a written liquidation plan that will provide for the liquidation of the credit union within one year. Second, § 710.0 is amended and § 710.9 is added to address the voluntary liquidation of federally insured state credit unions. Federally insured state credit unions should be liquidated under the provisions of state law and this is reflected in § 710.0. Section 710.9 requires the regional director be notified when a federally insured state credit union enters liquidation. The regional director is to be provided with copies of financial statements and any liquidation plan. This information is needed since credit unions entering voluntary liquidation are frequently marginally solvent and could become insolvent during the liquidation process.

The final rule also eliminates the proposed requirement to publish a notice of liquidation for federal credit unions with assets under $500,000, and reduces the requirement to one publication for federal credit unions with assets from $500,000 to $5 million.

Other minor changes have been made to clarify that a non-natural person can be appointed as liquidating agent, to indicate when the liquidating agent can be appointed, to require an extended bond coverage period, to address share draft and credit card accounts, to reinstate regional director approval of partial distributions, to correct a paragraph numbering error, to eliminate a reference to even share dollars, and to change the title by eliminating "Federal Credit Union".

Comments

Plan for Liquidation of Assets and Payment of Shares (Liquidation Plan)

Five of the commenters supported a requirement to develop a liquidation plan—one of those stating that such a plan is critical to an orderly process—and one commenter stated that a liquidation plan is not necessary due to the small size of most credit unions entering voluntary liquidation. The Board agrees that a plan is necessary, particularly in light of the fact that member access to accounts is limited during the liquidation process. Therefore, § 710.2(e) has been added requiring federal credit unions entering voluntary liquidation to develop a liquidation plan and provide a copy of the plan to the regional director within 30 days of the decision to present the question of liquidation to the members. The revised manual on voluntary liquidations will provide guidance on the development of a liquidation plan. It should be kept in mind that the 30 day period, as a deadline, only applies to submission of the plan to the regional director. Considering the fact that the transaction of business is suspended when the board decides to submit the question of liquidation to the members under § 710.4, it is in the interest of the members to complete the plan as quickly as possible. This will also provide information for responding to members' questions when seeking their approval.

Federally Insured State Chartered Credit Unions

Three commenters suggest that the regulation apply to federally insured state credit unions and two commenters indicate the regulation should exclude state credit unions. Section 710.0 was expanded and § 710.9 was added to deal with this issue.

The NCUA Board has decided not to extend the rule to cover federally insured state chartered credit unions, but to only require notification to the regional director. Due to the fact that voluntary liquidations apply to solvent credit unions, NCUA should not normally be involved from an insurance standpoint. However, since some credit unions recently entering voluntary liquidation were only marginally solvent, the financial condition must be carefully monitored during the liquidation process. Accordingly, § 710.9 has been added to require federally insured state credit unions entering voluntary liquidation to provide the regional director current financial statements and, if available or required by state law or directive, a copy of any liquidation plan. These documents will serve as a basis for the regional director to establish a plan to monitor solvency during the voluntary liquidation. Section 710.2(e) contains a similar requirement for federal credit unions to submit financial statements to enable the agency to access solvency. While this rule does not require state chartered credit unions to prepare a liquidation plan, the Board strongly suggests that they do so.

Section 710.0, Scope, has been amended to specifically recognize that voluntary liquidations of state credit unions are conducted in accordance with state law or procedures established by the state regulator. In addition, because the rule contains the notice requirement for federally insured state credit unions, the reference to federal credit unions was removed from the title of this part.

Time Limit for Completing Voluntary Liquidation

Five commenters agreed that voluntary liquidations should be completed within a period of time to be specified in the regulation. One commenter suggested a one year period be specified and another suggested one year as a flexible guideline. The NCUA Board agrees that a time period should be specified and that one year is reasonable. Members' shares are not available during the liquidation period and the liquidation should be conducted as quickly as possible. Also, since income is reduced during the liquidation process funds available for a liquidating dividend could be reduced, and continued solvency is a risk. Accordingly, § 710.2(e) requires that the liquidation plan provide for the liquidation of assets and payment of shareholders in one year. If the liquidation is projected to require more than one year, an explanation must be included in the liquidation plan.

Published Notice of Liquidation

Three comments expressed concern on the requirement to publish a notice of liquidation. The comments indicate the costs of publication in larger metropolitan areas can be excessive, and since many vendors are regional or national, the publication may not reach the intended audience. These comments have merit, but a reasonable effort must be made to notify creditors when a Federal credit union is closing. A newspaper's Legal Notices section is a common source for such notifications. Notifications published in local newspapers during involuntary liquidations do generate some response.

Since creditor claims are more likely to be filed against credit unions with more complex operations, the regulation was modified to require three publications only when the assets of a liquidating credit union exceed $5 million. Credit unions with assets between $500,000 and $5 million will be required to publish only one notice, and credit unions with assets under $500,000 will not be required to publish any notice. Also, in response to comments received, time frames were established for the publication. Publication is required within seven days of the liquidation date. Mailing of the liquidation notice has been changed to within 10 days of the liquidation date. Creditors have 30 days from the liquidation date to submit claims rather than the 30 days from the date of publication as originally proposed.

Other Comments; Amendments

Several other changes were made based on comments received, questions posed or staff recommendations. The following is a summary of the changes made and responses to comments.

In response to one comment, the definition of "liquidating agent" in § 710.1(c) was changed to clarify that the party appointed need not be an individual.

Section 710.2(b) was changed by deleting "NCUA or another person". That phrase is deemed unnecessary since NCUA is covered by the definition of "liquidating agent". In response to one commenter's question, NCUA is not required to accept appointment as liquidating agent but generally would do so. This provision was also changed to provide that the agent can be appointed as soon as the board votes to present the question of liquidation to the members.

Section 710.2(c) was changed to require that either bond coverage continue or the discovery period be extended for at least four months after the final distribution of assets. This is to provide a reasonable period for the discovery of actionable claims. Due to the fact that the liquidating credit union is solvent, any recoveries would benefit the members.

Section 710.2(d) as proposed has been changed. The regional director is responsible for monitoring the progress in completing the voluntary liquidation. Financial statements are used to determine the current financial condition and determine future follow-up plans. However, rather than continue the current requirement that quarterly reports must be filed, this subsection is amended to provide that reports only need to be provided upon request.

Section 710.3(c) is amended to eliminate the requirement that the board rescind its decision to liquidate if the members fail to vote favorably. As one commenter pointed out, this requirement is unnecessary. This subsection is also changed to allow the liquidating agent as well as the board of directors to resubmit the question of liquidation to the members.

Proposed § 710.3(d) is not changed. Once the board and the membership vote to liquidate the credit union, normal operation cannot be resumed until the regional director agrees that the financial condition and management is adequate to provide a sound basis for operations. The regional director needs to evaluate continued operation in light of factors giving rise to the initial determination to seek member approval.

Section 710.4 has been changed to specifically reference share draft accounts and credit cards.

As proposed, § 710.6(a) would have eliminated the current requirement of § 710.9 to obtain regional director approval for partial distributions. In final form, § 710.6(a) will continue the regional director approval requirement. This will aid the regional director in monitoring the liquidation, assist the credit union in adhering to its liquidation plan and assure protection of the members' interests. It is also amended to provide that any partial distribution must be on a pro rata basis but allows for the exclusion of accounts less than $25.00. Payment on those accounts may be withheld until final distribution. This will allow a credit union to avoid the expense of issuing more than one payment on small accounts. However, upon conclusion of the liquidation, the total payout of all distributions must result in a pro rata distribution to all members.

Section 710.6(d) is expanded to reference state law for procedures to escheat or trustee unclaimed funds. The subsection is necessary to provide a clear understanding that state procedures apply to disbursing unclaimed funds.

Section 710.7, as proposed, has not been changed. One commenter suggested that the current records retention period of three years be maintained instead of the proposed five year period as this would impose an undue burden on the appointed custodian. The three year period was used in the current regulation (§ 710.13) because, in accordance with section 120(b)(5) of the Federal Credit Union Act (12 U.S.C. 1766(b)(5)), the corporate existence of a federal credit union continues for that period from the date of cancellation of its charter. However, section 120(c) of the Act (12 U.S.C. 1766(c)) provides that the NCUA Board can only destroy records after five years from the date of cancellation of the charter. The Board believes the same requirement should apply in all federal credit union liquidations, even for records not in its possession, and therefore the five year period is retained in this final rule. Storage of records is not believed to be an unreasonable or burdensome requirement.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant impact any final regulation may have on a substantial number of small credit unions (primarily those under $1 million in assets). As this rule deals with the voluntary liquidation of all federal credit unions, it has no significant economic impact on small credit unions as ongoing, continuing concerns. Therefore, the NCUA Board has determined and certifies that the final amendment will not have a significant economic impact on a substantial numbers of small credit unions. Accordingly, the NCUA Board has determined that a Regulatory Flexibility Analysis is not required.

Paperwork Reduction Act

This final rule reduces reporting requirements by eliminating: The notice of intent to resume operations; the filing of specified reports within 20 days of the liquidation date; the filing of quarterly reports (now on an as requested basis); and the filing of schedules and final reports after final distribution. It continues the current requirements regarding: notice to the regional director of decision to liquidate; notice to members for approval; notice to regional director of membership vote; the request for approval of partial distributions; request for regional director approval to sell assets at value insufficient to pay members at par; notice to creditors; notice to regional director of commencement of final distribution; and submission of dissolution certificate.

The final rule does add the new requirement that a federal credit union prepare and submit a liquidation plan to the regional director. It also requires a federally insured credit union to notify the regional director of its decision to liquidate. These paperwork requirements will be submitted to the Office of Management and Budget (OMB) for review under the Paperwork Reduction Act. Written comments on these requirements should be forwarded to the OMB Desk Officer at the following address: OMB Reports Management Branch, New Executive Office Building, room 3208, Washington, DC 20530, ATTN: Gary Waxman. A notice of OMB approval will be published in the **Federal Register** once it is received.

Executive Order 12612

Executive Order 12612 requires NCUA to consider the effect of its actions on state interests. The "procedures" part of this final rule applies only to federal credit unions. The regulation provides that voluntary liquidations be conducted in accordance with state law or the requirements of the state regulator. The only requirement is that the regional director be notified of any decision to liquidate a solvent federally insured state credit union, and that the regional director be provided copies of financial statements as of the month end before the decision to liquidate and a copy of any liquidation plan. The notification, financial statements, and liquidation plan are needed due to NCUA's insurance responsibilities and risk. If it appears the credit union may become insolvent during the liquidation process, NCUA could become involved, and if the liquidation progresses in a normal manner, NCUA must refund the insurance deposit. Therefore the regulation does not affect state interests.

List of Subjects in 12 CFR Part 710

Administrative practice and procedure, Credit unions, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board on June 17, 1993.

Allan H. Meltzer,

Acting Secretary of the Board.

Accordingly, NCUA revises 12 CFR part 710 to read as follows:

PART 710—VOLUNTARY LIQUIDATION

Sec.

Authority: 12 U.S.C. 1766(a), 1786, and 1787.

§ 710.0 Scope.

This part describes the requirements that must be followed to accomplish the voluntary liquidation of a Federal credit union. Federally insured state credit unions are only subject to the notification requirement provided in § 710.9; voluntary liquidation is to be accomplished in accordance with state law or procedures established by the state regulatory authority.

§ 710.1 Definitions.

For the purpose of this part, the following definitions apply:

(a) *Voluntary liquidation* means the dissolution of a solvent Federal credit union with the assets being sold or collected, liabilities paid, and shares distributed under the direction of the board of directors or its duly appointed liquidating agent.

(b) *Liquidation date* means the date the members vote to approve liquidation.

(c) *Liquidating agent* means the person or persons, including any legally recognized entity, appointed by the board of directors to liquidate the Federal credit union.

§ 710.2 Responsibility for conducting voluntary liquidation.

(a) The board of directors shall be responsible for conserving the assets, for expediting the liquidation, and for equitable distribution of the assets to the members.

(b) After voting to present the question of liquidation to the members, the board of directors may appoint a liquidating agent and delegate all or part of the board's responsibility to such agent and authorize reasonable compensation for the services provided.

(c) The board of directors shall determine that the liquidating agent and all persons who handle or have access to funds of the Federal credit union are adequately covered by surety bond and that either such coverage remains in effect, or the discovery period is extended, for at least four months after final distribution of assets.

(d) Within three days after the decision of the board of directors to submit the question of liquidation to the members, the Regional Director will be notified in writing, setting forth in detail the reasons for the proposed action. A balance sheet and income statement as of the previous month-end will be included with the notification. During the liquidation process, financial statements will be submitted to the Regional Director as requested.

(e) Promptly after the decision to present the question of liquidation to the members, the board of directors or liquidating agency shall develop a written plan for the liquidation of the assets and payment of shares (liquidation plan). The plan should provide for the liquidation of assets and payment of creditors and shareholders within one year of the liquidation date. If the liquidation period is projected to exceed one year, an explanation must be provided in the liquidation plan. A copy of the liquidation plan will be mailed to the Regional Director within 30 days of the date the board of directors votes to present the question of liquidation to the members.

§ 710.3 Approval of the liquidation proposal by members.

(a) When the board of directors decides to present the question of liquidation to the members, it shall act promptly to obtain the members' approval. The members shall be given advance notice of the membership meeting at which the liquidation proposal is to be submitted, in accordance with the provisions of Article V of the Federal Credit Union Bylaws. The notice shall:

(1) Inform members that they have the right to vote on the liquidation proposal in person at the membership meeting called for that purpose or by written ballot to be received no later than the time and date indicated on the notice.

(2) Include or be accompanied by a ballot for the liquidation proposal.

(b) The liquidation proposal must be approved by the affirmative vote of a majority of the Federal credit union members who vote on the proposal.

(c) If the members do not approve the liquidation, the board of directors, or if delegated the authority, the liquidating agent, must decide within seven days whether the Federal credit union should resume operations or, if good cause exists, to resubmit the question of liquidation to the members.

(d) If the members approve the liquidation, neither the members nor the board of directors may rescind the decision to liquidate unless the Regional Director concurs in the recision.

(e) The Regional Director will be notified in writing of the results of the membership vote on the voluntary liquidation proposal within three days of the date of the vote.

§ 710.4 Transaction of business during liquidation.

(a) Immediately upon decision by the board of directors to present the question of liquidation to the members, payments on shares, withdrawal of shares (except for transfer of shares to loans and interest), transfer of shares to another share account, granting of loans, and making of investments other than short-term investments shall be suspended pending action by the members on the proposal to liquidate. Collection of loans and interest, payment of necessary expenses, clearing of share drafts and credit card charges will continue.

(b) Upon approval of the members, payments on shares, withdrawal of shares (except for transfer of shares to loans and interest), transfer of shares to another share account, granting of loans, and making of investments other than short-term investments shall be discontinued permanently. Collection of loans and interest and payment of necessary expenses will continue during the period of liquidation. Members will be notified to discontinue the use of share drafts and credit cards, and items will not be cleared 15 days from the liquidation date.

(c) Approval of the Regional Director must be obtained prior to consummating any sale of assets which would not provide sufficient funds to pay shareholders at par.

§ 710.5 Notice of liquidation to creditors.

(a) When approval for liquidation is obtained from the members, the board of directors or the liquidating agent shall cause notice to be given to creditors to present their claims.

(1) Federal credit unions with assets in excess of $5 million as of the month end prior to the liquidation date shall publish the notice once a week in each of three successive weeks, in a newspaper of general circulation, in each county in which the Federal credit union maintains an office or branch for the transaction of business on the liquidation date. The first notice shall be published within seven days of the liquidation date.

(2) Federal credit unions with assets in excess of $500,000 but less than $5 million as of the month end prior to the liquidation date shall publish the notice once, in a newspaper of general circulation, in each county in which the Federal credit union maintains an office or branch for the transaction of business on the liquidation date. The notice shall be published within seven days of the liquidation date.

(3) Federal credit unions with assets less than $500,000 as of the month end prior to the liquidation date shall not be required to publish the notice.

(b) Within 10 days of the liquidation date, a copy of the notice of liquidation shall be mailed to all creditors reflected on the records of the Federal credit union.

(c) Creditors shall be provided 30 days from the liquidation date to submit their claims.

§ 710.6 Distribution of assets.

(a) With the approval of the regional director, a partial pro rata distribution of the Federal credit union's assets may be made to its members from cash funds available on authorization by the board of directors or liquidating agent. Payment of a partial distribution may exclude member accounts of less than $25.00.

(b) After all assets of the Federal credit union have been converted to cash or found to be worthless and all loans and debts owing to it have been collected or found to be uncollectible and all obligations of the Federal credit union have been paid, with the exception of shares due its members, the books shall be closed and the pro rata distribution to the members shall be computed. The computation shall be based on the total amount in each share account.

(c) Promptly after the pro rata distribution to members has been computed, checks shall be drawn for the amounts to be distributed to each member. The checks shall be mailed to the members at their last known address or handed to them in person.

(d) Unclaimed share accounts, unpaid claims, and unpaid claims of members or creditors who failed to cash their final distribution checks shall be trusteed or escheated in accordance with the laws of the state in which the member or creditor resides.

(e) The Regional Director will be notified in writing within three days when the final distribution of assets to the members is started.

§710.7 Retention of records.

(a) The board of directors or liquidating agent shall appoint a custodian for the Federal credit union's records which are to be retained after the final distribution of assets.

(b) All records of the liquidated Federal credit union necessary to establish that creditors were paid and that assets were equitably distributed to the members shall be retained by the custodian for a period of five years following the date of charter cancellation.

§710.8 Certificate of dissolution and liquidation.

Within 120 days after the final distribution of assets to members is started, a duly executed Certificate of Dissolution and Liquidation shall be filed with the Regional Director.

§710.9 Federally insured state credit unions.

A federal insured state credit union will notify the Regional Director in writing within three days after the board of directors' decision to liquidate is made. A balance sheet and income statement as of the previous month-end and a copy of any liquidation plan will be included with the notification to the Regional Director.

[FR Doc. 93-15518 Filed 6-30-93; 8:45 am]

BILLING CODE 7535-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 239 and 249

[Release Nos. 33-7004; 34-32531]
[File No. S7-16-93]

RIN 3235-AF83

International Series Release No. 556; Amendments to the Multijurisdictional Disclosure System for Canadian Issuers

AGENCY: Securities and Exchange Commission.

ACTION: Final Amendments to Forms.

SUMMARY: The Securities and Exchange Commission (the "Commission") is adopting amendments to Form F-10 under the Securities Act of 1933 and Form 40-F under the Securities Exchange Act of 1934 in order to continue the requirement that financial statements presented in filings on such forms include a reconciliation to U.S. generally accepted accounting principles ("GAAP"). These amendments are being adopted in light of the Commission's experience with the multijurisdictional disclosure system and should continue to facilitate transnational capital formation.

EFFECTIVE DATE: July 1, 1993.

FOR FURTHER INFORMATION CONTACT: Paul M. Dudek, (202) 272-3246, Office of International Corporate Finance, Division of Corporation Finance, Securities and Exchange Commission, Washington, DC. 20549.

SUPPLEMENTARY INFORMATION:

I. Amendments to Forms F-10 and 40-F

A. Discussion of Amendments

Forms F-10 [1] and 40-F [2] were adopted on June 21, 1991 as part of the multijurisdictional disclosure system ("MJDS") for Canadian issuers.[3] On April 28, 1993, the Commission proposed for comment certain amendments to the MJDS,[4] including amendments to Forms F-10 and 40-F which would continue the requirement that financial statements presented in filings on such forms include a reconciliation to U.S. GAAP. These amendments to Forms F-10 and 40-F are being adopted today as proposed. The Commission is rescinding the provisions of Forms F-10 and 40-F that would eliminate the requirement for reconciliation of the financial statements to U.S. GAAP in filings made on and after July 1, 1993.

B. Discussion of Comments and Other Matters

The Commission received six comment letters on the proposed amendments.[5] In addition, since the amendments were proposed, the Commission released a staff report regarding reconciliation of financial statements.[6] This report indicates that, based on the frequency, size and general nature of reconciling items reported by Canadian issuers in filings with the Commission, there continue to be significant differences in accounting principles and practices at this time between Canadian GAAP and U.S. GAAP.

Comments received recommended that, at least to some extent, the Commission should not retain the current reconciliation requirements under Form F-10 and Form 40-F. The Commission has considered these comments and continues to believe that there are qualitative and quantitative differences between Canadian GAAP and U.S. GAAP that materially affect reported financial position and results of operations and related trend information which warrant retention of the currently existing reconciliation requirements under Forms F-10 and 40-F.

Two commenters suggested that Form F-10 should require reconciliation in accordance with Item 17 of Form 20-F rather than Item 18 of Form 20-F,[7] and that such reconciliation should apply only to annual financial statements and

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[1] 17 CFR 239.40.

[2] 17 CFR 249.240f.

[3] Securities Act Release No 6902 (June 21, 1991) 56 FR 30036.

[4] Securities Act Release No 6997 (April 28, 1993) 58 FR 26442.

[5] See file no. S7-16-93. A report by the staff of the Ontario Securities Commission, "Study of Differences between Canadian and United States Generally Accepted Accounting Principles" dated May 1993 has also been included in the public comment file.

[6] "Survey of Financial Statement Reconciliations by Foreign Registrants" dated May 1, 1993 prepared by the Commission's Division of Corporation Finance. This report has also been included in the public comment file.

[7] Item 17 of Form 20-F (17 CFR 249.220f) permits an issuer to use its financial statements that are prepared on a comprehensive basis other than U.S. GAAP, but requires quantification of the material differences in the principles, practices and methods of accounting. An issuer complying with Item 18 of Form 20-F must satisfy the requirements of Item 17 and also must provide all other information required by U.S. GAAP and Regulation S-X (17 CFR 210 *et seq.*)

not to financial statements for interim periods after the end of the most recent fiscal year. The additional disclosures required under Item 18 of Form 20–F are warranted where a foreign issuer is offering common equity and non-investment grade securities to the public. Further, if financial information for the most recent fiscal period were not required to be reconciled, investors may not be able to base investment decisions upon the most recently available financial information presented on a comparable basis to the annual reconciled financial information.

II. Regulatory Flexibility Act Certification

Pursuant to section 605(b) of the Regulatory Flexibility Act [5 U.S.C. 605], at the time the Commission issued its release proposing the amendments to Forms F–10 and 40–F being adopted hereby, the Chairman of the Commission certified that such amendments will not have a significant impact on a substantial number of small entities. That certification, including the reasons therefor, was attached as an appendix to such release and was published in the **Federal Register**.

III. Cost-Benefit Analysis

No specific data were provided in response to the Commission's request regarding the costs and benefits of the amendments to Forms F–10 and 40–F. However, three commenters indicated that Canadian issuers incur additional costs or additional burdens in complying with the reconciliation requirement under these forms. It appears that the amendments will provide benefits, including continued investor access to financial information relating to Canadian companies which is comparable to financial information relating to U.S. companies. The Commission believes that any costs relating to the reconciliation requirements under Forms F–10 and 40–F are outweighed by these benefits.

IV. Effective Date

The effective date of these amendments shall be July 1, 1993. Pursuant to 5 U.S.C. 553(d), the Commission finds that good cause exists for making the revisions effective less than 30 days after publication in the **Federal Register**. The current requirement that financial statements presented in filings on Forms F–10 and 40–F include a reconciliation to U.S. GAAP will terminate on July 1, 1993. If the revisions adopted today continuing the reconciliation requirement were made effective later than July 1, 1993, there would be a brief period of time in which this requirement would not apply. The resulting discontinuity in the applicable regulatory requirements would be likely to cause confusion and would raise concerns about investor protection.

Because issuers using Forms F–10 and 40–F are currently required to reconcile to U.S. GAAP, the Commission does not believe that extending the reconciliation requirement, effective July 1, 1993, will cause hardship to affected issuers or require any period of adjustment. Further, issuers and other interested parties have been on notice since the Commission's issuance of the proposing release on April 28, 1993, of the possible extension of the reconciliation requirement beyond July 1.

V. Statutory Bases

Forms F–10 and 40–F are being amended by the Commission pursuant to sections 6, 7, 8, 10 and 19(a) of the Securities Act of 1933, and sections 3(b), 4A, 12, 13, 14, 15, 16 and 23 of the Securities Exchange Act of 1934.

List of Subjects in 17 CFR Parts 239 and 249

Reporting and recordkeeping requirements; Securities.

Text of Proposed Amendments

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

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

1. The authority citation for Part 239 continues to read in part as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77sss, 78c, 78l, 78m, 78n, 78o(d), 78w(a), 78ll(d), 79e, 79f, 79g, 79j 79l, 79m, 79n, 79q, 79t, 80a-8, 80a-29, 80a-30 and 80a-37 unless otherwise noted.

* * * * *

2. By amending Form F–10 (§ 239.40) by revising Item 2 under Part I to read as follows:

Note: The text of Form F–10 does not and the amendments will not appear in the Code of Federal Regulations.

Form F–10

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PART I—INFORMATION TO BE DELIVERED TO OFFEREES OR PURCHASERS

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Item 2. *Additional Information.*

The following information also shall be provided to offerees as part of the prospectus.

Financial Statements.

Any financial statements included in the home jurisdiction document must be reconciled to U.S. GAAP as required by Item 18 of Form 20–F under the Exchange Act.

* * * * *

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

3. The authority citation for Part 249 continues to read in part as follows:

Authority: 15 U.S.C. 78a, et seq., unless otherwise noted.

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4. By amending Form 40–F (§ 249.240f) by revising paragraph 2 under General Instruction C. to read as follows:

Note: The text of Form 40–F does not and the amendments will not appear in the Code of Federal Regulations.

Form 40–F

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General Instructions

C. Compliance With Auditor Independence and Reconciliation Requirements

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(2) Any financial statements, other than interim financial statements, included in this Form by registrants registering securities pursuant to section 12 of the Exchange Act or reporting pursuant to the provisions of section 13(a) or 15(d) of the Exchange Act must be reconciled to U.S. GAAP as required by Item 17 of Form 20–F under the Exchange Act, unless this Form is filed with respect to securities that would be eligible for registration under the Securities Act on Form F–9, in which case no such reconciliation is required, or unless this Form is filed with respect to a reporting obligation under Section 15(d) that arose solely as a result of a filing made on Form F–7, F–8, F–9 or F–80, in which case no such reconciliation is required.

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Dated: June 28, 1993.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 93–15687 Filed 6–30–93; 8:45 am]

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