Federal Register
Vol. 59, No. 127
Tuesday, July 5, 1994

Presidential Documents

Title 3—

The President

Proclamation 6705 of June 30, 1994

50th Anniversary of the Liberation of Guam

By the President of the United States of America

A Proclamation

Fifty years ago, on July 21, 1944, after two and a half years of occupation, 55,000 United States Marines and soldiers stormed the small Pacific Island of Guam in an effort to bring about the liberation of a people oppressed by tyranny.

The conquest of Guam by Imperial Japanese forces had begun shortly after the attack on Pearl Harbor when Saipan-based Japanese bombers launched the first in a series of raids on the island. The small defending force consisted of a handful of military and civilian construction workers, as well as the local Guam Insular Guard and the Guam Militia. Hopes of defending the island ended in the early morning hours of December 10, 1941, when the island's governor surrendered his post and the island, thus making Guam the only American community to be occupied during World War II.

The Chamorros, the indigenous people of Guam, endured great hardships during the occupation as their captors forced them to work long hours in the fields, repair or build airfields and defense installations, and dig hundreds of Japanese shelter caves. But liberation was close at hand. Guam offered an ideal strategic position for the Allied forces, as it would provide a centralized location between the Japanese homeland and the Philippine Islands to launch long-range bomber attacks. By taking the Marianas Islands back, we would also be able to sever vital enemy supply lines, thus cutting off thousands of enemy soldiers and ending their effectiveness in the war.

The battle for Guam was fierce. Enemy forces continued to launch counter-attacks despite their lack of supplies or hope of winning. But the Americans were just as determined and went to great lengths to complete their mission.

Chief of Staff General Dwight D. Eisenhower stated it best when he said:

> "In a nation at war, teamwork by the whole people is necessary for victory. But the issue is decided on the battlefield, toward which all national effort leads. The country's fate lies in the hands of its soldier citizens; in the clash of battle is found the final test of plans, training, equipment, and—above all—the fighting spirit of units and individuals."

And it was the spirit of the Americans fighting on Guam that brought a quick end to organized resistance on the island as it was secured by the American forces on August 10, 1944.

NOW, THEREFORE, I, WILLIAM J. CLINTON, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim July 21, 1994, as the "50th Anniversary of the Liberation of Guam." I call upon all Americans to observe this day with appropriate programs and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this thirtieth day of June, in the year of our Lord nineteen hundred and ninety-four, and of the Independence of the United States of America the two hundred and eighteenth.

William J. Clinton

[FR Doc. 94-16327
Filed 6-30-94; 2:20 pm]
Billing code 3195-01-P

Rules and Regulations

Federal Register
Vol. 59, No. 127
Tuesday, July 5, 1994

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

7 CFR Part 1421

RIN 0560–AD74

General Price Support Regulations for Grain, Rice, and Oilseeds for 1993 and Subsequent Crop Years

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Interim rule with request for comments.

SUMMARY: This interim rule amends the regulations with respect to the price support loan programs for grains and similarly handled commodities, including oilseeds (canola, mustard seed, rapeseed, safflower seed, soybeans, and sunflower seed), which are conducted by the Commodity Credit Corporation (CCC) in accordance with the Agricultural Act of 1949, as amended (the 1949 Act), and other acts. The amendments made by this interim rule will provide greater clarity, enhance the administration of CCC programs by providing uniformity between CCC price support programs, eliminate obsolete provisions, provide more authority to State and county committees in administering the programs, lessen the administrative actions CCC imposes on producers who violate the loan and loan deficiency payment (LDP) agreements, and correct errors.

DATES: Interim rule effective July 5, 1994. Comments must be received on or before August 4, 1994, in order to be assured of consideration.

ADDRESSES: Submit comments to Director, Cotton, Grain, and Rice Price Support Division, Agricultural Stabilization and Conservation Service, United States Department of Agriculture (USDA), PO Box 2415, Washington, DC 20013–2415; telephone 202–720–7641. Comments received may be inspected between 9 a.m. and 4:30 p.m., Monday through Friday, except holidays, in room 3623, South Agriculture Building, USDA, 14th Street and Independence Avenue, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Margaret Wright, Program Specialist, Cotton, Grain, and Rice Price Support Division, Agricultural Stabilization and Conservation Service, USDA, PO Box 2415, Washington, DC 20013–2415; telephone 202–720–8481.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be not-significant for purposes of Executive Order 12866 and therefore has not been reviewed by OMB.

Federal Assistance Program

The title and number of the Federal Assistance Program, as found in the Catalog of Federal Domestic Assistance, to which this rule applies are Commodity Loans and Purchases—10.051.

Regulatory Flexibility Act

It has been determined that the Regulatory Flexibility Act is not applicable because the CCC is not required by 5 U.S.C. 553 or any other provision of law to publish a notice of proposed rulemaking with respect to the subject matter of these determinations.

Environmental Evaluation

It has been determined by an environmental evaluation that this action will have no significant impact on the quality of human environment.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115 (June 24, 1983).

Executive Order 12778

This interim rule has been reviewed pursuant to Executive Order 12778. To the extent State and local laws are in conflict with these regulatory provisions, it is the intent of CCC that the terms of the regulations prevail. The provisions of this interim rule are not retroactive. Prior to any judicial action in a court of competent jurisdiction, administrative review under 7 CFR part 780 must be exhausted.

Paperwork Reduction Act

Public reporting burden for the information collections contained in this regulation with respect to price support programs is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collections of information. The information collections have previously been cleared under the current regulations by the Office of Management and Budget (OMB), and assigned OMB Nos. 0560–0087 and 0560–0129. In accordance with the provisions of 44 U.S.C. 35, the information collection requirements that are revised as a result of this rule will be resubmitted to OMB for review.

Comments

Since producers are currently making decisions regarding commodities which may be pledged as collateral for CCC price support loans, the provisions of this interim rule are effective upon publication in the **Federal Register**. Comments are requested, however, and will be taken into consideration when developing the final rule. This interim rule will be scheduled for review so that a final document discussing comments received and any amendments required can be published in the **Federal Register** as soon as possible.

Background

The 1949 Act sets forth the statutory authority for CCC price support programs. CCC price support programs are intended to stabilize market prices and provide interim financing to producers to assist in the orderly marketing of eligible commodities.

This interim rule amends regulations found at 7 CFR part 1421 to provide rules for administering CCC price support programs for the 1993 and subsequent crop years.

Section 1421.1 is amended to remove the reference to soybeans. Soybeans are already included because they are defined as an oilseed in § 1421.3.

Section 1421.3 is amended to: (a) Add the reference to part 1425; (b) clarify that the definitions in this part apply if there are any conflicts with the

referenced parts; and (c) add a definition of high moisture commodities.

This interim rule amends § 1421.4(b) to add references to a receiver, guardian, or trustee which were inadvertently omitted. In addition, § 1421.4(f) is amended to remove an obsolete reference.

Section 1421.5(b)(1) is amended to clarify the application of the provision of the paragraph to loans, purchases, and LDP's and § 1421.5(b)(4)(iv) to correct the unit of measure for peanuts to tons and hundredths of a ton.

Section 110 of the 1949 Act sets forth the statutory authority for the farmer owned reserve (FOR) program for wheat and feed grains.

Producers with regular 9-month nonrecourse price support loans are eligible to enter the FOR upon maturity of the regular loan. Producers may repay regular 9-month loans and repledge the commodity pledged as collateral for such initial loan for a subsequent loan. Under current program regulations, the maturity date for the subsequent loan is the same as the maturity date for the initial 9-month loan. Section 110(b)(1) of the 1949 Act provides, in part, that "an extended loan shall only be made to a producer after the expiration of a 9-month price support loan * * *." Accordingly, under current program regulations, grain pledged as collateral for a subsequent loan is not eligible to be pledged as collateral for a FOR loan because the grain is not placed into the FOR "after the expiration of a 9-month price support loan".

This interim rule amends § 1421.5(d)(2) to provide that CCC may allow producers to extend price support loans which are less than 9 months in length because the collateral securing such loan had been previously pledged as collateral for a price support loan so that the maturity date for such subsequent loan is the last day of the ninth month following the month such subsequent loan was disbursed. This would permit producers having such a loan to enter into the FOR upon maturity if all other eligibility requirements are met.

This interim rule amends § 1421.7 by removing paragraph (b) and redesignating paragraphs (c) and (d) as paragraphs (b) and (c), respectively. The weed control provisions are removed because CCC has determined that weed control laws do not affect the value of a commodity.

In addition, this interim rule amends § 1421.7(c)(1) to include rice and to remove the reference to the weed control law discounts. Section 1421.7 is also amended to redesignate paragraph (c)(3) as (c)(4) and add a new paragraph (c)(3), which was inadvertently omitted, which includes the method to determine the loan rate for rice based on the milling yield.

This interim rule amends § 1421.8(b)(2) to remove an incorrect reference to the United States Warehouse Act.

This interim rule amends § 1421.9(f)(2)(iv) by removing paragraph (G) to correct an error. Rice has not been stored identity preserved for many years.

This interim rule amends §§ 1421.9(f)(2)(xiv)(B)(5)(v) and 1421.18(b)(15)(ii)(G) to correct the terminology that the sunflower seed must pass through a 13/64" round hole screen.

This interim rule amends § 1421.11(a) to correct a typographical error.

Provisions for taking administrative offsets are provided in part 3 of this title and part 1403 of this chapter. Accordingly, this interim rule removes and reserves § 1421.14.

This interim rule amends § 1421.16 (a) and (c) to include applicable references to Forms CCC–666, CCC–666 LDP, CCC–678, and CCC–709 and to remove incorrect references to Forms CCC–700 and CCC–701.

Producers who violate the loan note and security agreement by moving farm-stored loan collateral from the structures designated for the storage of such loan collateral, without prior written consent of the county committee, are subject to liquidated damages. In some cases, the collateral is moved to other structures on the farm which makes it possible for CCC to perfect its security on such collateral. CCC has determined that when such security can be established, producers should not be subject to such liquidated damages. Accordingly, this interim rule amends § 1421.16(b)(2) to clarify that unauthorized removal only includes cases where CCC cannot obtain the first lien on the collateral.

It is difficult to prove the amount of damages to CCC for loan and LDP violations committed by producers; however, 20 and 50 percent of the loan and LDP rates, as applicable, were established for first and second violations, respectively, when the county committee determined that the producer acted in good faith. CCC has determined that the liquidated damages can be reduced without affecting the administration of the loan and LDP programs. Accordingly, this interim rule amends § 1421.16 to: (a) Decrease the liquidated damages amounts; and (b) add paragraph (q) to provide that any or all of the liquidated damages may be waived under certain conditions.

In addition, under certain conditions, producers who violate loan and LDP provisions may be denied loans and LDP's on commodities stored on the farm. CCC has determined that this penalty is severe and should only be assessed when the county committee determines that such action is necessary to protect the interests of CCC. Accordingly, in § 1421.16, paragraphs (d) and (e) have been amended to remove the requirement for denial of farm-stored loans or LDP's and paragraphs (k) and (l) have been amended to clarify that producers must pay the liquidated damages assessed and such amounts cannot be repaid with a commodity certificate under the provisions of part 1470 of this chapter.

Section 1421.17 provides requirements for farm-stored commodities. Section 1421.17 is amended as follows: (a) Paragraph (a) has been amended to clarify that the reduced quantity for loan shall be the mortgaged loan quantity; (b) paragraph (c)(1) has been amended to clarify that, when farm-stored loans are transferred from the farm to warehouse storage, the warehouse-stored quantity cannot exceed 110 percent of the loan quantity transferred from the farm-stored loan; (c) paragraph (c)(3) has been amended to correct a reference; and (d) paragraph (e) has been amended to include a reference to Form CCC–709 which was omitted.

This interim rule amends § 1421.18 to correct the following errors: (a) paragraph (b)(12)(iv)(B) has been amended to correct the spelling of "green"; (b) paragraph (b)(13)(iv)(D) has been amended to correct punctuation; and (c) paragraph (b)(13)(iv)(D)(5) has been amended to correct the spelling of "inconspicuous."

This interim rule amends § 1421.19(b) to correct the spelling of "Form."

This interim rule amends § 1421.20 as follows: (a) paragraph (a)(2) to correct two references; and (b) to add paragraph (e) to provide if a producer moves a commodity from storage without prior approval on a nonworkday, the producer will not be subject to administrative actions providing the producer notifies the county office on the next workday that the commodity has been moved and such movement is approved by CCC.

Section 1421.22 provides the settlement provisions of price support loans. This interim rule amends § 1421.22 as follows: (a) Paragraph (c)(3)(i)(A) to correct the percentage of foreign material for peanuts; (b) paragraph (c)(4) to remove references to location differentials for rice because such reference is obsolete; and (c) to add

paragraphs (e) through (i) to include provisions that: (1) CCC may pay to producers the cost for hauling commodities delivered to CCC beyond the producer's normal delivery point, (2) producers may deliver commodities to CCC directly to rail cars, (3) producers will receive storage credit for commodities delivered or forfeited to CCC in advance of the loan maturity date, and (4) producers will receive credit for prepaid warehouse charges for receiving and loading out for commodities delivered or forfeited to CCC.

Section 1421.29 provides the provisions for LDP's. Section 1421.29 is amended as follows: (a) paragraph (b)(3) removes references to obsolete forms and corrects an incorrect reference; (b) paragraphs (c) and (g) adds references to rice for clarity; and (c) paragraph (h) is removed and paragraph (i) is redesignated as paragraph (h). This provision was included to allow producers delivering commodities to a buyer directly after harvest an opportunity to file for a LDP on the day such commodities were harvested and delivered. This required producers to report deliveries to the county office before the next loan repayment rate announcement. Since this provision was implemented, CCC developed a more workable procedure that allows producers to request LDP's in advance of harvest and delivery with the LDP rate based on the loan repayment rate announced and in effect on the day the commodity is delivered to the processor, buyer, warehouse, or cooperative according to redesignated § 1421.29(h). Accordingly, the provisions in removed paragraph (h) are no longer needed.

This interim rule amends § 1421.202 to add a reference to wheat which was inadvertently omitted and corrects an incorrect reference.

Section 1421.205 is amended as follows: (a) paragraphs (a) and (b) clarify that a reserve loan is approved rather than disbursed; and (b) paragraph (a)(2) clarifies the quantity for which the reserve agreement is approved.

This interim rule amends § 1421.206(b) as follows: (a) removes references to grain which grades "sample grade" because such grain is not eligible for a FOR loan; and (b) removes the provision that corn eligible for the FOR must be shelled corn. Currently, corn pledged as collateral for a FOR loan is restricted to shelled corn. CCC has determined that producers of ear corn should not be denied participation in the FOR and that the quality of the grain in the FOR would not be adversely affected if ear corn is permitted into the FOR. Accordingly, this interim rule removes the stipulation that corn must be shelled.

Quantities of a commodity approved for FOR that are in approved storage earn storage credit and CCC pays producers storage payments at the end of each quarterly period. Producers with commodities stored in approved warehouse storage must pay or provide for the storage charged by the warehouse before CCC will pay the FOR storage payment. This interim rule amends § 1421.207 to clarify these provisions.

Section 1421.208 has been amended to remove a typographical error.

Section 1421.210 provides the commingling and rotation provisions for FOR loans. Accordingly, § 1421.210 is amended as follows: (a) paragraph (a) clarifies the provisions that are applicable to producers who commingle a quantity of an eligible commodity with the quantity approved for FOR; (b) paragraphs (b)(2) and (b)(4) add the provision that producers may rotate FOR loan collateral by replacing such collateral with grain from existing stocks. In the past, producers were only allowed to use grain from their most recent harvest as replacement stocks for rotated FOR loan collateral. CCC has determined that this requirement was unnecessary and that CCC would be at no risk by allowing producers to use grain from their existing stocks of harvested grain from any past harvest; (c) paragraph (b)(5)(i) corrects punctuation, paragraph (b)(5)(ii) removes an incorrect reference, and paragraph (b)(5)(iv) reduces the percent of liquidated damages for failing to replace the rotated quantity; (d) paragraph (c)(1) removes the reference to new grain to conform to the changes made in paragraphs (b)(2) and (b)(4); (e) paragraph (c)(2) corrects a typographical error; (f) paragraph (c)(3) clarifies that storage shall not be earned for FOR collateral released for sale by the producer from the date of the rotation request until the replacement stocks are in place; (g) paragraph (c)(4) requires that the producer certify to the FOR quantity that the producer is requesting CCC to release for rotation that the producer intends to feed and clarifies that storage shall not be earned for such collateral released from the date of the rotation request until the replacement stocks are in place; and (h) paragraph (c)(5) removes the requirement to measure and inspect the grain to be released and the growing crop of the replacement stocks to conform to the changes made in paragraphs (b)(2) and (b)(4), and clarifies that the replacement stocks, when such stocks are already in store on the farm, must be inspected and measured before the release of the FOR collateral.

This interim rule amends § 1421.211 to clarify that producers may repay FOR loans at any time at the marketing loan repayment rate if such rate is in effect.

This interim rule amends § 1421.215 to conform to the existing provisions for loss of or damage to regular loans in § 1421.15.

This interim rule amends § 1421.320 to clarify that rice marketing certificate payments may be paid in a form other than commodity certificates, and such payments apply to that quantity of a commodity redeemed from loan or on which a LDP was made.

This interim rule amends §§ 1421.321 1421.323 and 1421.324 to correct references to the agreement with CCC for a rice marketing certificate payments and amends the heading to § 1421.323.

This interim rule amends § 1421.323(b) to clarify that rice marketing certificate payments apply to that quantity of a commodity redeemed from loan or on which a LDP was made.

List of Subjects in 7 CFR Part 1421

Grains, Loan programs/agriculture, Oilseeds, Peanuts, Price support programs, Reporting and recordkeeping requirements, Soybeans, Surety bonds, Warehouses.

Accordingly, 7 CFR part 1421 is amended as follows:

PART 1421—GRAINS AND SIMILARLY HANDLED COMMODITIES

1. The authority citation for 7 CFR part 1421 continues to read as follows:

Authority: 7 U.S.C. 1421, 1423, 1425, 1441z, 1444f–1, 1445b–3a, 1445c–3, 1445e, and 1446f; 15 U.S.C. 714b and 714c. Subpart—Rice Marketing Certificate Program is also issued under authority of 7 U.S.C. 1441–2; 15 U.S.C. 714b and 714c.

2. Section 1421.1 is amended by revising paragraph (a) to read as follows:

§ 1421.1 Applicability.

(a) The regulations of this subpart are applicable to the 1991 and subsequent crops of barley, corn, grain sorghum, oats, peanuts, rice, rye, wheat, and oilseeds as set forth in § 1421.3. These regulations set forth the terms and conditions under which price support loans and purchase agreements shall be entered into and loan deficiency payments made by the Commodity Credit Corporation (CCC). Additional terms and conditions are set forth in the note and security agreement, loan deficiency payment application, and the purchase agreement which must be executed by a producer in order to

receive price support. With respect to warehouse-stored loans for peanuts, such loans shall be made in accordance with part 1446 of this title.

* * * * *

3. Section 1421.3 is revised to read as follows:

§ 1421.3 Definitions.

The definitions set forth in this section shall be applicable for all purposes of program administration. The terms defined in part 719 of this title and parts 1413 and 1425 of this chapter shall also be applicable, except where those definitions conflict with the definitions set forth in this section.

Basic support rate means the price support rate established by CCC for a commodity before any adjustment for premiums and discounts.

Charges means all fees, costs, and expenses incurred in insuring, carrying, handling, storing, conditioning, and marketing the commodity tendered to CCC for price support. Charges also include any other expenses incurred by CCC in protecting CCC's or the producer's interest in such commodity.

High moisture commodities means barley, corn, and grain sorghum normally harvested and intended to be stored or marketed in a high moisture condition.

Loan deficiency quantity means the eligible quantity which was certified by the producer as eligible to be pledged as collateral for a price support loan, for which the producer elected to forgo obtaining price support.

Loan quantity means the quantity on which the price support loan was disbursed shown on the note and security agreement.

Oilseeds means any crop of soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds as determined and announced by CCC.

Purchase quantity means the eligible quantity designated on Form CCC–614, Purchase Agreement for purchase by CCC.

4. Section 1421.4 is amended by revising paragraphs (b) and (f) to read as follows:

§ 1421.4 Eligible producers.

* * * * *

(b) A receiver or trustee of an insolvent or bankrupt debtor's estate, an executor or an administrator of a deceased person's estate, a guardian of an estate of a ward or an incompetent person, and trustees of a trust shall be considered to represent the insolvent or bankrupt debtor, the deceased person, the ward or incompetent, and the beneficiaries of a trust, respectively, and the production of the receiver, executor, administrator, guardian, or trustee shall be considered to be the production of the person or estate represented by the receiver, executor, administrator, guardian, or trustee. Loan, loan deficiency payment, or purchase agreement documents executed by any such person will be accepted by CCC only if they are legally valid and such person has the authority to sign the applicable documents.

* * * * *

(f) *Warehouse-stored loans to warehousemen.* Warehouse-stored loans may be made to a warehouseman who, acting on behalf and with the authorization of a producer, tenders to CCC warehouse receipts issued by such warehouseman for a commodity produced by such warehouseman only in those States where the issuance and pledge of such warehouse receipts is valid under State law.

* * * * *

5. Section 1421.5 is amended by revising paragraphs (b)(1), (b)(4)(iv), and (d)(2) to read as follows:

§ 1421.5 General eligibility requirements.

* * * * *

(b) (1) Commodities for loans, purchases, or LDP's must be tendered to CCC by an eligible producer and must be eligible and in existence when approved by CCC. For loans and purchases, commodities must also be stored in approved storage at the time of disbursement of loan or purchase agreement proceeds. The commodity must not have been sold, nor any sales option on such commodity granted, to a buyer under a contract which provides that the buyer may direct the producer to pledge the commodity to CCC as collateral for a price support loan or to obtain a loan deficiency payment. Such commodities must also be merchantable for food, feed, or other uses determined by CCC and must not contain mercurial compounds, toxin producing molds, or other substances poisonous to humans or animals.

* * * * *

(4) * * *

(iv) Quantities of peanuts shall be in tons and hundredths of a ton;

* * * * *

(d) * * *

(2) The commodity reoffered as security for the subsequent loan shall have the same maturity date as the original loan, except that if a farmer owned reserve program is in effect in accordance with §§ 1421.200 through 1421.217, CCC may allow a producer to request that maturity date of such subsequent loan be the last day of the ninth month following the month the subsequent loan is disbursed.

* * * * *

6. Section 1421.7 is amended by:

A. Removing paragraph (b),

B. Redesignating paragraphs (c) and (d) as paragraphs (b) and (c) respectively,

C. Revising redesignated paragraph (c)(1),

D. Redesignating redesignated paragraph (c)(3) as paragraph (c)(4), and

E. Adding a new paragraph (c)(3) to read as follows:

§ 1421.7 Adjustment of basic support rates.

* * * * *

(c) (1) With respect to all commodities except peanuts and rice, warehouse-stored loans and purchase agreement payments shall be disbursed at levels based on the basic county support rate for the county where the commodity is stored, adjusted for the schedule of premiums and discounts established for the commodity on the basis of quality factors set forth on warehouse receipts or supplemental certificates and for other quality factors, as determined and announced by CCC.

* * * * *

(3) With respect to rice, warehouse-stored loans and purchase agreement payments shall be disbursed at levels based on the milling yields times the whole and broken kernel loan rates, adjusted for the schedule of discounts on the basis of quality factors set forth on warehouse receipts or supplemental certificates and for other quality factors, as determined and announced by CCC.

* * * * *

7. Section 1421.8 is amended by revising paragraph (b)(2) to read as follows:

§ 1421.8 Approved storage.

* * * * *

(b) * * *

(2) A warehouse operated by an approved cooperative as defined in part 1425 of this chapter.

* * * * *

8. Section 1421.9 is amended by:

A. Revising paragraphs (f)(2)(iv)(E) and (f)(2)(iv)(F),

B. Removing paragraph (f)(2)(iv)(G), and

C. Revising paragraph (f)(2)(xiv)(B)(*5*)(*v*) to read as follows:

§ 1421.9 Warehouse receipts.

* * * * *

(f) * * *

(2) * * *

(iv) * * *

(E) Milling yield; and

(F) Moisture.

* * * * *

(xiv) * * *
(B) * * *
(5) * * *
(v) Seed size passing through a 14/64" round hole screen;
* * * * *

9. Section 1421.11(a) is revised to read as follows:

§ 1421.11 Liens.

(a) The county office shall file or record, as required by State law, all security agreements which are issued with respect to commodities pledged as collateral for price support loans. The cost of filing and recording shall be paid for by CCC.
* * * * *

§ 1421.14 [Removed and Reserved]

10. Section 1421.14 is removed and reserved.

11. Section 1421.16 is amended by:

A. Revising paragraph (a)(1) introductory text and revising paragraphs (a)(1)(i), (a)(2), (a)(3), (b)(1), (b)(2), (c), (d) introductory text, and (d)(2),

B. Revising paragraphs (e), (k)(1)(ii)(C), and (k)(1)(ii)(D),

C. Adding paragraph (k)(1)(ii)(E),

D. Revising paragraphs (l)(1)(ii) and (l)(1)(iii), and

E. Adding paragraphs (l)(1)(iv) and (q) to read as follows:

§ 1421.16 Personal liability of the producers.

(a) * * *

(1) When signing Form CCC–666, Farm Stored Loan Quantity Certification, when applicable, Form CCC–677, Farm Storage Note and Security Agreement, and Form CCC–678, Warehouse Storage Note and Security Agreement, that the producer will not:

(i) Provide an incorrect certification of the quantity or make any fraudulent representation for loan, or
* * * * *

(2) When signing Form CCC–666 LDP, Loan Deficiency Payment Application and Certification, or CCC–709, Direct Loan Deficiency Payment Agreement, as applicable, that the producer will not provide an incorrect certification of the quantity or make any fraudulent representation for loan deficiency payment purposes.

(3) That violation of the terms and conditions of the Form CCC–677, Form CCC–678, Form CCC–666 LDP, or Form CCC–709, as applicable, will cause harm or damage to CCC in that funds may be disbursed to the producer for a quantity of a commodity which is not actually in existence or for a quantity on which the producer is not eligible.

(b) * * *

(1) Incorrect certification is the certifying of a quantity of a commodity for the purpose of obtaining a commodity loan or a loan deficiency payment in excess of the quantity eligible for such loan or loan deficiency payment or the making of any fraudulent representation with respect to obtaining loans or loan deficiency payments.

(2) Unauthorized removal is the movement of any farm-stored loan quantity from the storage structure in which the commodity was stored or structures which were designated when the loan was approved to any other storage structure whether or not such structure is located on the producer's farm without prior written authorization from the county committee in accordance with § 1421.20, if the movement of loan collateral prevents CCC from obtaining the first lien on such collateral.
* * * * *

(c) The producer and CCC agree that it will be difficult, if not impossible, to prove the amount of damages to CCC for the violations in accordance with paragraph (b) of this section. Accordingly, if the county committee determines that the producer has violated the terms and conditions of Form CCC–677, Form CCC–678, Form CCC–666 LDP, or Form CCC–709, as applicable, liquidated damages shall be assessed on the quantity of the commodity which is involved in the violation. If CCC determines the producer:

(1) Acted in good faith when the violation occurred, liquidated damages will be assessed by multiplying the quantity involved in the violation by:

(i) 10 percent of the loan rate applicable to the loan note or the loan deficiency payment rate for the first offense; or

(ii) 25 percent of the loan rate applicable to the loan note or the loan deficiency payment rate for the second offense; or

(2) Did not act in good faith with regard to the violation, or for cases other than the first or second offense, liquidated damages will be assessed by multiplying the quantity involved in the violation by 25 percent of the loan rate applicable to the loan note or the loan deficiency payment rate.

(d) For liquidated damages assessed in accordance with paragraph (c)(1) of this section, the county committee shall:
* * * * *

(2) If the producer fails to pay such amount within 30 days from the date of notification, call the applicable loan involved in the violation, or for loan deficiency payments, require repayment of the entire loan deficiency payment and charges plus interest.

(e) For liquidated damages assessed in accordance with paragraph (c)(2) of this section, the county committee shall call the loan involved in the violation, or for loan deficiency payments, require repayment of the entire loan deficiency payment and charges plus interest.
* * * * *

(k) (1) * * *
(ii) * * *

(C) All other costs which CCC would not have incurred but for the fraudulent representation, the unauthorized disposition or movement of the loan collateral;

(D) Interest on such amounts;

(E) Liquidated damages assessed under paragraph (c) of this section; and

(1) With regard to amounts due for a loan, the payment of such amounts may not be satisfied by the forfeiture of loan collateral to CCC of commodities with a settlement value that is less than the total of such amounts; or

(2) By repayment of such loan at the lower loan repayment rate as prescribed in § 1421.25 and may not utilize the provisions of part 1470 of this chapter with respect to such loans.
* * * * *

(l)(1) * * *

(ii) All other costs which CCC would not have incurred but for the producer's fraudulent representation;

(iii) Interest which has accrued with respect to such amounts; and

(iv) Liquidated damages assessed under paragraph (c) of this section.
* * * * *

(q) Any or all of the liquidated damages assessed in accordance with the provisions of paragraph (c) of this section may be waived as determined by CCC.

12. Section 1421.17 is amended by revising paragraphs (a), (c)(1), (c)(3), and (e) to read as follows:

§ 1421.17 Farm-stored commodities.

(a) The quantity of a commodity which shall be used to determine the amount of a farm-stored loan shall not exceed a percentage (the "loan percentage"), as established by the State committee which shall not exceed a percentage established by CCC, of the certified or measured quantity of the eligible commodity stored in approved farm storage and covered by the note and security agreement. The quantity of a commodity pledged as security for a farm-storage loan shall be measured or certified in accordance with paragraph (e) of this section. Farm-stored loans

may be made on less than the maximum quantity eligible for loan at the producer's request. If the loan quantity is reduced by the State committee, the county committee, or by request of the producer, such reduced quantity shall be the mortgaged quantity on the note and security agreement for the commodity in a bin, crib, or lot on which the loan is made.

* * * * *

(c) * * *

(1) Liquidation of the farm-stored loan or part thereof shall be made through the pledge of warehouse receipts for the commodity placed under warehouse-stored loan and the immediate payment by the producer of the amount by which the warehouse-stored loan is less than the farm-stored loan or part thereof and charges plus interest. The loan quantity for the warehouse-stored loan cannot exceed 110 percent of the loan quantity transferred from the farm-stored loan.

* * * * *

(3) For loans extended in accordance with §§ 1421.200 through 1421.217, CCC may limit the quantity for a warehouse-stored loan to the quantity approved on the farmer owned reserve agreement loan.

* * * * *

(e) The quantity of a commodity pledged as security for a farm-stored loan or for which a loan deficiency payment is requested may be determined on the basis of the quantity of the commodity which an eligible producer certifies in writing on Form CCC–666 for a loan and Form CCC–666 LDP or CCC–709, as applicable, for a loan deficiency payment, is eligible to be pledged as collateral and is otherwise available for loan or loan deficiency payment purposes.

* * * * *

13. Section 1421.18 is amended by revising paragraphs (b)(12)(iv)(B), (b)(13)(iv)(D), (b)(13)(iv)(D)(5), and (b)(15)(ii)(G) to read as follows:

§ 1421.18 Warehouse-stored loans.

* * * * *

(b) * * *

(12) * * *

(iv) * * *

(B) For distinctly green seeds, 1.5 percent;

* * * * *

(13) * * *

(iv) * * *

(D) For admixtures:

* * * * *

(5) For inconspicuous admixtures, 5.0 percent;

* * * * *

(15) * * *

(ii) * * *

(G) The sunflower seed gross weight must be adjusted downward to reflect undersized seed, passing through a 14/64" round hole screen, dockage, and for the presence of any admixtures.

14. Section 1421.19 is amended by revising paragraph (b) to read as follows:

§ 1421.19 Liquidation of loans.

* * * * *

(b) If the producer desires to deliver eligible commodities to CCC in satisfaction of the loan, the producer must notify CCC of such intention before the loan maturity date by giving written notice to the county office which disbursed the proceeds for such loan. If the producer fails to deliver such commodities to CCC by the date specified on Form CCC–691, Commodity Delivery Notice, and the producer subsequently redeems the commodity pledged as collateral for the loan before delivery is completed, interest shall continue to be assessed on such amount in accordance with part 1405 of this chapter.

* * * * *

15. Section 1421.20 is amended by:

A. Revising paragraph (a)(2), and

B. Adding paragraph (e) to read as follows:

§ 1421.20 Release of the commodity pledged as collateral for a loan.

(a) * * *

(2) If CCC so announces, an amount less than the principal amount of the loan and charges plus interest under the terms and conditions specified by CCC at the time the producer redeems the commodity pledged as collateral for such loan in accordance with § 1421.25. The producer may request and CCC may approve removal of a quantity of the commodity from storage, without the payment of CCC of the loan amount, if the principal amount outstanding on such loan before such removal does not exceed the maximum loan value of the quantity of the commodity remaining in storage after such removal. When the proceeds of the sale of the commodity are needed to repay all or a part of a farm-stored loan, the producer must request and obtain prior written approval of the county office on a form prescribed by CCC in order to remove a specified quantity of the commodity from storage. Any such approval shall be subject to the terms and conditions set forth in the applicable form, copies of which may be obtained by producers at the county office. Any such approval shall not constitute a release of CCC's security interest in the commodity or release the producer from liability for any amounts due and owing to CCC with respect to the loan indebtedness if full payment of such amounts is not received by the county office. If a producer fails to repay a loan within the time period prescribed by CCC for a farm-storage loan and commodity pledged as loan collateral has been delivered to a buyer in accordance with Form CCC–681–1, Authorization for Delivery of Loan Collateral for Sale, such producer may not repay the loan at the level that is less than the loan level determined in accordance with § 1421.25(a)(1)(ii), (b)(2), or (d)(2).

* * * * *

(e) If the commodity is moved on a nonworkday from storage without obtaining prior approval to move such commodity, such removal shall constitute unauthorized removal or disposition, as applicable, of such commodity unless the producer notifies the county office the next workday that such commodity has been moved and such movement is approved by CCC.

16. Section 1421.22 is amended by:

A. Revising paragraphs (c)(3)(i)(A) and (c)(4), and

B. Adding paragraphs (e), (f), (g), (h), and (i) to read as follows:

§ 1421.22 Settlement.

* * * * *

(c) * * *

(3) * * *

(i) * * *

(A) $2 per ton, net weight, for each full 1 percent of foreign material in excess of 15 percent; and

* * * * *

(4) With respect to rice acquired by CCC at a location other than an approved warehouse, settlement shall be made on the basis of the class, grade, and quality entries set forth in the Federal-State inspection certificate and on the basis of the quantity set forth in the weight certificates.

* * * * *

(e) When a producer is directed by the county office to haul the commodity for a loan, except aromatic rice, a greater distance than would have been necessary to make delivery to the producer's customary delivery point, as determined by CCC, the producer will be allowed compensation, as determined by the State committee at a rate not to exceed the common carrier truck rate or the rate available from local truckers, for hauling the eligible commodity the additional distance. In determining the rate of payment for excess hauling, the State committee may establish reasonable mileage minimums below which producers will not receive compensation for hauling.

(f) (1) Producers may request trackloading for loan collateral where

approved warehouse space is not available locally or where KCCO determines that it would be to the benefit of CCC. Where local weighing facilities are not available or when requested by producers, destination weights may be used for settlement purposes. All producers loading in the same car must sign an agreement stating the percentage share of the total quantity to be credited to each. When requested by producers prior to delivery of the commodity, settlement may be made on the basis of destination grades. Such destination grade determination for a car shall be applied to the entire quantity of a commodity loaded into the same car, regardless of the grade or quality of a commodity loaded into the car by any producer.

(2) A trackloading payment of 19 cents per bushel (or 31.66 cents per hundredweight in the case of sorghum, oilseeds, and rice, excluding aromatic rice) shall be made to the producer on an eligible commodity delivered to CCC under this subsection.

(g) If a farm-stored commodity is delivered in advance of the applicable loan maturity date as provided in §§ 1421.19 and 1421.21, a deduction for storage charges shall be made. The deduction shall be made for the period from the date of delivery to the applicable maturity date or expiration date for the commodity. Such deduction shall be at the rate charged by the warehouse to which the commodity was delivered. No deduction for storage charges shall be made for early delivery of a farm-stored commodity if the loan maturity date is accelerated by CCC under a general acceleration of the maturity date in a particular area.

(h) A refund of warehouse storage charges will be made by CCC to the producer if the maturity date of a warehouse storage loan is accelerated by CCC for reasons other than any wrongful act or omission on the part of the producer, and the commodity is not redeemed. The amount of the storage charges to be refunded shall be computed at the lesser of the UGSA rate or the rate prepaid by the producer for the period of unearned storage.

(i) If a warehouse charges the producer for either the receiving charges or the receiving and loading out charges on an eligible commodity in an approved warehouse, the producer shall, upon delivery to CCC of warehouse receipts representing the commodity stored in such warehouse, be reimbursed or given credit by the county office for such prepaid charges at the lesser of the UGSA rate or the rate prepaid by the producer. The producer must furnish to the county office, written evidence signed by the warehouse operator that such charges have been paid.

17. Section 1421.29 is amended by:

A. Revising paragraphs (b)(3), (c), and (g) to read as follows,

B. Removing paragraph (h), and

C. Redesignating paragraph (i) as paragraph (h).

§ 1421.29 Loan deficiency payments.

* * * * *

(b) * * *

(3) File and request payment on Form CCC–666 LDP, unless the producer enters into an agreement according to paragraph (h) of this section, for a quantity of an eligible commodity;

* * * * *

(c) The loan deficiency payment rate for a crop shall be the amount by which the price support loan level for the crop exceeds the level at which CCC has announced that producers may repay their price support loans in accordance with § 1421.25. Such rate shall be the amount determined on the day the producer submits a completed request for a loan deficiency payment to the county office. When such request is for rice and the request provides that the loan deficiency payment rate shall be based on the date of delivery, and the documentation of delivery indicates the rice was delivered after 3 p.m. eastern time, the loan deficiency payment rate in effect after 3 p.m. eastern time of the delivery date shall be used. In all other cases for rice where the loan deficiency payment rate is based on the delivery date, the payment rate in effect at 12:00:01 a.m. eastern time of the delivery date shall be used.

* * * * *

(g) Notwithstanding any other provision of this section, on the day of the announcement of the adjusted world price, applications for loan deficiency payments for rice that specify the payment rate will not be accepted between 2 p.m. eastern time and the time of the world price announcement.

* * * * *

18. Section 1421.202 is revised to read as follows:

§ 1421.202 Length of reserve agreements.

The length of a FOR loan shall be 27 months from the maturity date of the regular price support loan. The day following the maturity date of the regular price support loan shall be the effective date of the FOR loan agreement. In order to assure that producers throughout the United States are treated in a fair and equitable manner, CCC may allow extensions of regular price support loans for wheat, corn, grain sorghum, oats, and barley which expire in or before the month following the month of the date for such commodity as specified in § 1421.201(b). The terms and conditions of such extension shall be provided through actual notice to affected producers. FOR agreements may be extended by CCC, at CCC's sole discretion, at maturity for an additional six months.

19. Section 1421.205 is amended by revising paragraph (a) introductory text and revising paragraphs (a)(2) and (b) to read as follows:

§ 1421.205 Quantity eligible for grain reserve loans.

(a) Farm-stored FOR loans shall be approved on a quantity not to exceed the lesser of:

* * * * *

(2) The quantity upon which the disbursement of the regular price support loan was based.

(b) Warehouse-stored FOR loans shall be approved on a quantity not to exceed the quantity shown on the warehouse receipt or the supplemental certificate, if applicable, which secured the regular price support loan.

20. Section 1421.206 is amended by revising paragraph (b) to read as follows:

§ 1421.206 Quality eligibility requirements of FOR loans.

* * * * *

(b) Grain which is pledged as collateral for a FOR loan must meet the quality eligibility requirements for securing a regular price support loan.

* * * * *

21. Section 1421.207 is amended by revising paragraphs (b)(1), (b)(2)(i), and (b)(2)(iii) to read as follows:

§ 1421.207 Storage rates.

* * * * *

(b) (1) Storage payments shall be paid quarterly, starting from the effective date of the FOR loan. Such payments shall be paid within 30 days after the end of each quarter in which such payments are earned. Storage payments shall not be earned when the grain which was pledged as collateral for the FOR loan is not in storage, as determined by CCC. Storage payments shall not be earned when the 5-day adjusted market price determined in accordance with § 1421.209(e) equals or exceeds 95 percent of the current year's established price for the commodity. In such instance, no storage payments shall be earned from the day the 5-day adjusted market price was equal to or exceeded 95 percent of such established price through the ninetieth day following the last day on which the 5-

day adjusted market price equalled or exceeded 95 percent of such established price.

(2) * * *

(i) A FOR agreement shall not be approved until the producer provides written evidence to CCC that at least the next year's storage, including any storage deduction applicable to the regular loan, has been paid to the warehouse or arrangements for the payment of such storage have been made with the warehouse on the FOR loan quantity.

* * * * *

(iii) The eighth quarterly storage payment shall not be made until the producer provides written evidence to CCC that storage has been paid to the warehouse or arrangements for the payment of such storage have been made with the warehouse on the FOR quantity through the FOR loan maturity date.

* * * * *

22. Section 1421.208 is revised to read as follows:

§ 1421.208 Charging interest.

FOR loans shall not accrue interest unless CCC determines that the 5-day adjusted market price determined in accordance with § 1421.209(e) for the commodity is equal to or exceeds 105 percent of the current year's established price for such commodity. In such instance, interest shall accrue from the day the 5-day adjusted market price was equal to or exceeded 105 percent of such established price and continue to accrue for the balance of the month following the last day on which the 5-day adjusted market price equaled or exceeded 105 percent of such established price through the two succeeding months. The rate of interest which shall be applicable to a FOR loan during an interest-accruing period shall be the rate applicable to the regular price support loan as determined in accordance with part 1405 of this chapter.

23. Section 1421.210 is amended by revising paragraphs (a), (b)(2), (b)(4) introductory text, (b)(4)(ii), (b)(5)(i), (b)(5)(ii), (b)(5)(iv), (c)(1) introductory text, (c)(2), (c)(3), (c)(4), and (c)(5) to read as follows:

§ 1421.210 Commingling and replacement of wheat and feed grains.

(a) In the case of farm-stored FOR loans, if an eligible quantity of a commodity has been commingled with an ineligible quantity of the commodity, the commingled commodity is not eligible to be pledged as collateral for a FOR loan unless the provisions in § 1421.17 (b)(1) or (b)(2) are met.

(b) * * *

(2) Grain which is used to replace existing FOR loan collateral must have been produced by the producer and be eligible to be pledged as collateral for a regular price support loan, except that compliance with the terms and conditions of any commodity program conducted in accordance with part 1413 of this chapter on the farm on which such replacement grain was produced is not required. Replacement loan collateral may be grain from the crop which is harvested after the date established by the State committee in accordance with paragraph (b)(1) of this section or be grain from a producer's existing stocks in CCC-approved farm storage. This grain must not have been purchased and must be free of any liens or encumbrances unless waivers that fully protect the interest of CCC are obtained. With respect to wheat, such replacement grain must be of the same class as the regular price support loan collateral.

* * * * *

(4) To protect the interest of CCC in the quantity of collateral to be released for replacement in accordance with paragraph (c)(1)(i) or (c)(1)(iii) of this section, the county committee may require producers to remit payments to the CCC before a request to replace FOR loan collateral is approved. In such cases, the amount to be remitted shall be the smaller of:

* * * * *

(ii) The product of the market price available in the county office on the date that the replacement request was made, times the quantity to be replaced, as determined by CCC.

(5) * * *

(i) The principal amount of the FOR loan and other charges plus interest from the disbursement date of such amount;

(ii) Storage payments made in accordance with the loan from the date the request for replacement was approved for CCC to the disbursement date of such payments;

* * * * *

(iv) Liquidated damages computed by multiplying the quantity not replaced by 25 percent of the loan rate applicable to the loan note.

(c) (1) A producer who files a Form CCC–687–1 or CCC–681 requesting the approval to replace existing FOR loan collateral may after approval of the request:

* * * * *

(2) A producer who delivers grain to a CCC-approved warehouse in accordance with paragraph (c)(1) of this section shall cause to be delivered to CCC a warehouse receipt issued in the name of CCC with respect to such grain. The warehouse receipt shall show that storage charges have been paid or otherwise provided for through the final date specified to complete the replacement, and CCC shall retain control of the receipt until the producer has replaced the original FOR loan collateral with eligible replacement grain. Except as provided in paragraph (b)(3) of this section, if the producer fails to replace the grain within the approved replacement period, CCC shall take title to the warehouse receipt without any further action by the producer and shall determine the value of the grain represented by the receipt. This value shall be determined in accordance with § 1421.22 and shall be credited to the amount owed by the producer as determined in accordance with paragraph (b)(5) of this section.

(3) A producer who, in accordance with paragraph (c)(1) of this section, sells the grain which is the collateral for the FOR loan shall only sell such grain to the person specified on Form CCC–681. Storage payments shall not be earned on the quantity rotated, as determined by CCC, from the date the rotation request is approved until the replacement stocks are in place. To protect the interest of CCC in the quantity of collateral to be released for replacement, the county committee may require the purchaser to make and remit to CCC a check for the full amount of the purchase. In such instances, CCC shall make these funds available to the producer upon the replacement of the original FOR loan collateral with eligible replacement grain if such replacement occurs prior to the final date of the approved replacement period. Except as provided in paragraph (b)(3) of this section, if the producer fails to replace the grain by this date, the producer shall forfeit the sales proceeds to CCC without any further action by the producer. Such sales proceeds shall be credited to the amount owed by the producer as determined in accordance with paragraph (b)(5) of this section.

(4) A producer who, in accordance with paragraph (c)(1) of this section, intends to feed such grain to the producer's own livestock, may only feed the quantity of grain which was approved by the county committee for such purposes. The producer must certify to the quantity the producer intends to use for feed during the approved rotation period. Storage payments shall not be earned on the quantity rotated, as determined by CCC, from the date the rotation request is approved until the replacement stocks

are in place in CCC-approved farm storage.

(5) Any producer who files a Form CCC–687–1 or CCC–681 with the county committee shall not remove the existing FOR loan collateral until written approval has been made by the county committee. The producer shall allow a representative of the county committee to inspect and measure, at the producer's expense, the quantity of replacement grain when such replacement stocks are in place in CCC-approved farm storage. Producers who request approval to replace existing FOR loan collateral with existing stocks in CCC-approved farm storage shall not receive approval to remove the existing FOR loan collateral until the replacement stocks have been inspected and measured.

24. Section 1421.211 is revised to read as follows:

§ 1421.211 Redemption requirements and emergency call.

(a) A producer may redeem the commodity pledged as collateral for a FOR loan at any time by repaying the principal amount of the FOR loan and other charges plus interest as provided in this part or, if CCC so announces, an amount less than the principal amount of the FOR loan and other charges plus interest in accordance with § 1421.25(d)(2).

(b) Notwithstanding any other provision of this part, the Secretary may require producers to repay FOR loans prior to the maturity date of such loans if the Secretary determines that emergency conditions exist which require that the commodity which is serving as collateral for the FOR loan be made available in the market to meet urgent domestic or international needs and such determination and the reasons therefore are reported to the President, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Committee on Agriculture of the House of Representatives at least fourteen days before taking such action. Repayment shall consist of the amount in accordance with paragraph (a) of this section. If the called loan is not redeemed within the time prescribed by the Secretary, CCC may take title to the commodity without any further action by the producer.

25. Section 1421.215 is revised to read as follows:

§ 1421.215 Loss or damage to the commodity.

The producer is responsible for any and all loss in quantity or quality of the commodity pledged for a FOR loan. CCC shall not assume any loss in quantity or quality of the FOR farm-stored loan collateral.

26. Section 1421.320 is amended by revising paragraphs (a) and (c)(2) to read as follows:

§ 1421.320 General provisions.

(a) This subpart sets out the terms and conditions under which the CCC shall make payments to eligible persons who have entered into an agreement with CCC to participate in the rice marketing certificate program.

* * * * *

(c) * * *

(2) With respect to eligible rice which has not been and will not be pledged as collateral for a price support loan received a loan deficiency payment in accordance with § 1421.29.

27. Section 1421.321 is amended by revising introductory text to read as follows:

§ 1421.321 Eligible persons.

For the purposes of this subpart, the following persons shall be considered to be eligible to enter into an agreement with CCC and to receive payment in accordance with this subpart:

* * * * *

28. Section 1421.323 is revised to read as follows:

§ 1421.323 Rice marketing certificate payments.

(a) Payments in accordance with this subpart shall be made available to eligible persons who have complied with the terms and conditions set forth in this subpart and who have entered into an agreement with CCC.

(b) Payments in accordance with this subpart shall be made when the producer receives a loan deficiency payment in accordance with § 1421.29 or when the producer repays a loan in accordance with § 1421.25.

29. Section 1421.324 is revised to read as follows:

§ 1421.324 Payment rate.

The payment rate for the purposes of calculating payments made available in accordance with this subpart shall be based upon the difference between the adjusted world price for the class of rice and the loan repayment level in effect for the loan deficiency payment or loan repayment.

Signed in Washington, DC, on June 27, 1994.

Bruce R. Weber,

Executive Vice President, Commodity Credit Corporation.

[FR Doc. 94–16111 Filed 7–1–94; 8:45 am]

BILLING CODE 3410–05–P

DEPARTMENT OF AGRICULTURE

Rural Electrification Administration

7 CFR Part 1755

RIN 0572–AA57

Specification for Filled Fiber Optic Cables

AGENCY: Rural Electrification Administration, USDA.

ACTION: Final rule.

SUMMARY: The Rural Electrification Administration (REA) amends its regulations on Telecommunications Standards and Specifications for Materials, Equipment and Construction by rescinding REA Bulletin 345–90, REA Specification for Totally Filled Fiber Optic Cable, PE–90, and codifying the revised specification. The revised specification: Allows the use of dispersion-shifted single mode fibers; allows use of 62.5/125 micrometer multimode fibers; includes a section on self-supporting aerial fiber optic cable; and establishes end product requirements associated with the options stated above. This revised specification updates the end product performance requirements of filled fiber optic cables brought about through technological advancements made during the last seven years.

DATES: *Effective date:* August 4, 1994.

Incorporation by reference: Incorporation by reference of certain publications listed in this final rule is approved by the Director of the Federal Register as of August 4, 1994.

FOR FURTHER INFORMATION CONTACT: Garnett G. Adams, Chief, Outside Plant Branch, Telecommunications Standards Division, Rural Electrification Administration, room 2844, South Building, U.S. Department of Agriculture, Washington, DC 20250–1500, telephone number (202) 720–0667.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This final rule is issued in conformance with Executive Order 12866.

Executive Order 12778

This final rule has been reviewed under Executive Order 12778, Civil Justice Reform. If adopted, this final rule will not:

(1) Preempt any State or local laws, regulations, or policies;

(2) Have any retroactive effect; and

(3) Require administrative proceedings before parties may file suit challenging the provisions of this rule

Regulatory Flexibility Act Certification

The Administrator of REA has determined that this final rule will not have a significant impact on a substantial number of small entities, as defined by the Regulatory Flexibility Act (5 U.S.C. *et seq.*). This final rule involves standards and specifications, which may increase the direct short-term costs to the REA borrower. However, the long-term direct economic costs are reduced through greater durability and lower maintenance cost over time.

Information Collection and Recordkeeping Requirements

In compliance with the Office of Management and Budget (OMB) regulations (5 CFR Part 1320) which implements the Paperwork Reduction Act of 1980 (Pub. L. 96–511) and section 3504 of that Act, information collection and recordkeeping requirements contained in this final rule have been submitted to OMB for approval. Comments concerning these requirements should be directed to the Office of Information and Regulatory Affairs of OMB, Attention: Desk Officer for USDA, room 3201, New Executive Office Building (NEOB), Washington, DC 20503. When OMB has approved the information and recordkeeping requirement contained in this final rule, REA will publish an amendment to this final rule to add the OMB control number and statement to the regulatory text.

National Environmental Policy Act Certification

The Administrator of REA has determined that this final rule will not significantly affect the quality of the human environment as defined by the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*). Therefore, this action does not require an environmental impact statement or assessment.

Catalog of Federal Domestic Assistance

The program described by this final rule is listed in the Catalog of Federal Domestic Assistance programs under No. 10.851, Rural Telephone Loans and Loan Guarantees; and No. 10.852, Rural Telephone Bank Loans. This catalog is available on a subscription basis from the Superintendent of Documents, United States Government Printing Office, Washington, DC 20402.

Executive Order 12372

This final rule is excluded from the scope of Executive Order 12372, Intergovernmental Consultation, which may require consultation with State and local officials. A Notice of Final rule titled Department Programs and Activities Excluded from Executive Order 12372 (50 FR 47034) exempts REA and RTB loans and loan guarantees, and RTB bank loans, to governmental and nongovernmental entities from coverage under this Order.

Background

REA issues publications titled "Bulletin" which serve to guide borrowers regarding already codified policy, procedures, and requirements needed to manage loans, loan guarantee programs, and the security instruments which provide for and secure REA financing. REA issues standards and specifications for the construction of telephone facilities financed with REA Loan Funds. REA is rescinding Bulletin 345–90, "REA Specification for Totally Filled Fiber Optic Cable, PE–90," and codifying this specification at 7 CFR 1755.900, REA Specification for Filled Fiber Optic Cables.

Filled fiber optic cable is used in outside plant by REA telephone borrowers as a physical transport medium for voice and data. The current REA Specification PE–90 limits the type of single mode fiber to dispersion-unshifted. The limitation was established because REA borrowers' lightwave systems operate at the 1310 nanometer wavelength for which the dispersion-unshifted fiber is optimally designed. The dispersion-unshifted single mode fiber can also be used in lightwave systems operating at the 1550 nanometer wavelength window but with a degradation in signal transmission. To provide REA borrowers with a quality fiber optic cable to be used in lightwave systems operating at 1550 nanometers without signal degradation, the revised specification will include single mode dispersion-shifted fiber as an option to single mode dispersion-unshifted fiber.

The current REA Specification PE–90 limits multimode fiber to 50/125 micrometers because at the time the specification was written, it was the only diameter multimode fiber in existence. Since that time the fiber optic industry has developed several multimode fiber designs of which the 62.5/125 micrometer design has become the de facto standard. Now that 62.5/125 micrometer multimode fiber is an accepted industry standard, the revised specification will include the 62.5/125 multimode fiber as an option to the 50/125 multimode fiber.

The current REA Specification PE–90 does not include a self-supporting aerial fiber optic cable because when the specification was written, no such cable design existed. Since issuance of the current specification, fiber optic cable manufacturers have developed such cable designs. These designs have been installed in operating telephone systems and are providing satisfactory field performance. The installation cost of self-supporting aerial fiber optic cable is less than the installation cost of lashed aerial fiber optic cable. To provide REA borrowers with a less costly aerial fiber optic cable installation, the revised specification will include a section on self-supporting aerial fiber optic cable.

The current specification includes only end product requirements associated with filled fiber optic cable utilizing only dispersion-unshifted single mode fibers and 50/125 micrometers multimode fibers and lashed aerial fiber optic cables. Since the revised specification will allow dispersion-shifted single mode fibers, 62.5/125 micrometers multimode fibers, and self-supporting aerial fiber optic cables, end product requirements have been included to assure quality products for these applications.

This action establishes REA requirements for a wider range of filled fiber optic cables without affecting current designs or manufacturing techniques. This widened selection of cables will afford REA telephone borrowers the opportunity to increase subscriber services in an economical and efficient manner through enhanced cable designs brought about by technological advancements made during the past seven years.

Comments

On September 1, 1993, REA published a proposed rule (58 FR 46097) to rescind REA Bulletin 345–90, REA Specification for Totally Filled Fiber Optic Cable, PE–90, and to codify the revised specification at 7 CFR 1755.900, REA Specification for Filled Fiber Optic Cables. Comments on this proposed rule were due by October 1, 1993. Comments and recommendations were received from several companies by this due date. The comments, recommendations, and responses are summarized as follows:

One respondent commented that the language in paragraphs (a)(1)(i) through (a)(1)(iv) of 7 CFR 1755.900 should be changed to reflect fiber optic cable designs currently being used by REA borrowers.

Response: REA reviewed the proposed language submitted by the commenter and as a result of our review will change the present language in paragraphs (a)(1)(i) through (a)(1)(iv) of 7 CFR 1755.900 to the language proposed by the commenter.

One respondent commented that the language "twenty-four colors" in paragraph (a)(2) of the specification should be changed to "twelve colors" because the Electronic Industries Association/Telecommunications Industries Association (EIA/TIA) 598 Standard, Color Coding of Fiber Optic Cables, defines twelve standard colors with black and yellow striping used to expand identification up to twenty-four colors.

Response: Since the EIA/TIA 598 Standard allows for identification of twenty-four fibers using a twenty-four color coding scheme that is identical to the twenty-four color coding scheme specified in 7 CFR 1755.900, REA will not change the language "twenty-four colors" to the commenter proposed language of "twelve colors."

Three respondents commented that the issue dates of the Electronic Industries Association (EIA) and the Electronic Industries Association/ Telecommunications Industries Association (EIA/TIA) Standards referenced in paragraphs (a)(8) and (a)(9) of the specification should be changed to reflect their current issue dates.

Response: REA agrees with the commenters recommendations and will change paragraphs (a)(8) and (a)(9) of the specification to reflect the current issue dates of the EIA and EIA/TIA Standards.

One respondent commented that the mode-field diameter requirement of 7.5±1.3 micrometers for dispersion-shifted single mode fibers specified in paragraph (b)(4) of the specification will eliminate the use of their currently manufactured dispersion-shifted single mode fiber by REA borrowers.

Response: Since it is not REA's intent to eliminate the use of dispersion-shifted single mode fibers which are currently manufactured and used on non-REA telecommunication systems with satisfactory results, REA will change the mode-field diameter requirement for dispersion-shifted single mode fibers from 7.5±1.3 micrometers to 7.5+1.5 micrometers/ −1.3 micrometers to allow use of the manufacturer's dispersion-shifted single mode fiber by REA borrowers.

Two commenters recommended that paragraph (b)(14) of the specification which requires that all optical fibers in any single length of cable of the same type be eliminated from the specification because it would deny REA borrowers the opportunity of purchasing hybrid cables which contain both single mode and multimode fibers.

Response: In reviewing past REA 515 Contracts containing fiber optic cables, REA borrowers never purchased hybrid cables containing both single mode and multimode optical fibers. Review of current REA 515 Contracts reveal that REA borrowers are still not purchasing these hybrid fiber optic cables. In fact REA borrowers only purchase single mode fiber optic cables. Since there is no current interest by REA borrowers in purchasing hybrid cables containing both single mode and multimode optical fibers, REA at this time will not eliminate paragraph (b)(14) from the specification as recommended by the commenters.

Two respondents commented on the shrinkback test to be performed on both loose tube and tight tube buffers. The first respondent indicated that tight tube buffers containing the optical fibers cannot meet criterion specified in the specification. The second respondent recommended that the shrinkback test be eliminated from the specification because they consider this test to be a cable component test and not a completed cable performance test.

Response: In regard to the first commenter's comment, REA has no data from other manufacturers indicating that tight tube buffers containing the optical fibers cannot comply with the shrinkback requirement of the specification. In addition the respondent did not provide test data as to what the requirement should be for tight tube buffers containing the optical fibers. Finally paragraph (c)(6) of the specification allows the manufacturer the option of removing the optical fibers from the tight tube buffers prior to performance of the shrinkback test. Since the respondent did not provide an alternative requirement and the fact that the specification allows for removal of the fibers from the buffer tubes prior to shrinkback testing, REA will not change the shrinkback requirement specified in the specification.

Regarding the second respondent's comment, REA considers the shrinkback test for loose and tight tube buffers to be a completed cable performance test because the shrinkback test provides REA with one means of assuring that the buffer tubes can withstand the rigors of the field cable splicing operation. Since REA considers the performance of the buffer tubes to be a critical requirement of the field cable splicing operation, REA will not eliminate the shrinkback test from the specification as recommended by the respondent.

One respondent recommended that the cold bend test for loose and tight tube buffers be eliminated from the specification because they consider this test to be a cable component test and not a completed cable performance test. The same respondent also recommended that if REA maintained the cold bend test that the mandrel diameter be changed from 5 times the tube diameter to 10 times the tube diameter.

Response: REA considers the cold bend test for loose and tight tube buffers to be a completed cable performance test because the cold bend test provides REA with one means of assuring that the buffer tubes can withstand the rigors of the field cable splicing operation. Since REA considers the performance of the buffer tubes to be a critical requirement of the field cable splicing operation, REA will not eliminate the cold bend test from the specification as recommended by the respondent.

In response to the commenter's recommendation for changing the size of the test mandrel diameter, REA would like to point out that mandrel diameter of 5 times the buffer tube diameter is the same mandrel diameter as specified in REA Bulletin 345–90. Since manufacturers have been performing the cold bend test using the mandrel diameter of 5 times the buffer tube diameter as specified in REA Bulletin 345–90 for more than seven years without any reported problems, REA will not change the mandrel diameter for the cold bend test specified in 7 CFR 1755.900 to the mandrel diameter recommended by the commenter.

Three respondents recommended that reference in paragraph (d)(2) of the specification for defining the color limits of the colored optical fibers be changed from EIA–359–A–1984 to EIA/ TIA–598.

Response: The reason that REA referenced the EIA–359–A–1984 copper cable standard for defining the color limits of the colored optical fibers except for rose and aqua colors in 7 CFR 1755.900 is because at the time of its writing no EIA standard existed for defining the color limits for fiber optic cables. Since EIA has now published a color coding standard solely for fiber optic cables which includes the rose color, REA will change the reference in paragraph (d)(2) of 7 CFR 1755.900 from EIA–359–A–1984 to EIA/TIA–598.

Five respondents recommended that the color limits specified in paragraph (d)(2)(i) of the specification for rose be eliminated and the aqua limits be changed to the proposed EIA limits.

Response: The reason for specifying the rose and aqua color limits in 7 CFR 1755.900 was because the EIA–359–A–1984 standard did not contain limits for these colors. Since the EIA/TIA–598 Standard specifies the rose color limits, REA will eliminate the rose color limits

from paragraph (d)(2)(i) of 7 CFR 1755.900.

Regarding the aqua color limit, EIA/TIA–598 contains a color limit for aqua but the fiber optic cable industry is dissatisfied with the limits of the EIA/TIA standard. In fact EIA/TIA is revising the current standard to reflect the new aqua limits being proposed by the industry. Therefore to assure that the aqua color limits of 7 CFR 1755.900 will coincide with the proposed aqua limits of the revised EIA/TIA–598 Standard, REA will change the aqua limits currently specified in 7 CFR 1755.900 to the aqua color limits proposed for incorporation into the revised EIA/TIA–598 Color Standard.

One respondent commented that paragraph (d)(2)(ii) of the specification which states that REA will not accept alternative coloring schemes which deviate from the color coding scheme specified in paragraph (d)(1) of 7 CFR 1755.900 be eliminated from the specification.

Response: The reason for this requirement is to provide REA borrowers with one color coding standard for identification of buffer tubes and optical fibers to facilitate the splicing of fiber optic cables in the field. If REA allowed alternative coloring schemes for identification of buffer tubes and optical fibers as recommended by the commenter, REA would be doing a disservice to our borrowers by negating the requirement's intended purpose of facilitating field splicing of fiber optic cables by REA borrowers. Since this requirement will facilitate the splicing of fiber optic cables in the field by REA borrowers, REA will not eliminate paragraph (d)(2)(ii) from the specification as recommended by the commenter.

Two respondents commented on the splicing of strength members as specified in paragraph (e)(4) of the specification. The first respondent recommended that the 1 kilometer splicing limitation for strength members be changed to 500 meters. The second respondent questioned the rationale for limiting the number of strength member splices.

Response: REA limits the number of strength member splices to 1 per kilometer in the completed cable to avoid strength member splices being in close proximity to one another which in the opinion of REA could lead to failure of the cable during installation as a result of splice breakage. Since REA borrowers have been installing fiber optic cables with the above strength member splice requirement for the past seven years without any reported installation failures, REA will not change the requirement specified in paragraph (e)(4) of 7 CFR 1755.900.

Two respondents commented that the language of paragraph (f)(3) should be modified to allow the cable manufacturer the option of using natural colored threads and tapes as core binders.

Response: REA has reviewed the suggested change in language and the reasons for the change in language presented by the commentators. Because REA agrees with the reasons for their suggested change in language, REA will modify the language in paragraph (f)(3) of the specification to allow manufacturers the option of providing natural colored threads and tapes as core binders.

One respondent commented that the language in paragraph (f)(4) of 7 CFR 1755.900 should be changed to better reflect the functional needs of fiber optic cables currently being used by REA borrowers.

Response: REA reviewed the reason for the proposed change in language submitted by the commenter and as a result of our review will change the present language in paragraph (f)(4) of 7 CFR 1755.900 to the language proposed by the commenter.

Two respondents commented on the core wrap section of 7 CFR 1755.900. The first commenter recommended that the core wrap section (paragraph (h) of the specification) be revised to more clearly indicate that the use of core wraps in the manufacture of fiber optic cable is an option. The second commenter recommended that the core wrap section be further modified to allow one or more core wraps in the manufacture of fiber optic cable.

Response: In regards to the first respondent's comment, REA has reviewed the present language of paragraph (h) and agrees with the respondent's comment that the core wrap section does not clearly indicate that the use of a core wrap in the manufacture of the cable is at the option of the manufacturer. Since REA agrees with the commenter's comment, REA will revise paragraph (h) of 7 CFR 1755.900 to clearly indicate that the use of a core wrap is at the option of the manufacturer.

Regarding the second respondent's comment, the latest issues of REA's copper cable specifications covered under 7 CFR 1755.390 and 7 CFR 1755.890 allow the use of multiple core wraps in manufacture of these type cables provided at the filling compound is applied between each core wrap layer. Since REA allows the use of multiple core wraps in the manufacture of copper cables, REA will also allow the use of multiple core wraps in the manufacture of fiber optic cables. Therefore paragraph (h) of 7 CFR 1755.900 will be modified to allow the use of multiple core wraps by fiber optic cable manufacturers. REA will also modify paragraph (h) to indicate that when multiple core wraps are used that the filling compound must be applied between each core wrap layer to prevent the ingress of water between each core wrap layer.

Two respondents commented that the testing of the inner jacket for fungus resistance as specified in paragraph (i)(3) of the specification should be eliminated because the polyethylene compounds used for the inner jackets are inherently resistant to fungus attack.

Response: The current REA Bulletin 345–90 allows fiber optic cable manufacturers the option of using any available material for producing inner jackets. To assure that these inner jacket materials would provide satisfactory field service, the bulletin required that they pass a fungus resistance test. Since 7 CFR 1755.900 now specifies that only polyethylene compounds can be used to produce inner jackets and REA knows that these compounds are inherently resistant to fungus attack, REA will eliminate the fungus resistance test, paragraph (i)(3), for inner jacket materials from 7 CFR 1755.900.

One respondent commented that paragraph (j)(2) of 7 CFR 1755.900 should be modified to indicate that a flooding compound is only required for armored cable and that jacket slip test reference in the paragraph be clarified to indicate that it only applies to flooded cable designs.

Response: In reviewing the present language of the flooding compound section, paragraphs (j)(1) through (j)(4), of 7 CFR 1755.900, paragraph (j)(1) clearly indicates that flooding compound applies only to armored fiber optic cable designs. Also the present language of the jacket slip test, paragraph (III)(3), Appendix A, clearly indicates that this test is only performed on flooded cable designs. Because the present language in both paragraphs clearly indicate the intent of the commenter's recommendation, REA will not revise paragraph (j)(2) of 7 CFR 1755.900 as recommended by the commenter.

One respondent commented that "water blocking tape" language of paragraph (j)(4) be changed to "water blocking material" to allow for the use of water blocking tapes or powders in lieu of a flooding compound.

Response: REA has allowed the use of water blocking tapes in place of flooding compounds in filled fiber optic cables

for several years with satisfactory field performance, but the use of water blocking powders in place of the flooding compound is a new application for fiber optic cables with limited field experience. Until fiber optic cables using water blocking powders as replacements for flooding compounds gain more field experience to assure reliable service, REA will not change the language in paragraph (j)(4) of 7 CFR 1755.900 to the language recommended by the commenter.

One respondent recommended that armor overlap be changed from 3.0 millimeters to either 1.8 millimeters or sufficient to meet the requirements of paragraph (q) of 7 CFR 1755.900.

Response: The reason 7 CFR 1755.900 specifies a minimum armor overlap of 3.0 millimeters is to assure proper forming of the armor overlap is achieved to avoid longitudinal splitting of the jacket during installation. Since REA is concerned that armor overlaps less than 3.0 millimeters can result in longitudinal splitting of the jacket during installation because of improper forming, REA will not change the present requirement of 3.0 millimeters to the recommended comments of the respondent.

One commenter recommended that reduction in thickness of the armoring material due either to corrugating or the application process be changed from 10 percent to 5 percent.

Response: REA would like to point out that the 10 percent requirement for the reduction in armor thickness is the same requirement as specified in REA Bulletin 345–90. Since manufacturers have been meeting the 10 percent armor reduction thickness requirement as specified in REA Bulletin 345–90 for more than seven years without any reported problems, REA will not change the 10 percent armor reduction thickness requirement in 7 CFR 1755.900 to the 5 percent armor reduction thickness requirement as recommended by the commenter.

Two respondents recommended changing the present language of paragraph (k)(6) to more clearly define the intent of the requirement.

Response: REA has reviewed the proposed language submitted by both commentators and agrees that their proposed language will more clearly define the intent of the requirement. Therefore, REA will change the present language of paragraph (k)(6) specified in 7 CFR 1755.900 to the proposed language recommended by the commenters.

One respondent recommended that paragraphs (k)(8), (k)(9), and (k)(10) of the specification be eliminated from the specification because they consider these tests to be cable component tests and not completed cable performance tests.

Response: REA considers the tests specified in paragraphs (k)(8), (k)(9), and (k)(10) of the specification to be completed cable performance tests because these tests provide REA with the means of assuring that the plastic coated steel armor of the cable will withstand the rigors of the installation as well as a means of assuring that the plastic coated steel armor of the cable will provide satisfactory service over the life of the completed cable. Since REA considers the performance of the plastic coated steel armor to be a critical requirement in the installation and service life of completed cables, REA will not eliminate paragraphs (k)(8), (k)(9), and (k)(10) from 7 CFR 1755.900 as recommended by the respondent.

One respondent recommended that paragraph (k)(10) of 7 CFR 1755.900 be modified to exclude from the 90 percent calculation the area of the armor under the strength members for cables containing embedded strength members in the outer jacket because these type cables can still pass the armor to jacket bond strength requirement specified in paragraph (k)(10) of the specification.

Response: A review of recent armor to jacket bond strength data for cables containing embedded strength members in the outer jacket when the area of the armor under the strength members is excluded from the 90 percent calculation revealed that these type cables can pass the requirement specified in paragraph (k)(10) of the specification without difficulty. Since test data indicate that these type cables can pass the armor to jacket bond strength requirement, REA will modify paragraph (k)(10) of 7 CFR 1755.900 to allow the exclusion of the area of the armor under the strength members for cables containing embedded strength members in the outer jacket from the 90 percent calculation.

One respondent recommended that low density polyethylene, low density ethylene copolymer, and linear low density polyethylene compounds not be allowed as outer jacket materials. The reason for their comment is that installation damage to the cable can occur as a result of the above materials becoming soft at the high temperatures experienced during hot summer weather.

Response: Low density polyethylene, low density ethylene copolymer, and linear low density polyethylene compounds have been used by REA as outer jacket materials for copper cables for over twenty years and for fiber optic cables for over seven years without any reported high temperature installation problems associated with hot summer weather. Since REA has never received complaints from borrowers installing cables using any one of the above compounds during hot summer weather, REA will not eliminate the use of low density polyethylene, low density ethylene copolymer, and linear low density polyethylene compounds as outer jacket materials from the specification as recommended by the commenter.

One respondent recommended that melt flow rate, environmental stress crack, and impact tests for jacketing materials be eliminated from the specification because they consider these tests to be cable component tests and not completed cable performance tests.

Response: REA considers the melt flow rate, environmental stress crack, and impact tests for jacketing materials to be completed cable performance tests because these tests provide REA with the means of assuring that the jacketing material of the cable will withstand the rigors of installation as well as a means of assuring that the jacketing material of the cable will provide satisfactory service over the life of the completed cable. Since REA considers the performance of jacket material to be a critical requirement in the installation and service life of completed cables, REA will not eliminate the melt flow rate, environmental stress crack, and impact tests for jacketing materials from 7 CFR 1755.900 as recommended by the respondent.

One commenter recommended replacing the ASTM D 4565–90a test method referenced for both jacket tensile strength/elongation and jacket shrinkback in 7 CFR 1755.900 with the EIA–455–89A test method for jacket tensile strength/elongation and the EIA–455–86 test method for jacket shrinkback because these test methods are the current fiber optic industry standards for these jacket properties.

Response: A review of the ASTM and EIA test methods for jacket tensile strength/elongation and jacket shrinkback properties indicates that the EIA test methods are more applicable for the testing of fiber optic cables than the ASTM test method. Since the EIA test methods are more applicable to the testing of fiber optic cables, REA will replace the reference to ASTM D 4565–90a in paragraphs (m)(5)(ii) and (m)(5)(iv) of 7 CFR 1755.900 with EIA–455–89A and EIA–455–86, respectively.

One respondent recommended that the minimum jacket thickness over the strength members for cables containing

embedded strength members in the outer jacket be changed from 0.5 millimeter to 0.9 millimeter.

Response: REA has accepted one manufacturer of fiber optic cable containing embedded strength members in the outer jacket using the 0.5 millimeter minimum jacket thickness over the embedded strength members. That manufacturer's cable has been used by REA borrowers for over four years without any reported field failures. Since REA has satisfactory field performance history on fiber optic cables with embedded strength members using the minimum 0.5 millimeter jacket thickness over the embedded strength members, REA will not change the 0.5 millimeter minimum jacket thickness specified in 7 CFR 1755.900 to the minimum jacket thickness recommended by the commenter.

One respondent recommended that the maximum tolerance limit for the web width of self-supporting cable be changed from +0.51 millimeters to +1.58 millimeters.

Response: The reason that the maximum tolerance limit for the web width of self-supporting cables is specified at +0.51 millimeters is to assure that the web of self-supporting cables can be slit by craftpersons during installation using existing slitting tools. Increasing the maximum web width tolerance to +1.58 millimeters as recommended by the commenter would require the development of special slitting tools to assure satisfactory installation of these thicker webbed self-supporting cables by craftpersons. Since it is not the intent of REA to burden craftpersons with special tools needed to install theses thicker webbed self-supporting cables, REA will not change the maximum tolerance limit for the web width of self-supporting cables specified in 7 CFR 1755.900 to the maximum tolerance limit recommended by the respondent.

One respondent recommended that the sheath slitting cord be made a mandatory component of the cable instead of an optional cable component.

Response: The reasons 7 CFR 1755.900 specifies that the sheath slitting cord is an optional component of the cable are because not all cable installers use the sheath slitting cord to open the cable jacket during installation and during extremely cold weather installation. The sheath slitting cord does not aid the installer in opening the cable jacket because of the stiffness of the jacket. Because of the above reasons, REA will not make the sheath slitting cord a mandatory cable component in 7 CFR 1755.900.

Two respondents commented that the language in paragraph (n)(2) of 7 CFR 1755.900 should be changed to better reflect the functional needs of fiber optic cables currently being used by REA borrowers and to quantify the sheath slitting cord requirement.

Response: REA reviewed the reasons for the proposed change in language submitted by the commentators and as a result of our review will change the present language in paragraph (n)(2) of 7 CFR 1755.900 to better reflect the functional needs of fiber optic cables currently being used by REA borrowers and to quantify the sheath slitting cord requirement.

One respondent recommended that the numbering sequence for re-marked cables be changed from 3,000 to 1,000.

Response: REA would like to point out that the 3,000 numbering sequence for re-marked cables specified in 7 CFR 1755.900 is the same numbering sequence for re-marked cables as specified in REA Bulletin 345–90. Since manufacturers have been using the 3,000 numbering sequence for re-marked cables as specified in REA Bulletin 345–90 for more than seven years without any reported problems, REA will not change the numbering sequence for re-marked cables specified in 7 CFR 1755.900 to the numbering sequence for re-marked cables recommended by the commenter.

One respondent recommended adding a new identification marking requirement to 7 CFR 1755.900 that requires a telephone handset symbol to be marked on the outer jacket of fiber optic cables intended for direct burial installation in accordance with Rule 350G of the 1993 National Electric Safety Code (NESC).

Response: Since the REA Form 515 Construction Contract requires that all types of construction comply with the safety requirements specified in the NESC, REA will change paragraph (o)(2) in 7 CFR 1755.900 to require that all direct buried fiber optic cables be marked with the telephone handset symbol in accordance with Rule 350G of the 1993 NESC. This change will cause existing paragraphs (o)(2) through (o)(11) to be renumbered as paragraphs (o)(3) through (o)(12) in 7 CFR 1755.900.

Two respondents commented on the attenuation requirements specified in paragraph (p)(1)(i) of 7 CFR 1755.900. The first respondent recommended deleting the reference to EIA/TIA–455–59 because this standard is used to determine point discontinuities and not attenuation. The second respondent recommended changing the attenuation values specified in 7 CFR 1755.900 for dispersion-unshifted and dispersion-shifted single mode optical fibers to 0.4 dB/km and 0.25 dB/km, respectively.

Response: With regard to the EIA/TIA–455–59 reference, REA agrees with the commenter and will eliminate the reference to EIA/TIA–455–59 in paragraph (p)(1)(i) of 7 CFR 1755.900.

In regard to the change in attenuation requirements, REA is satisfied that the 0.5 dB/km maximum attenuation requirement for both dispersion-unshifted and dispersion-shifted single mode optical fibers, although considered very loose when compared to other industry standards, will provide REA borrowers with satisfactory optical signal transmission. REA would also like to point out that the REA Form 515 Construction Contract allows REA borrowers the opportunity to specify lower attenuation values than the 0.5 dB/km maximum specification value for these type optical fibers and when such values are specified in the contract they must be met by the cable supplier to execute the contract.

Since REA is satisfied that 0.5 dB/km maximum attenuation for both dispersion-unshifted and dispersion-shifted single mode optical fibers will provide satisfactory optical transmission and the knowledge that REA borrowers can specify lower attenuation values than the specification value to successfully execute the REA Form 515 Construction Contract, REA will not change the attenuation values specified in 7 CFR 1755.900 to values recommended by the commenter.

One respondent recommended deleting the requirement to conduct attenuation measurements at the wavelength specified for the application as stated in paragraphs (p)(1)(iv) and (p)(2)(iii) of 7 CFR 1755.900. The reason for the respondent's recommendation is the possibility of REA borrowers specifying attenuation requirements at nonstandard wavelengths which would require the development of new test equipment. The development of this new equipment would in turn result in added cable costs.

Response: A review of past REA Form 515 Construction Contracts indicated that REA borrowers were specifying attenuation requirements at the accepted industry wavelengths of 850 and 1300 nanometers for multimode fibers, and 1310 and 1550 for single mode fibers. A review of present construction contracts also reveals that REA borrowers are still specifying attenuation requirements at the accepted industry wavelengths of 850 and 1300 nanometers for multimode fibers, and 1310 and 1550 for single mode fibers.

Since REA borrowers are specifying attenuation requirements at the industry accepted wavelengths and not at nonstandard wavelengths, the requirement to conduct attenuation measurements at the wavelength specified in paragraphs (p)(1)(iv) and (p)(2)(iii) of 7 CFR 1755.900 will not be deleted from the specification as recommended by the commenter.

One respondent commented that the dispersion and dispersion slope requirements of 2.7 ps/nm•km and 0.085 ps(nm²•km), respectively for dispersion-shifted single mode fibers specified in paragraph (p)(1)(vii) of the specification will eliminate the use of their currently manufactured dispersion shifted single mode fiber by REA borrowers.

Response: Since it is not REA's intent to eliminate the use of dispersion-shifted single mode fibers which are currently manufactured and used on non-REA telecommunication systems with satisfactory results, REA will change the dispersion and dispersion slope requirements for dispersion-shifted single mode fibers from 2.7 ps/nm•km and 0.085 ps(nm²•km), respectively to 3.5 ps/nm•km and 0.095 ps(nm²•km), respectively to allow use of the manufacturer's dispersion shifted single mode fiber by REA borrowers.

Three respondents recommended changing the 1250 nanometer cut-off wavelength for single mode fibers specified in paragraph (p)(1)(viii) of 7 CFR 1755.900 to the industry accepted wavelength of 1260 nanometers.

Response: If 7 CFR 1755.900 maintained the 1250 nanometer cut-off wavelength for single mode fibers, REA would force manufacturers to maintain two separate fiber optic cable inventories based solely on the different cut-off wavelength requirements. This in turn would result in higher fiber optic cable prices to REA borrowers. By changing the cut-off wavelength requirement for single mode fibers from 1250 nanometers to 1260 nanometers, REA would eliminate the need for manufacturers to maintain separate fiber optic cable inventories. This change would reduce fiber optic cable costs to REA borrowers. Therefore, REA will change the single mode fiber cut-off wavelength requirement in paragraph (p)(1)(viii) of 7 CFR 1755.900 from 1250 nanometers to 1260 nanometers.

One respondent commented on the mechanical requirements for multimode fiber optic cables specified in 7 CFR 1755.900. The first comment recommended deleting the mechanical requirements for multimode fiber optic cables specified in paragraphs (q)(1) through (q)(5) of the specification because they feel that the qualification of single mode fiber optic cable designs to the mechanical requirements are adequate to qualify multimode fiber optic cable designs. The second comment recommended that if REA retained the mechanical requirements for multimode fiber optic cables that the allowable change in attenuation be changed from a maximum of 0.030 dB to a maximum of 0.040 dB since this is the present de facto industry requirement for multimode optical fibers.

Response: In regards to the first comment, 7 CFR 1755.900 requires both multimode and single mode fiber optic cables to be tested for the mechanical properties specified in paragraphs (q)(1) through (q)(5) of the specification to assure that both cable types will withstand the rigors of field installation and provide satisfactory service over their useful lives. REA is of the opinion that both multimode and single mode fiber optic cable designs must be tested for the mechanical requirements specified in paragraphs (q)(1) through (q)(5) of the specification to assure REA borrowers that these designs will withstand the rigors of field installation and provide satisfactory performance over their useful service lives. Therefore, REA will not eliminate the mechanical requirements for multimode fiber optic cables specified in paragraphs (q)(1) through (q)(5) of 7 CFR 1755.900.

Regarding the second comment, since it is REA's intent to use de facto industry requirements; where applicable, REA will change the maximum allowable change in attenuation for multimode fiber optic cables from 0.30 dB to 0.40 dB in paragraphs (q)(1) through (q)(5) of 7 CFR 1755.900.

Two respondents recommended that mechanical testing specified in paragraphs (q)(1) through (q)(5) of 7 CFR 1755.900 for dispersion-unshifted single mode fiber optic cables be performed at only the 1550 nanometer wavelength in place of the required testing at both 1310 and 1550 nanometer wavelengths. The reasons for their comments are based on the data indicating that testing of optical fibers at the 1550 nanometer wavelength is considered the worst case condition because the fibers are more sensitive to bends at this wavelength.

Response: 7 CFR 1755.900 requires mechanical testing of dispersion-unshifted single mode fiber optic cables at both the 1310 nanometer and 1550 nanometer wavelengths. The reason for the mechanical testing of dispersion-unshifted single mode fiber optic cables at both the 1310 and 1550 nanometer wavelengths is to assure satisfactory transmission of the optical signals at these wavelengths when specified by REA borrowers. Although REA agrees with the commentators comments, data from the REA Form 515 Construction Contracts indicate that the majority of lightwave systems installed by REA borrowers operate at the 1310 nanometer wavelength and not at the 1550 nanometer wavelength.

Since the majority of REA borrower lightwave systems operate at the 1310 nanometer wavelength, REA must require mechanical testing of dispersion-unshifted single mode fiber optic cables at the 1310 nanometer wavelength to assure that cables installed by REA borrowers with lightwave systems operating at the 1310 nanometer wavelength will provide satisfactory optical signal transmission. Therefore, REA will not eliminate the mechanical testing of dispersion-unshifted single mode fiber optic cables at the 1310 nanometer wavelength as recommended by the commenters.

One respondent recommended changing the cable bend test temperature of −46°C, Test Condition C of EIA/TIA–455–37A, specified in paragraph (q)(1)(iii) of 7 CFR 1755.900 to −30°C, Test Condition E of EIA/TIA–455–37A, because this is the de facto industry test temperature for fiber optic cables.

Response: Since it is REA's intent to use de facto industry requirements where applicable, REA will change the cable bend test temperature of −46°C, Test Condition C of EIA/TIA–455–37A, to −30°C, Test Condition E of EIA/TIA–455–37A, in paragraph (q)(1)(iii) of 7 CFR 1755.900.

Three respondents recommended replacing the cable bend test mandrel diameter of 15 times the cable diameter specified in paragraph (q)(1)(iii)(A) of 7 CFR 1755.900 with a test mandrel diameter of 20 times the cable diameter because this is the de facto industry requirement for fiber optic cables.

Response: Since it is REA's intent to use de facto industry requirements where applicable, REA will change the cable bend test mandrel diameter of 15 times the cable diameter to a test mandrel diameter of 20 times the cable diameter in paragraph (q)(1)(iii)(A) of 7 CFR 1755.900.

Two respondents recommending deleting the cable bend test requirement that the armor overlap be on the outside of the bend when bend testing armored cables in accordance with paragraph (q)(1)(iii)(C) of 7 CFR 1755.900.

Response: REA would like to point out that the cable bend test requirement stipulating that the armor overlap be on

the outside of the bend when bend testing armored cables specified in 7 CFR 1755.900 is the same requirement for armored cables as specified in REA Bulletin 345–90. Since manufacturers have been bend testing armored cables using this requirement in REA Bulletin 345–90 for more than seven years without any reported problems, REA will not delete the requirement that the armor overlap be on the outside of the bend when bend testing armored cables in 7 CFR 1755.900.

One respondent recommended that the requirement that there be no delamination of jacket bond after cable bend testing specified in paragraph (q)(1)(iv) of 7 CFR 1755.900 be deleted from the specification.

Response: REA would like to point out that the cable bend test requirement stipulating that there be no delamination of jacket bond after cable bend testing specified in 7 CFR 1755.900 is the same requirement as specified in REA Bulletin 345–90. Since manufacturers have been bend testing cables using this requirement in REA Bulletin 345–90 for more than seven years without any reported problems, REA will not delete the requirement that there be no delamination of jacket bond after cable bend testing in paragraph (q)(1)(iv) of 7 CFR 1755.900.

Two respondents commented on the cable compression test, paragraph (q)(3)(iii), of 7 CFR 1755.900. The first respondent recommended changing the rate for applying the compressive force from a nominal of 5 millimeters per minute to a range of 3 millimeters to 20 millimeters per minute to make the cable compression test of 7 CFR 1755.900 compatible with the de facto industry standard. The second respondent recommended changing holding time of the compressive force from 15 minutes to 10 minutes because the 10 minute requirement is the de facto industry requirement for fiber optic cables.

Response: Since it is REA's intent to use de facto industry requirements where applicable, REA will change the rate for applying the compressive force from a nominal of 5 millimeters per minute to a range of 3 millimeters to 20 millimeters per minute and will also change the holding time of the compressive force from 15 minutes to 10 minutes in paragraph (q)(3)(iii) of 7 CFR 1755.900.

Three respondents commented on the cable flex test requirements specified in paragraph (q)(5)(iv) of 7 CFR 1755.900. Two of the respondents recommended that a fracture length of no more than 5 millimeters be allowed on the armor after flexing since this is the de facto industry requirement for fiber optic cables. The third respondent recommended deleting the requirement that there be no delamination of jacket to armor bond in nonflooded cables after flex testing.

Response: 7 CFR 1755.900 requires that there be no visible evidence of fracture of the armor after flexing. Reason for the requirement is one means of assuring that continuity of the armor will be maintained after the rigors of installation. Maintaining the armor continuity after installation is important requirement in assuring protection of the telephone equipment and telephone company personnel against hazardous electrical currents. If REA allowed a minimum fracture length of the armor after flexing but before installation, the possibility exists that these small fracture lengths in the armor could develop into complete breaks of the armor at these fractured locations as a result of difficulties encountered during installation. These breaks in the armor would result in loss of armor continuity. The loss of armor continuity in turn would subject the telephone equipment and telephone company personnel to possible hazardous electrical currents which could result in damaged equipment or personal injury to telephone company personnel. Since REA has a responsibility to its borrowers to assure that their telephone equipment and personnel are protected against hazardous electrical currents, REA will not change the present requirement of no visible evidence of fracture of the armor after flexing specified in 7 CFR 1755.900 to the recommendation requested by the first two commenters.

In regard to the requirement that there be no delamination of jacket to armor bond in nonflooded cables after flex testing, REA specified this requirement on nonflooded cables to assure that the bond strength between the outer jacket and the plastic coated armor would be maintained after installation to assure that water could not enter nonflooded cables at the outer jacket/armor interface. If REA eliminated this requirement as recommended by the third commenter, voids at the outer jacket/armor interface could develop in nonflooded cables after installation. These voids could allow the entry of water into nonflooded cables resulting in possible degradation of the optical signal over time. Since REA has a responsibility to our borrowers to assure that optical signal of nonflooded cables will not degrade as a result of water entry, REA will not eliminate the requirement that there be no delamination of jacket to armor bond in nonflooded cables after flex testing as recommended by the third commenter.

Seven respondents recommended replacing Appendix A of 7 CFR 1755.900 with de facto industry tests to determine the long term stability of their fiber optic cables.

Response: The tests specified in Appendix A of 7 CFR 1755.900 have been used by REA for over sixteen years for determining the long term performance of copper cables with satisfactory results. Since these test have proven invaluable for determining the long term stability of copper cables, REA decided to apply these same proven tests to determine the long term stability of fiber optic cables. Therefore REA will not replace Appendix A with de facto industry tests as recommended by the commenters.

List of Subjects in 7 CFR Part 1755

Incorporation by reference, Loan programs—communications, Reporting and recordkeeping requirements, Rural areas, Telephone.

For the reasons set out in the preamble, REA amends chapter XVII of title 7 of the Code of Federal Regulations as follows:

PART 1755—TELECOMMUNICATIONS STANDARDS AND SPECIFICATIONS FOR MATERIALS, EQUIPMENT AND CONSTRUCTION.

1. The authority citation for part 1755 continues to read as follows:

Authority: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*

§ 1755.97 [Amended]

2. Section 1755.97 is amended by removing the entry REA Bulletin 345–90 from the table.

3. Section 1755.900 is added to read as follows:

§ 1755.900 REA specification for filled fiber optic cables.

(a) *Scope.* (1) This section covers the requirement for filled fiber optic cables intended for aerial installation either by attachment to a support strand or by an integrated self-supporting arrangement, for underground application by placement in a duct, or for buried installations either by trenching or by direct plowing.

(i) The optical waveguides are glass fibers having directly-applied protective coatings, and are called "fibers", herein. These fibers may be assembled in either loose fiber bundles with a protective core tube, encased in several protective buffer tubes, or in tight buffer tubes.

(ii) Fillers, strength members, core wraps, and bedding tapes may complete the cable core.

(iii) The core or buffer tubes containing the fibers and the interstices between the buffer tubes, fillers, and strength members in the core structure are filled with a suitable material to exclude water.

(iv) The cable structure is completed by an extruded overall plastic jacket. This jacket may have strength members embedded in it, in some designs.

(v) Buried installation requires an armor under the outer jacket.

(vi) For self-supporting cable the outer jacket may be extruded over the support messenger and cable core.

(2) The cable is fully color coded so that each fiber is distinguishable from every other fiber. A basic color scheme of twenty-four colors allows individual fiber identification. Colored tubes, binders, threads, stripings, or markings provide fiber group identification.

(3) Cable manufactured to this section must demonstrate compliance with the qualification testing requirements to ensure satisfactory end-use performance characteristics for the intended applications.

(4) Optical cable designs not specifically addressed by this section may be allowed if accepted by REA. Justification for acceptance of a modified design must be provided to substantiate product utility and long term stability and endurance.

(5) All cables sold to REA borrowers for projects involving REA loan funds under this section must be accepted by REA Technical Standards Committee "A" (Telephone). For cables manufactured to the specification of this section, all design changes to an accepted design must be submitted for acceptance. REA will be the sole authority on what constitutes a design change.

(6) The American National Standard Institute/Institute of Electrical and Electronics Engineers, Inc (ANSI/IEEE), 1993 National Electrical Safety Code (NESC) referenced in this section is incorporated by reference by REA. This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies of ANSI/IEEE 1993 NESC are available for inspection during normal business hours at REA, room 2845, U.S. Department of Agriculture, Washington, DC 20250–1500 or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC. Copies are available from IEEE Service Center, 445 Hoes Lane, Piscataway, NJ 08854, telephone number 1 (800) 678–4333.

(7) American Society for Testing and Materials Specifications (ASTM) A 640–91, Standard Specification for Zinc-Coated Steel Strand for Messenger Support of Figure 8 Cable; ASTM B 736–92a, Standard Specification for Aluminum, Aluminum Alloy, and Aluminum-Clad Steel Cable Shielding Stock; ASTM D 1238–90b, Standard Test Method for Flow Rates of Thermoplastics by Extrusion Plastometer; ASTM D 1248–84 (1989), Standard Specification for Polyethylene Plastic Molding and Extrusion Materials, ASTM D 1535–89, Standard Test Method for Specifying Color by the Munsell System; ASTM D 3349–86, Standard Test Method for Absorption Coefficient of Carbon Black Pigmented Ethylene Plastic; ASTM D 4565–90a, Standard Test Methods for Physical and Environmental Performance Properties of Insulations and Jackets for Telecommunications Wire and Cable; ASTM D 4566–90, Standard Test Methods for Electrical Performance Properties of Insulations and Jackets for Telecommunications Wire and Cable; ASTM D 4568–86, Standard Test Methods for Evaluating Compatibility Between Cable Filling and Flooding Compounds and Polyolefin Cable Materials; and ASTM E 29–90, Standard Practice for Using Significant Digits in Test Data to Determine Conformance with Specifications, referenced in this section are incorporated by reference by REA. These incorporations by references were approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies of ASTM standards are available for inspection during normal business hours at REA, room 2845, U.S. Department of Agriculture, Washington, DC 20250–1500 or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC. Copies are available from ASTM, 1916 Race Street, Philadelphia, Pennsylvania 19103–1187, telephone number (215) 299–5585.

(8) Electronic Industries Association Standards (EIA)–455–20, Measurement of Change in Optical Transmittance; EIA–455–41, Compressive Loading Resistance of Fiber Optic Cables; EIA–455–86, Fiber Optic Cable Jacket Shrinkage; EIA–455–89A, Fiber Optic Cable Jacket Elongation And Tensile Strength; and EIA–455–174, Mode Field Diameter of Single-Mode Optical Fiber by Knife-Edge Scanning in the Far Field, referenced in this section are incorporated by reference by REA. These incorporations by references were approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies of EIA standards are available for inspection during normal business hours at REA, room 2845, U.S. Department of Agriculture, Washington, DC 20250–1500 or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC. Copies are available from Global Engineering Documents, 15 Inverness Way East, Englewood, CO 80112, telephone number (303) 792–2181.

(9) Electronic Industries Association/Telecommunications Industries Association Standards (EIA/TIA)–455–25A, Repeated Impact Testing of Fiber Optic Cables and Cable Assemblies; EIA/TIA–455–30B, Frequency Domain Measurement of Multimode Optical Fiber Information Transmission Capacity; EIA/TIA–455–31B, Fiber Tensile Proof Test Method; EIA/TIA–455–37A, Low or High Temperature Bend Test for Fiber Optic Cable; EIA/TIA–455–45B, Method for Measuring Optical Fiber Geometry Using a Laboratory Microscope; EIA/TIA–455–46A, Spectral Attenuation Measurement for Long-Length, Graded-Index Optical Fibers; EIA/TIA–455–48B, Measurement of Optical Fiber Cladding Diameter Using Laser-Based Instruments; EIA/TIA–455–51A, Pulse Distortion Measurement of Multimode Glass Optical Fiber Information Transmission Capacity; EIA/TIA–455–53A, Attenuation by Substitution Measurement for Multimode Graded-Index Optical Fibers or Fiber Assemblies Used in Long Length Communications Systems; EIA/TIA–455–55B, End-View Methods for Measuring Coating and Buffer Geometry of Optical Fibers; EIA/TIA–455–58A, Core Diameter Measurement of Graded-Index Optical Fibers; EIA/TIA–455–59, Measurement of Fiber Point Defects Using an OTDR; EIA/TIA–455–61, Measurement of Fiber or Cable Attenuation Using an OTDR; EIA/TIA–455–78A, Spectral-Attenuation Cutback Measurement for Single-Mode Optical Fibers; EIA/TIA–455–81A, Compound Flow (Drip) Test for Filled Fiber Optic Cable; EIA/TIA–455–82B, Fluid Penetration Test for Fluid-Blocked Fiber Optic Cable; EIA/TIA–455–85A, Fiber Optic Cable Twist Test; EIA/TIA–455–104A, Fiber Optic Cable Cyclic Flexing Test; EIA/TIA–455–164A, Single-Mode Fiber, Measurement of Mode Field Diameter by Far-Field Scanning; EIA/TIA–455–165A, Mode Field Diameter Measurement Near Field Scanning Technique; EIA/TIA–455–167A, Mode Field Diameter, Variable Aperture in the Far Field; EIA/TIA–455–168A, Chromatic Dispersion Measurement of Multimode Graded-Index and Single-Mode Optical Fibers by Spectral Group

Delay Measurement in the Time Domain; EIA/TIA–455–169A, Chromatic Dispersion Measurement of Single-Mode Optical Fibers by the Phase-Shift Method; EIA/TIA–455–170, Cable Cutoff Wavelength of Single-Mode Fiber by Transmitted Power; EIA/TIA–455–173, Coating Geometry Measurement for Optical Fiber Side-View Method; EIA/TIA–455–175A, Chromatic Dispersion Measurement of Single-Mode Optical Fibers by the Differential Phase Shift Method; EIA/TIA–455–176, Method for Measuring Optical Fiber Cross-Sectional Geometry by Automated Grey-Scale Analysis; EIA/TIA–455–177A, Numerical Aperture Measurement of Graded-Index Optical Fibers; EIA/TIA–455–178, Measurements of Strip Force Required for Mechanically Removing Coatings from Optical Fibers; and EIA/TIA–598, Color Coding of Fiber Optic Cables, referenced in this section are incorporated by reference by REA. These incorporations by references were approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies of EIA/TIA standards are available for inspection during normal business hours at REA, room 2845, U.S. Department of Agriculture, Washington, DC 20250–1500 or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC. Copies are available from Global Engineering Documents, 15 Inverness Way East, Englewood, CO 80112, telephone number (303) 792–2181.

(10) REA intends that the optical fibers contained in the cables manufactured in accordance with this section have characteristics that will allow signals, having a range of wavelengths, to be carried simultaneously.

(b) *Optical fibers.* (1) The solid glass optical fibers must consist of a cylindrical core and cladding covered by either an ultraviolet-cured acrylate or other suitable coating.

(2) The optical fiber types must be one of the following:

(i) Dispersion-unshifted single mode fiber EIA Class IVa;

(ii) Dispersion-shifted single mode fiber EIA Class IVb;

(iii) 50/125 micrometer multimode fiber EIA Class Ia; or

(iv) 62.5/125 micrometer multimode fiber EIA Class Ia.

(3) The dispersion-unshifted single mode fiber core must have either a matched or depressed clad step refractive index profile with a mode-field diameter of 9.0±1.0 micrometers when measured at 1300 nanometers and 10.5+1.0 micrometers/−1.5 micrometers when measured at 1550 nanometers in accordance with any one of the following test methods:

(i) EIA/TIA–455–164A;

(ii) EIA/TIA–455–165A;

(iii) EIA/TIA–455–167A; or

(iv) EIA–455–174.

(4) The dispersion-shifted single mode fiber core must have either a segmented core design or depressed clad step refractive index profile with a mode-field diameter of 7.5+1.5 micrometers/−1.3 micrometers when measured at 1550 nanometers in accordance with any one of the test procedures specified in paragraph (b)(3) of this section.

(5) The core clad off-set of the dispersion-unshifted and dispersion-shifted single mode fibers must not be greater than 1.0 micrometer when measured in accordance with either EIA/TIA–455–45B or EIA/TIA–455–176.

(6) The multimode fiber cores must have graded (parabolic) refractive index profiles with core diameters of 50.0±3.0 micrometers or 62.5±3.0 micrometers when measured in accordance with either EIA/TIA–455–58A, or EIA/TIA–455–176.

(7) The core noncircularity of multimode fibers must not exceed 6 percent when measured in accordance with either EIA/TIA–455–45B or EIA/TIA–455–176.

(8) The outside diameter of the glass fiber for both single mode and multimode fibers must be 125±2.0 micrometers when measured in accordance with any one of the following test methods:

(i) EIA/TIA–455–45B;

(ii) EIA/TIA–455–176; or

(iii) EIA/TIA–455–48B, Methods A or B.

(9) The outside diameter of the glass fiber must be nominally concentric with the fiber core as is consistent with the best commercial practice.

(10) The individual fibers must be proof tested at a minimum tensile stress of 0.35 gigapascal for approximately one second when measured in accordance with EIA/TIA–455–31B.

(11) Factory splices of fibers are allowed provided that prior acceptance from REA is obtained for the splice technique, that all splices are documented and reported to the customer and that the spliced fiber meets all requirements of this section.

(12) The optical fiber must be coated with a suitable material to preserve the intrinsic strength of the glass having an outside diameter of 250±15 micrometers when measured in accordance with either EIA/TIA–455–55B or EIA/TIA–455–173.

(13) The maximum force required to remove 25 millimeters of protective fiber coating must not exceed 13 newtons when measured in accordance with EIA/TIA–455–178.

(14) All optical fibers in any single length of cable must be of the same type.

(c) *Buffer/coating.* (1) The optical fibers contained in a tube buffer (loose tube), an inner jacket (unit core), a channel or otherwise loosely packaged must have a clearance between the fibers and the inside of the container sufficient to allow for thermal expansions without constraining the fibers. The protective container must be manufactured from a material having a coefficient of friction sufficiently low to allow the fibers free movement.

(2) Optical fibers covered in near contact with an extrusion (tight tube) must have an intermediate soft buffer to allow for thermal expansions and minor pressures.

(3) All protective coverings in any single length of cable must be continuous and be of the same material except at splice locations.

(4) The protective coverings must be free from holes, splits, blisters, and other imperfections and must be as smooth and concentric as is consistent with the best commercial practice.

(5) Repairs to the fiber coatings are not allowed except at splice locations.

(6) Both loose tube and tight tube coverings of each color and other fiber package types removed from the finished cable must meet the following shrinkback and cold bend performance requirements. The fibers may be left in the tubes.

(i) *Shrinkback.* Testing must be conducted in accordance with ASTM D 4565–90a, paragraph 14.1, using a talc bed at a temperature of 95 °C. Shrinkback must not exceed 5 percent of the original 150 millimeter length of the specimen. The total shrinkage of the specimen must be measured.

(ii) *Cold bend.* Testing must be conducted on at least one tube from each color in the cable. Stabilize the specimen to −20±1 °C for a minimum of four hours. While holding the specimen and mandrel at the test temperature, wrap the tube in a tight helix ten times around a mandrel with a diameter not greater than five times the tube diameter. The tube must show no evidence of cracking when observed with normal or corrected-to-normal vision.

Note: Channel cores and similar slotted single component core designs need not be tested for cold bend.

(d) *Fiber and buffer tube identification.* (1) The colors designated for identification of loose buffer tubes, tight tube buffer fibers and individual

fibers in multifiber tubes, slots or bundles are shown in the following table:

Buffer tube and fiber No.	Color
1	Blue.
2	Orange.
3	Green.
4	Brown.
5	Slate.
6	White.
7	Red.
8	Black.
9	Yellow.
10	Violet.
11	Rose.
12	Aqua.
13	Blue/Black Tracer.
14	Orange/Black Tracer.
15	Green/Black Tracer.
16	Brown/Black Tracer.
17	Slate/Black Tracer.
18	White/Black Tracer.
19	Red/Black Tracer.
20	Black/Yellow Tracer.
21	Yellow/Black Tracer.
22	Violet/Black Tracer.
23	Rose/Black Tracer.
24	Aqua/Black Tracer.

(2) *Standards of color.* Except for the aqua color, the colors of fibers and tubes supplied in accordance with this section are specified in terms of the Munsell Color System (ASTM D 1535–89) and must comply with the color limits as defined in EIA/TIA–598. (A visual color standard meeting these requirements and entitled "Munsell Color Charts for Color Coding," may be obtained from the Munsell Color Company, Inc., 2441 North Calvert Street, Baltimore, Maryland 21218. The latest edition of the color standard should be used.)

(i) The aqua color limits using the Munsell Color System must be as follows:

MUNSELL NOTATION

Symbol	Aqua color
Centroid	10BG 7/6
H++	5B 7/6
H– –	5BG 7/6
V++	10BG 8/4
V– –	10BG 6/6
C++	None
C– –	10BG 7/4

(ii) Other coloring schemes used for providing identification of buffer tubes and optical fibers which deviate from the requirements of paragraph (d)(1) of this section will not be accepted by REA.

(e) *Strength members.* (1) Strength members must be an integral part of the cable construction, but are not considered part of the support messenger for self-supporting optical cable.

(2) The combined strength of all the strength members must be sufficient to support the stress of installation and to protect the cable in service.

(3) Strength members may be incorporated into the core as a central support member or filler, as fillers between the fiber packages, as an annular serving over the core, as an annular serving over the intermediate jacket, embedded in the outer jacket or as a combination of any of these methods.

(4) The central support member or filler must contain no more than one splice per kilometer of cable. Individual fillers placed between the fiber packages and placed as annular servings over the core must contain no more than one splice per kilometer of cable. Cable sections having central member or filler splices must meet the same physical requirements as unspliced cable sections.

(5) Strength member materials and splicing techniques must be accepted by REA prior to their use.

(6) In each length of completed cable having a metallic central member, the dielectric strength between the armor and the metallic center member must withstand at least 15 kilovolts direct current for 3 seconds.

(f) *Forming the cable core.* (1) Protected fibers must be assembled with the optional central support member, fillers and strength members in such a way as to form a cylindrical group.

(2) The standard cylindrical group or core designs shall consist of 4, 6, 8, 10, 12, 16, 18, 20, or 24 fibers. Cylindrical groups or core designs larger than the sizes shown above must meet all the requirements of this section.

(3) When threads or tapes are used as core binders, they must be colored either white or natural and must be a nonhygroscopic and nonwicking dielectric material.

(4) When threads or tapes are used as unit binders to define optical fiber units in loose tube, tight tube, slotted, or bundled cored designs, they must be colored in accordance with the table listed below and must be a nonhygroscopic and nonwicking dielectric material or be rendered such by the filling compound. The colors of the binders must be in accordance with paragraphs (d)(2) introductory text and (d)(2)(i) of this section.

Unit No.	Binder color
1	Blue.
2	Orange.
3	Green.
4	Brown.
5	Slate.
6	White.
7	Red.
8	Black.
9	Yellow.
10	Violet.
11	Rose.
12	Aqua.
13	Blue-Black.
14	Orange-Black.
15	Green-Black.
16	Brown-Black.
17	Slate-Black.
18	White-Black.
19	Red-Black.
20	Black-Black-Yellow.
21	Yellow-Yellow-Black.
22	Violet-Black.
23	Rose-Black.
24	Aqua-Black.

(g) *Filling compound.* (1) To prevent the ingress of water into the core, a filling compound must be applied into the interior of the loose fiber tubes and into the interstices of the core. When a core wrap is used, the filling compound must also be applied to the core wrap, over the core wrap and between the core wrap and inner jacket when required.

(2) The materials must be homogeneous and uniformly mixed; free from dirt, metallic particles and other foreign matter; easily removed; nontoxic and present no dermal hazards.

(3) The individual cable manufacturer must satisfy REA that the filling compound selected for use is suitable for its intended application. The filling compound must be compatible with the cable components when tested in accordance with ASTM D 4568–86 at a temperature of 80° C.

(h) *Core wrap (optional).* (1) At the option of the manufacturer, one or more layers of nonhygroscopic and nonwicking dielectric material may be applied over the core.

(2) The core wrap(s) can be used to provide a heat barrier to prevent deformation or adhesion between the fiber tubes or can be used to contain the core.

(3) When core wraps are used, sufficient filling compound must be applied to the core wraps so that voids or air spaces existing between the core wraps and between the core the inner side of the core wrap are minimized.

(i) *Inner jacket.* (1) Inner jackets may be applied directly over the core or over the strength members.

(i) For armored cable an inner jacket is optional but recommended. The inner jacket may absorb stresses in the cable core that may be introduced by armor application or by armored cable installation.

(ii) For unarmored cable an inner jacket is optional.

(2) The inner jacket material and test requirements must be as for the outer jacket material per paragraphs (m)(3) introductory text through (m)(3)(v) of this section, except that either black or natural polyethylene may be used. In the case of natural polyethylene, the requirements for absorption coefficient and the inclusion of furnace black are waived.

(j) *Flooding compound.* (1) Sufficient flooding compound must be applied between the inner jacket and armor and between the armor and outer jacket so that voids and air spaces in these areas are minimized. The use of floodant between the armor and outer jacket is not required when uniform bonding, per paragraph (k)(10) of this section, is achieved between the plastic-clad armor and the outer jacket.

(2) The flooding compound must be compatible with the jacket when tested in accordance with ASTM D 4568–86 at a temperature of 80° C. The floodant must exhibit adhesive properties sufficient to prevent jacket slip when tested in accordance with the requirements of Appendix A, paragraph (III)(3), of this section.

(3) The individual cable manufacturer must satisfy REA that the flooding compound selected for use is acceptable for the application.

(4) In lieu of a flooding compound, water blocking tapes may be applied between the inner jacket and armor and between the armor and outer jacket to prevent water migration. The use of the water blocking tape between the armor and outer jacket is not required when uniform bonding, per paragraph (k)(10) of this section, is achieved between the plastic-clad armor and the outer jacket.

(k) *Armor.* (1) A steel armor, plastic coated on both sides, is required for direct buried cable manufactured under the provisions of this section. An armor is optional for duct and aerial cable as required by the purchaser. The plastic coated steel armor must be applied longitudinally directly over the core wrap or the intermediate jacket and have a minimum overlap of 3.0 millimeters.

(2) The uncoated steel tape must be electrolytic chrome coated steel (ECCS) with a thickness of 0.155 ± 0.015 millimeters.

(3) The reduction in thickness of the armoring material due to the corrugating or to the application process must be kept to a minimum and must not exceed 10 percent at any spot.

(4) The armor of each length of cable must be electrically continuous with no more than one joint or splice allowed per kilometer of cable. This requirement does not apply to a joint or splice made in the raw material by the raw material manufacturer.

(5) The breaking strength of any section of an armor tape, containing a factory splice joint, must not be less than 80 percent of the breaking strength of an adjacent section of the armor of equal length without a joint.

(6) For cables containing no floodant over the armor, the overlap portions of the armor tape must be bonded in cables having a flat, noncorrugated armor to meet the requirements of paragraphs (q)(1) through (q)(7)(ii) of this section. If the tape is corrugated, the overlap portions of the armor tape must be sufficiently bonded and the corrugations must be sufficiently in register to meet the requirements of paragraphs (q)(1) through (q)(7)(ii) of this section.

(7) The armor tape must be so applied as to enable the cable to pass the bend test as specified in paragraph (q)(1) of this section.

(8) The protective coating on the steel armor must meet the Bonding-to-Metal, Heat Sealability, Lap-Shear and Moisture Resistance requirements of Type I, Class 2 coated metals in accordance with ASTM B 736–92a.

(9) The ability of the plastic-clad metal to resist the flooding compound must be determined as required by ASTM D 4568–86 using a one meter length of coated steel which must be aged for 7 days at 68±1 °C. There must be no delamination of the coating from the steel at the conclusion of the test.

(10) When the jacket is bonded to the plastic coated armor, the bond between the plastic coated armor and the outer jacket must not be less than 525 newtons per meter over at least 90 percent of the cable circumference when tested in accordance with ASTM D 4565–90a. For cables with strength members embedded in the jacket, and residing directly over the armor, the area of the armor directly under the strength member is excluded from the 90 percent calculation.

(l) *Optional support messenger (aerial cable).* (1) When a self-supporting aerial cable containing an integrated support messenger is supplied, the support messenger must comply with the requirements specified in paragraphs (l)(2) introductory text through (l)(6) of this section.

(2) The fully flooded, stranded support messenger must be 6.35 millimeters diameter, 7 wire, extra high strength grade, Class A galvanized steel strand conforming to ASTM A 640–91 with exceptions and additional provisions as follows:

(i) The maximum lay of the individual wires of the strand must be 140 millimeters.

(ii) Any section of a completed strand containing a joint must have minimum tensile strength and elongation of 29,500 newtons and 3.5 percent, respectively, when tested in accordance with the procedures specified ASTM A 640–91.

(iii) The individual wires from a completed strand which contain joints must not fracture when tested according to the "Ductility of Steel" procedures specified in ASTM A 640–91 except that the mandrel diameter must be equal to 5 times the nominal diameter of the individual wires.

(3) The support strand must be completely covered with a corrosion protective floodant. The floodant must be homogeneous and uniformly mixed.

(4) The floodant must be nontoxic and present no dermal hazard.

(5) The floodant must be free from dirt, metallic particles, and other foreign matter that may interfere with the performance of the cable.

(6) The floodant must be compatible with the polyethylene outer jacket and must be acceptable to REA.

(7) Other methods of providing self-supporting cable specifically not addressed in this section may be allowed if accepted by REA. Justification for acceptance of a modified design must be provided to substantiate product utility and long term stability and endurance.

(m) *Outer jacket.* (1) The outer jacket must provide the cable with a tough, flexible, protective covering which can withstand exposure to sunlight, to atmosphere temperatures and to stresses reasonably expected in normal installation and service.

(2) The jacket must be free from holes, splits, blisters, or other imperfections and shall be as smooth and concentric as is consistent with the best commercial practice.

(3) The raw material used for the outer jacket must be one of the five types listed in paragraphs (m)(3)(i) through (m)(3)(v) of this section. The raw material must contain an antioxidant to provide long term stabilization and the materials must contain a 2.60±0.25 percent concentration of furnace black to provide ultraviolet shielding. Both the antioxidant and furnace black must be compounded into the material by the raw material supplier.

(i) Low density, high molecular weight polyethylene (LDHMW) must conform to the requirements of ASTM D 1248–84(1989), Type I, Class C, Category 4 or 5, Grade J3.

(ii) Low density, high molecular weight ethylene copolymer (LDHMW) must conform to the requirements of ASTM D 1248–84(1989), Type I, Class C, Category 4 or 5, Grade J3.

(iii) Linear low density, high molecular weight polyethylene (LLDHMW) must conform to the requirements of ASTM D 1248–84(1989), Type I, Class C, Category 4 or 5, Grade J3.

(iv) High density polyethylene (HD) must conform to the requirements of ASTM D 1248–84(1989), Type III, Class C, Category 4 or 5, Grade J4.

(v) Medium density polyethylene (MD) must conform to the requirements of ASTM D 1248–84(1989), Type II, Class C, Category 4 or 5, Grade J4.

(vi) Particle size of the carbon selected for use must not average greater than 20 nanometers.

(vii) Absorption coefficient must be a minimum of 400 in accordance with the procedures of ASTM D 3349–86.

(4) The outer jacketing material removed from or tested on the cable must be capable of meeting the following performance requirements:

Property	LLDHMW ethylene copolymer	LDHMW poly-ethylene	HD or MD poly-ethylene
Melt Flow Rate:			
Percent increase from raw material, Maximum	.....	50	50
<0.41 (Initial Melt Index)	100		
0.41–2.00 (Initial Melt Index)	.....	50	
Tensile Strength:			
Minimum, Megapascals	12	12	16.5
Ultimate Elongation:			
Minimum, Percent	400	400	300
Environmental Stress Cracking:			
Maximum, Failures	0/10	2/10	2/10
Shrinkback:			
Maximum, Percent	5	5	5
Impact:			
Maximum, Failures	2/10	2/10	2/10

(5) *Testing procedures.* The procedures for testing jacket specimens for compliance with paragraph (m)(4) of this section must be as follows:

(i) *Melt flow rate.* The melt flow rate must be determined by ASTM D 1238–90b, Condition E. Jacketing material must be free from flooding and filling compound.

(ii) *Tensile strength and ultimate elongation.* Test in accordance with EIA–455–89A, using a jaw separation speed of 500 millimeters per minute for low density material and 50 millimeters per minute for high and medium density materials.

(iii) *Environmental stress cracking.* Test in accordance with ASTM D 4565–90a.

(iv) *Shrinkback.* Test in accordance with the procedures specified in EIA–455–86 using a temperature of 100 ± 1° C for a 4 hour period for low density material and a test temperature of 115 ± 1° C for a 4 hour period for high and medium density materials.

(v) *Impact.* The test must be performed in accordance with ASTM D 4565–90a using an impact force of 4 newton-meters at a temperature of −20 ± 2° C. A cracked or split jacket constitutes failure.

(6) *Jacket thickness.* The nominal outer jacket thickness must not be less than 1.3 millimeters. The test method used must either be the End Sample Method (paragraph (m)(6)(i) of this section) or the Continuous Uniformity Thickness Gauge Method (paragraph (m)(6)(ii) of this section).

(i) *End sample method.* The jacket must be capable of meeting the following requirements:

Minimum Average Thickness: 90 percent (%) of nominal thickness

Minimum Spot Thickness: 70 % of nominal thickness

(ii) *Continuous uniformity thickness gauge.* (A) The jacket must be capable of meeting the following requirements:

Minimum Average Thickness: 75 % of nominal thickness

Minimum Thickness: 70 % of nominal thickness

Maximum Eccentricity: 40 % of nominal thickness

$$\text{Eccentricity} = \frac{\text{Max. Thickness} - \text{Min. Thickness}}{\text{Average Thickness}} \times 100$$

(B) The maximum and minimum thickness values shall be based on the average of each axial section.

(7) For jackets having embedded strength members, the jacket thickness must meet the requirements of paragraph (m)(6) of this section except that the jacket thickness over the strength members must not be less than 0.50 millimeters.

(8) The minimum jacket thickness at any point over the support messenger for self-supporting aerial cable utilizing such an element must be 1.1 millimeters.

(9) The web dimension for self-supporting aerial cable utilizing such a feature must be as follows:

Height: 2.29 ± 0.750 millimeters

Width: $1.52^{+0.51}_{-0.25}$ millimeters

(n) *Sheath slitting cord (optional).* (1) A sheath slitting cord is optional.

(2) When a sheath slitting cord is used it must be nonhygroscopic and nonwicking or be rendered such by the filling or flooding compound, continuous throughout a length of cable and of sufficient strength to open the sheath over at least a one meter length without breaking the cord at a temperature of 23±5 °C.

(o) *Identification marker and length marker.* (1) Each length of cable must be permanently labeled either Optical Cable, OC, Optical Fiber Cable, or OF on the outer jacket and identified as to manufacturer and year of manufacture.

(2) Each length of cable intended for direct burial installation shall be marked with a telephone handset in compliance with Rule 350G of the 1993 National Electrical Safety Code (NESC).

(3) Mark the number of fibers on the jacket.

(4) The markings must be printed on the jacket at regular intervals of not more than 2 meters.

(5) An alternative method of marking may be used if acceptable to REA.

(6) The completed cable must have sequentially numbered length markers in Meters or Feet at regular intervals of not more than 2 meters along the outside of the jacket.

(7) Continuous sequential numbering must be employed in a single length of cable.

(8) The numbers must be dimensioned and spaced to produce good legibility and must be approximately 3 millimeters in height.. An occasional illegible marking is permissible if there is a legible marking located not more than 2 meters from it.

(9) The method of marking must be by means of suitable surface markings producing a clear distinguishable contrasting marking acceptable to REA. Where direct or transverse printing is employed, the characters should be indented to produce greater durability of marking. Any other method of length marking must be acceptable to REA as producing a marker suitable for the field. Size, shape and spacing of numbers, durability and overall legibility of the marker will be considered in acceptance of the method.

(10) Agreement between the actual length of the cable and the length marking on the cable jacket must be within the limits of +1 percent, −0 percent.

(11) The color of the initial marking must be white or silver. If the initial marking fails to meet the requirements of the preceding paragraphs, it will be permissible to either remove the defective marking and re-mark with the white or silver color or leave the defective marking on the cable and re-mark with yellow. No further re-marking is permitted. Any re-marking must be on a different portion of the cable circumference than any existing marking when possible and have a numbering sequence differing from any other existing marking by at least 3,000.

(12) Any reel of cable that contains more than one set of sequential markings must be labeled to indicate the color and sequence of marking to be used. The labeling must be applied to the reel and also to the cable.

(p) *Optical performance.* (1) The optical performance of the single mode fibers must be in accordance with the requirements specified in paragraphs (p)(1)(i) through (p)(1)(viii) of this section.

(i) The attenuation values of the single mode fibers within the cable must not exceed 0.5 decibel per kilometer (dB/km) for dispersion-unshifted single mode fiber at 1310 and 1550 nanometers and must not exceed 0.5 dB/km for dispersion-shifted single mode fiber at 1550 nanometers. The test method used for measuring the attenuation must be in accordance with either:

(A) EIA/TIA–455–78A; or

(B) EIA/TIA–455–61.

(ii) The attenuation values for wavelengths between 1285 and 1330 nanometers and between 1525 and 1575 nanometers for dispersion-unshifted fibers must not exceed the attenuation at 1310 and 1550 nanometers by more than 0.1 dB/km. The attenuation values for wavelengths between 1525 and 1575 nanometers for dispersion-shifted fibers must not exceed the attenuation at 1550 nanometers by more than 0.1 dB/km. The test method used for measuring the attenuation must be in accordance with any one of the methods specified in paragraph (p)(1)(i) of this section.

(iii) Attenuation discontinuities in the fiber's length must not exceed 0.1 decibel (dB) for dispersion-unshifted fiber at 1310±20 and 1550±20 nanometers and must not exceed 0.1 dB for dispersion-shifted fiber at 1550±20 nanometers when measured in accordance with EIA/TIA–455–59.

(iv) Measurement of the attenuation must be conducted at the wavelength specified for application and must be expressed in decibels per kilometer.

(v) Because the accuracy of attenuation measurements for single mode fibers becomes questionable when measured on short cable lengths, attenuation measurements are to be made utilizing characterization cable lengths. If the ship length of cable is less than one kilometer, the attenuation values measured on longer lengths of cable (characterization length of cable) before cutting to the ship lengths of cable may be applied to the ship lengths.

(vi) For dispersion-unshifted fiber the zero dispersion wavelength must be between 1300 and 1322 nanometers, and the value of the dispersion slope at the zero-dispersion wavelength must not be greater than 0.092 picosecond per nanometer squared times kilometer (ps/(nm^2•km) when measured in accordance with either:

(A) EIA/TIA–455–168A;

(B) EIA/TIA–455–169A; or

(C) EIA/TIA–455–175A.

(vii) For dispersion-shifted fiber, the dispersion over the wavelength range between 1525 and 1575 nanometers must not exceed 3.5 picosecond per nanometer times kilometer (ps/(nm^2•km)) and must have a maximum dispersion slope of 0.095 ps/(nm^2•km) at the zero dispersion wavelength when measured in accordance with any one of the test procedures specified in paragraph (p)(1)(vi) of this section.

(viii) The cut off wavelength of the dispersion-unshifted and the dispersion-shifted fibers in a cable must be less than 1260 nanometers when measured in accordance with EIA/TIA–455–170.

(2) The optical performance of the multimode fibers must be in accordance with the requirements specified in paragraphs (p)(2)(i) through (p)(2)(vi) of this section.

(i) The attenuation values of the 50/125 and 62.5/125 micrometer multimode fibers within the cable must not exceed 1.5 dB/km at 1300 nanometers when measured in accordance with either:

(A) EIA/TIA–455–46A;

(B) EIA/TIA–455–53A; or

(C) EIA/TIA–455–61.

(ii) Attenuation discontinuities in the fiber's length must not exceed 0.2 dB for both multimode fiber types at 1300±20 nanometers when measured in accordance with EIA/TIA–455–59.

(iii) Measurement of the attenuation must be conducted at the wavelength specified for application and must be expressed in decibels per kilometer.

(iv) Because the accuracy of attenuation measurements for multimode fibers becomes questionable when measured on short cable lengths, attenuation measurements are to be made utilizing characterization cable lengths. If the ship length of cable is less than one kilometer, the attenuation values measured on longer lengths of cable (characterization length of cable) before cutting to the ship lengths of cable may be applied to the ship lengths.

(v) The bandwidth of the multimode fibers at the −3 dB optical power of the optical fibers within the cable must be within the limits prescribed in the purchase order.

(vi) The test methods used to measure bandwidth must be in accordance with either EIA/TIA–455–30B or EIA/TIA–455–51A.

(3) Numerical aperture (NA) for each multimode optical fiber in the cable must be 0.20±0.015 for the 50/125 micrometer design and 0.275±0.015 for the 62.5/125 micrometer design when measured in accordance with EIA/TIA–455–177A.

(q) *Mechanical requirements*—(1) *Cable bend test.* (i) All cables manufactured in accordance with the requirements of this section must be capable of meeting the following bend test without exhibiting an increase in fiber attenuation greater than 0.10 dB for single mode fibers and 0.40 dB for multimode fibers.

(ii) Measure the attenuation of dispersion-unshifted single mode fibers at 1310±20 and 1550±20 nanometers, dispersion-shifted single mode fibers at 1550±20 nanometers and multimode fibers at 1300 20 nanometers.

(iii) After measuring the attenuation of the optical fibers, test the cable sample in accordance with EIA/TIA–455–37A, Test Condition E, Turns Test Level 3. The following detailed test conditions shall apply:

(A) Section 4.2—Mandrel diameter must be 20 times the cable diameter.

(B) Section 4.5—Measure the attenuation increase of the wound sample at the test temperature and specified wavelengths in accordance with EIA–455–20.

(C) For armored cable, the armor overlap must be on the outside of the bend.

(D) For self-supporting cable, the jacketed support messenger and connection web must be removed prior to testing.

(iv) The cable may be allowed to warm to room temperature before visual inspection. The bent area of the cable must show neither visible evidence of fracture of the jacket nor delamination of the bond at the overlap and to the outer jacket in nonflooded cable. After removal of the jacket, there must be no visible evidence of fracture of the armor, when present, and of the components in the core.

(2) *Cable impact test.* (i) All cables manufactured in accordance with the requirements of this section must be capable of meeting the following impact test without exhibiting an increase in fiber attenuation greater than 0.10 dB for single mode fibers and 0.40 dB for multimode fibers, and without cracking or splitting of the cable jacket.

(ii) Measure the attenuation of the optical fibers in accordance with paragraph (q)(1)(ii) of this section.

(iii) After measuring the attenuation of the optical fibers, test the cable in accordance with EIA/TIA–455–25A.

(3) *Cable compression test.* (i) All cables manufactured in accordance with the requirements of this section must be capable of meeting the following compressive strength test without exhibiting an increase in fiber attenuation greater than 0.10 dB for single mode fibers and 0.4 dB for multimode and without cracking or splitting of the cable jacket when subjected to a minimum compressive load of 440 newtons per centimeter for armored cable and 220 newtons per centimeter for nonarmored cable.

(ii) Measure the attenuation of the optical fibers in accordance with paragraph (q)(1)(ii) of this section.

(iii) After measuring the attenuation of the optical fibers, test the cable in accordance with EIA–455–41 using a rate of 3 millimeters to 20 millimeters per minute and maintaining the load for 10 minutes.

(4) *Cable twist test.* (i) All cables manufactured in accordance with the requirements of this section must be capable of meeting the following twist test without exhibiting an increase in fiber attenuation greater than 0.10 dB for single mode fibers and 0.40 dB for multimode fibers, and without cracking or splitting of the cable jacket.

(ii) Measure the attenuation of the optical fibers in accordance with paragraph (q)(1)(ii) of this section.

(iii) After measuring the attenuation of the optical fibers, test the cable in accordance with EIA/TIA–455–85A, using a maximum cable twisting length of 4 meters.

(5) *Cable flex test.* (i) All cables manufactured in accordance with the requirements of this section must be capable of meeting the following flex test without exhibiting an increase in fiber attenuation greater than 0.10 dB for single mode fibers and 0.40 dB for multimode fibers.

(ii) Measure the attenuation of the optical fibers in accordance with paragraph (q)(1)(ii) of this section.

(iii) After measuring the attenuation of the optical fibers, test the cable in accordance with EIA/TIA–455–104A, Test Conditions I and II, flexed for 25 cycles using a sheave diameter not less than 20 times the cable diameter (Test condition letter B).

(iv) After completion of the test, the bent area of the cable must show neither visible evidence of fracture of the jacket nor delamination of the bond at the overlap and to the outer jacket in nonflooded cable. After removal of the jacket, there must be no visible evidence of fracture of the armor, when present, and of the components in the core.

(6) *Water penetration test.* (i) A one meter length of completed fiber optic cable must be preconditioned for 24 hours at 23±5 °C and then tested in accordance with EIA/TIA–455–82B using a one meter water head over the sample or placed under the equivalent continuous pressure for one hour.

(ii) After the one hour period, there must be no water leakage through the sheath interfaces, under the core wrap, between the cable core interstices or through the fiber buffers.

(iii) If water leakage is detected in the first sample, one additional 3 meter sample from EACH END of the same reel must be tested in accordance with paragraph (q)(6)(i) of this section. If either sample exhibits water leakage, the entire reel of cable is to be rejected. If the samples exhibit no leakage, the entire reel of cable is considered acceptable.

(7) *Compound flow test.* (i) Three 300 millimeter long test samples must be preconditioned for 24 hours at 23±5 °C and then tested in accordance with EIA/TIA–455–81A using a test temperature of 80 ± 1 °C.

(ii) The amount of filling or flooding compounds that flowed or dripped from any of the suspended cable specimens must be less than or equal to 0.5 grams of material. The measurement of an amount greater than 0.5 grams for any of the suspended cable specimens constitutes failure.

(r) *Preconnectorized cable (optional).* (1) At the option of the manufacturer and upon request by the purchaser, the cable may be factory terminated with connectors acceptable to REA.

(2) All connectors must be accepted by REA prior to their use.

(s) *Acceptance testing and extent of testing.* (1) The tests described in Appendix A of this section are intended for acceptance of cable designs and major modifications of accepted designs. What constitutes a major modification is at the discretion of REA. These tests are intended to show the inherent capability of the manufacturer to produce cable products that have satisfactory performance characteristics, long life and long-term optical stability but are not intended as field tests.

(2) For initial acceptance, the manufacturer must submit:

(i) An original signature certification that the product fully complies with each section of the specification:

(ii) Qualification Test Data, per Appendix A of this section;

(iii) A set of instructions for handling the cable;

(iv) OSHA Material Safety Data Sheets for all components;

(v) Agree to periodic plant inspections;

(vi) A certification that the product does or does not comply with the domestic origin manufacturing provisions, of the "Buy American requirements of the Rural Electrification Act of 1938 (52 Stat. 818);

(vii) Written user testimonials concerning field performance of the product; and

(viii) Other nonproprietary data deemed necessary by the Chief, Outside Plant Branch (Telephone).

(3) For requalification acceptance, the manufacturer must submit an original signature certification that the product fully complies with each section of the specification, excluding the Qualification Section, and a certification that the product does or does not comply with the domestic origin manufacturing provisions of the "Buy American" requirements of the Rural Electrification Act of 1938 (52 Stat. 818), for acceptance by September 30 every three years. The required data and certification must have been gathered within 90 days of the submission.

(4) Initial and requalification acceptance requests should be addressed to: Chairman, Technical Standards Committee "A" (Telephone), Telecommunications Standards Division, Rural Electrification Administration, Washington, DC 20250–1500.

(5) *Tests on 100 percent of completed cable.* (i) The armor for each length of cable must be tested for continuity using the procedures of ASTM D 4566–90.

(ii) Attenuation for each optical fiber in the cable must be measured

(iii) Optical discontinuities must be isolated and their location and amplitude recorded.

(6) *Capability tests.* Tests on a quality assurance basis must be made as frequently as is required for each manufacturer to determine and maintain compliance with:

(i) Numerical aperture and bandwidth of multimode fibers;

(ii) Cut off wavelength of single mode fibers;

(iii) Dispersion of single mode fibers;

(iv) Shrinkback and cold testing of loose tube and tight tube buffers;

(v) Adhesion properties of the protective fiber coating;

(vi) Dielectric strength between the armor and the metallic central member;

(vii) Performance requirements for the inner and outer jacketing materials;

(viii) Performance requirements for the filling and flooding compounds;

(ix) Bonding properties of the coated armoring material;

(x) Sequential marking and lettering;

(xi) Cable bend and cable impact tests;

(xii) Water penetration and compound flow tests;

(xiii) Cable twist, cable flex, and cable compression tests; and

(xiv) Performance requirements of support messenger.

(t) *Records of optical and physical tests.* (1) Each manufacturer must maintain suitable summary records for a period of at least 3 years of all optical and physical tests required on completed cable by this section as set forth in paragraphs (s)(5) and (s)(6) of this section. The test data for a particular reel must be in a form that it may be readily available to REA upon request. The optical data must be furnished to the purchaser on a suitable and easily readable form.

(2) Measurements and computed values must be rounded off to the number of places or figures specified for the requirement according to ASTM E 29–90.

(u) *Manufacturing irregularities.* (1) Repairs to the armor, when present, are not permitted in cable supplied to end users under this section.

(2) Minor defects in the inner and outer jacket (defects having a dimension of 3 millimeter or less in any direction) may be repaired by means of heat fusing in accordance with good commercial practices utilizing sheath grade compounds.

(3) Buffer tube repair is permitted only in conjunction with fiber splicing.

(v) *Packaging and preparation for shipment.* (1) The cable must be shipped on reels. The diameter of the drum must be large enough to prevent damage to the cable from reeling and unreeling. The reels must be substantial and so constructed as to prevent damage during shipment and handling.

(2) A circumferential thermal wrap or other means of protection complying with the requirements of Appendix B of this section must be secured between the outer edges of the reel flange to protect the cable against damage during storage and shipment.

(3) Cable manufactured to the requirements of this section must be sealed at the ends to prevent entrance of moisture. The method of sealing must be accepted by REA prior to its use.

(4) The end-of-pull (outer end) of the cable must be securely fastened to prevent the cable from coming loose during transit. The start-of-pull (inner end) of the cable must project through a slot in the flange of the reel, around an inner riser, or into a recess on the reel flange near the drum and fastened in such a way to prevent the cable from becoming loose during installation.

(5) Spikes, staples or other fastening devices must be used in a manner which will not result in penetration of the cable.

(6) The arbor hole must admit a spindle 63.5 millimeters in diameter without binding. Steel arbor hole liners may be used but must be accepted by REA prior to their use.

(7) Each reel must be plainly marked to indicate the direction in which it should be rolled to prevent loosening of the cable on the reel.

(8) Each reel must be stenciled or lettered with the name of the manufacturer.

(9) The following information must be either stenciled on the reel or on a tag firmly attached to the reel:

Optical Cable
Number of Fibers
Armored or Nonarmored
Year of Manufacture
Name of Cable Manufacturer
Length of Cable
Reel Number
REA 7 CFR 1755.900

Example:

Optical Cable
4 fiber
Armored
1988
XYZ Company
1050 meters
Reel Number 3
REA 7 CFR 1755.900

(10) When preconnectorized cable is shipped, the splicing modules must be protected to prevent damage during shipment and handling. The protection method must be accepted by REA prior to its use.

Appendix A to 7 CFR 1755.900 —Qualification Tests Methods

(I) The test procedures described in this appendix are for qualification of initial cable designs and major modifications of accepted designs. Included in (V) of this appendix are suggested formats that may be used in submitting test results to REA.

(II) Sample selection and preparation. (1) All testing must be performed on lengths removed sequentially from any of the same cables listed below. The cables must not have been exposed to temperatures in excess of 38°C since their initial cool downs after sheathing. The lengths specified are minimum lengths and if desirable from a laboratory testing standpoint longer lengths may be used:

(a) 12 single mode fiber jacketed cable consisting of 6 single mode dispersion-unshifted fibers and 6 single mode dispersion-shifted fibers.

(b) 12 multimode fiber jacketed cable consisting of 6 50/125 micrometer multimode fibers and 6 62.5/125 micrometer multimode fibers.

(c) 24 fiber jacketed combination cable consisting of 6 single mode dispersion-unshifted fibers; 6 single mode dispersion-shifted fibers; 6 50/125 micrometer multimode fibers; and 6 62.5/125 micrometer multimode fibers.

(2) Length A shall be a minimum of 500 meters long. Coil the sample with a diameter of 50 to 75 times its sheath diameter. Three lengths are required if only requesting acceptance for either single mode fiber cable (a), multimode fiber cable (b), or using the combination fiber cable (c). Six lengths, 3 lengths of single mode fiber cable (a), and 3 lengths of multimode fiber cable (b), are

required if requesting acceptance for both single mode and multimode fiber cables.

(3) Length B shall be one meter long. Four lengths of either single mode fiber cable (a), multimode fiber cable (b) or the combination fiber cable (c) are required.

(4) Length C shall be 600 millimeters long. Four lengths of either single mode fiber cable (a), multimode fiber cable (b) or the combination fiber cable (c) are required.

(5) Data reference temperature. Unless otherwise specified, all measurement shall be made at 23±5°C.

(III) *Environmental tests*—(1) *Heat aging test.* (a) *Test samples.* Place one or two samples of length A and one sample each of lengths B and C in an oven or environmental chamber. The ends of sample A must exit from the chamber or oven for optical tests. Securely seal the oven exit holes.

(b) *Sequence of tests.* The samples are to be subjected to the following tests after conditioning:

(i) Water Penetration Test outlined in paragraph (III) (2) of this appendix; and

(ii) Jacket Slip Strength Test outlined in paragraph (III) (3) of this appendix. (For Flooded Designs Only)

(c) *Initial measurements.* (i) For sample(s) A measure the attenuation for the single mode dispersion-unshifted fibers at 1310 and 1550 nanometers, for single mode dispersion-shifted fibers at 1550 nanometers and/or for multimode fibers at 1300 nanometers at a temperature of 23±5°C. Also measure the bandwidth of the multimode fibers. Calculate the attenuation data on a per kilometer basis. Calculate the bandwidth data on a megahertz-kilometer (MHz-km) basis.

(ii) Record on suggested formats in (V) of this appendix or on other easily readable formats.

(d) *Heat conditioning.* (i) Immediately after completing the initial measurements, condition the sample(s) for 14 days at a temperature of 65±2°C.

(ii) At the end of this period note any exudation of cable filler. Measure the parameters given in paragraph (III)(1)(c) of this appendix. Record on suggested formats in (V) of this appendix or on other easily readable formats.

(e) *Overall optical deviation.* (i) Calculate the change in all parameters between the final parameters after conditioning with initial parameters in paragraph (III)(1)(c) of this appendix.

(ii) The stability of the optical parameters after completion of this test must be within the following prescribed limits:

(A) *Attenuation.* The attenuation of each multimode fiber must not change by more than 0.3 db/km and the attenuation of each single mode fiber must not change by more than 0.1 dB/km.

(B) *Bandwidth.* The bandwidth of each multimode fiber must not change by more than 15 percent from their original values.

(2) *Water penetration testing.* (a) A watertight closure must be placed over the jacket of length B from paragraph (III)(1)(a) of this appendix. The closure must not be placed over the jacket so tightly that the flow of water through pre-existing voids or air spaces is restricted. The other end of the sample must remain open.

(b) Test per Option A or Option B. (i) *Option A.* Weigh the sample and closure prior to testing. Fill the closure with water and place under a continuous pressure of 10 ± 0.7 kilopascals for one hour. Collect the water leakage from the end of the test sample during the test and weigh to the nearest 0.1 gram. Immediately after the one hour test, seal the ends of the cable with a thin layer of grease and remove all visible water from the closure, being careful not to remove water that penetrated into the core during the test. Reweigh the sample and determine the weight of water that penetrated into the core.

(ii) *Option B.* Fill the closure with a 0.2 gram sodium fluorscein per liter water solution and apply a continuous pressure of 10 ± 0.7 kilopascals for one hour. Catch and weigh any water that leaks from the end of the cable during the one hour period. If no water leaks from the sample, carefully remove the water from the closure. Then carefully remove the outer jacket, armor, if present, inner jacket, if present, and core wrap one at a time, examining with an ultraviolet light source for water penetration. After removal of the core wrap, carefully dissect the core and examine for water penetration within the core. Where water penetration is observed, measure the penetration distance.

(3) *Jacket slip strength test.* (For Flooded Design Only) (a) *Sample selection.* Test sample C from paragraph (III)(1)(a) of this appendix.

(b) *Sample preparation.* Prepare test sample in accordance with the procedures specified in ASTM D 4565–90a.

(c) *Sample conditioning and testing.* Remove the sample from the tensile tester prior to testing and condition for one hour at 50 ± 2°C. Test immediately in accordance with the procedures specified in ASTM D 4565–90a. A minimum jacket slip strength of 67 newtons is required. Record the load attained on the suggested formats in (V) of this appendix or on other easily readable formats.

(4) *Temperature and humidity exposure.* (a) Repeat paragraphs (III)(1)(a) through (III)(1)(c)(ii) of this appendix for separate set of samples A, B and C which have not been subjected to prior environmental conditioning.

(b) Immediately after completing the measurements, expose the test sample to 100 temperature cyclings. Relative humidity within the chamber shall be maintained at 90 ± 2 percent. One cycle consists of beginning at a stabilized chamber and test sample temperature of 52 ± 2°C, increasing the temperature to 57 ± 2°C, allowing the chamber and test samples to stabilize at this level, then dropping the temperature back to 52 ± 2°C.

(c) Repeat paragraphs (III)(1)(d)(ii) through (III)(3)(c) of this appendix.

(5) *Temperature cycling.* (a) Repeat paragraphs (III)(1)(a) through (III)(1)(c)(ii) of this appendix for separate set of samples A, B, and C which have not been subjected to prior environmental conditioning.

(b) Immediately after completing the measurements, subject the test sample to 10 cycles of temperature between −40°C and +60°C. The test sample must be held at each temperature extreme for a minimum of 1½ hours during each cycle of temperature. The air within the temperature cycling chamber must be circulated throughout the duration of the cycling.

(c) Repeat paragraphs (III)(1)(d)(ii) through (III)(3)(c) of this appendix.

(IV) *Control sample*—(a) *Test samples.* A separate set of lengths B and C must have been maintained at 23 ± 5°C for at least 48 hours before the testing.

(b) Repeat paragraphs (III)(2) through (III)(3)(c) of this appendix for these samples.

(V) The following suggested formats may be used in submitting the test results to REA:

HEAT AGING TEST—SINGLE MODE CABLE

Fiber No.	Attenuation—1310 nm dB/km			Attenuation—1550 nm dB/km		
	Initial	Final	Change	Initial	Final	Change
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

HEAT AGING TEST—MULTIMODE CABLE

Fiber No.	Attenuation—1300 nm dB/km			Bandwidth dB/km		
	Initial	Final	Change	Initial	Final	Change (%)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

HEAT AGING TEST—COMBINATION CABLE

Fiber No.	Attenuation—1310 nm dB/km			Attenuation—1550 nm dB/km			Bandwidth MHz-km		
	Initial	Final	Change	Initial	Final	Change	Initial	Final	Change (%)
1									
2									
3									
4									
5									
6									

HEAT AGING TEST—COMBINATION CABLE—Continued

Fiber No.	Attenuation—1310 nm dB/km			Attenuation—1550 nm dB/km			Bandwidth MHz-km		
	Initial	Final	Change	Initial	Final	Change	Initial	Final	Change (%)
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									

TEMPERATURE/HUMIDITY TEST—SINGLE MODE CABLE

Fiber No.	Attenuation—1310 nm dB/km			Attenuation—1550 nm dB/km		
	Initial	Final	Change	Initial	Final	Change
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

TEMPERATURE/HUMIDITY TEST—MULTIMODE CABLE

Fiber No.	Attenuation—1300 nm dB/km			Bandwidth MHz-km		
	Initial	Final	Change	Initial	Final	Change
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

TEMPERATURE/HUMIDITY TEST—COMBINATION CABLE

Fiber No.	Attenuation—1310 nm dB/km			Attenuation—1550 nm dB/km			Bandwidth MHz-km		
	Initial	Final	Change	Initial	Final	Change	Initial	Final	Change (%)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									

TEMPERATURE/HUMIDITY TEST—COMBINATION CABLE—Continued

Fiber No.	Attenuation—1310 nm dB/km			Attenuation—1550 nm dB/km			Bandwidth MHz-km		
	Initial	Final	Change	Initial	Final	Change	Initial	Final	Change (%)
23									
24									

TEMPERATURE CYCLING TEST—SINGLE MODE CABLE

Fiber No.	Attenuation—1310 nm dB/km			Attenuation—1550 nm dB/km		
	Initial	Final	Change	Initial	Final	Change
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

TEMPERATURE CYCLING—MULTIMODE CABLE

Fiber No.	Attenuation—1300 nm dB/km			Bandwidth MHz–km		
	Initial	Final	Change	Initial	Final	Change (%)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

TEMPERATURE CYCLING TEST COMBINATION CABLE

Fiber No.	Attenuation—1310 nm dB/km			Attenuation—1550 nm dB/km			Bandwidth MHz-km		
	Initial	Final	Change	Initial	Final	Change	Initial	Final	Change (%)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									

WATER PENETRATION TEST

	Option A		Option B	
	End leakage grams	Weight gain grams	End leakage grams	Penetration millimeters
Control				
Heat Age				
Humidity Exposure				
Temperature Cycling				

JACKET SLIP STRENGTH @ 50°C

	Load in Newtons
Control	
Heat Age	
Humidity Exposure	
Temperature Cycling	
	Filler Exudation (grams)
Heat Age	
Humidity Exposure	
Temperature Cycle	

Appendix B to 7 CFR 1755.900—Thermal Reel Wrap Qualification

(I) The test procedures described in this appendix are only for qualification of initial and subsequent changes in thermal reel wraps.

(II) *Sample selection.* All testing must be performed on two 450 millimeter lengths of cable removed sequentially from the same fiber jacketed cable. This cable must not have been exposed to temperatures in excess of 38 °C since its initial cool down after sheathing.

(III) *Test procedure.* (1) Place the two samples on an insulating material such as wood.

(2) Tape thermocouples to the jackets of each sample to measure the jacket temperature.

(3) Cover one sample with the thermal reel wrap.

(4) Expose the samples to a radiant heat source capable of heating the uncovered jacket sample to a minimum of 71 °C. A GE 600 watt photoflood lamp or an equivalent lamp having the light spectrum approximately that of the sun shall be used.

(5) The height of the lamp above the jacket shall be 380 millimeters or an equivalent height that produces the 71 °C jacket temperature on the unwrapped sample shall be used.

(6) After the samples have stabilized at the temperature, the jacket temperatures of the samples shall be recorded after one hour of exposure to the heat source.

(7) Compute the temperature difference between jackets.

(8) For the thermal reel wrap to be acceptable to REA, the temperature difference between the jacket with the thermal reel wrap and the jacket without the reel wrap shall be greater than or equal to 17 °C.

Dated: June 2, 1994.

Bob J. Nash,

Under Secretary, Small Community and Rural Development.

[FR Doc. 94–14104 Filed 7–1–94; 8:45 am]

BILLING CODE 3410–15–P

Animal and Plant Health Inspection Service

9 CFR Part 92

[Docket No. 93–137–2]

Importation of Ratites and Hatching Eggs of Ratites

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Notice of reopening and extension of comment period.

SUMMARY: We are reopening and extending the comment period for our interim rule that required specified identification and recordkeeping for ratites and ratite hatching eggs that are intended for importation into the United States. This extension will provide interested persons with additional time in which to prepare comments on the interim rule.

DATES: Consideration will be given only to written comments on Docket No. 93–137–1 that are received on or before July 20, 1994.

ADDRESSES: Please send an original and three copies of your comments to Chief, Regulatory Analysis and Development, PPD, APHIS, USDA, room 804, Federal Building, 6505 Belcrest Road, Hyattsville, MD 20782. Please state that your comments refer to Docket No. 93–137–1. Comments received may be inspected at USDA, room 1141, South Building, 14th Street and Independence Avenue SW., Washington, DC, between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays. Persons wishing to inspect comments are requested to call ahead on (202) 690–2817 to facilitate entry into the comment reading room.

FOR FURTHER INFORMATION CONTACT: Dr. Keith Hand, Senior Staff Veterinarian, Import-Export Animals Staff, National Center for Import-Export, Veterinary Services, APHIS, USDA, room 768, Federal Building, 6505 Belcrest Road, Hyattsville, MD 20782, (301) 436–5907.

SUPPLEMENTARY INFORMATION: On March 8, 1994, we published in the **Federal Register** (59 FR 10729–10734, Docket No. 93–137–1) an interim rule that amended the animal import regulations in 9 CFR part 92 by requiring that specified identification and recordkeeping requirements be met in the country of export for ratites and ratite hatching eggs intended for importation into the United States. Comments on the interim rule were required to be received on or before May 9, 1994.

So that we may consider comments received after that date, we are extending and reopening the public comment period until 15 days after publication of this notice. During this period, other interested persons may also submit their comments for our consideration. Therefore, in this document, we are reopening and extending the comment period on Docket No. 93–137–1, so that we may consider all written comments received on or before July 20, 1994.

Authority: 7 U.S.C. 1622, 19 U.S.C. 1306; 21 U.S.C. 102–105, 111, 114a, 134a, 134b, 134c, 134d, 134f, 135, 136, and 136a; 31 U.S.C. 9701; 7 CFR 2.17, 2.51, and 371.2(d).

Done in Washington, DC, this 29th day of June 1994.

Lonnie J. King,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 94–16201 Filed 7–1–94; 8:45 am]

BILLING CODE 3410–34–P

Food Safety and Inspection Service

9 CFR Chapter III

[Docket No. 94–019N]

Use of Direct Final Rulemaking

AGENCY: Food Safety and Inspection Service.

ACTION: Policy statement.

SUMMARY: The Food Safety and Inspection Service is implementing a new rulemaking procedure to expedite noncontroversial changes to its regulations. Rules that the agency judges to be noncontroversial and unlikely to result in adverse comments will be published as "direct final" rules. "Adverse comments" are comments that suggest that a rule should not be adopted or suggest that a change should be made to the rule. Each direct final rule will advise the public that no adverse comments are anticipated and that unless written adverse comments or written notice of intent to submit adverse comments are received within 30 days, the revision made by the rule will be effective 60 days from the date the direct final rule is published in the **Federal Register**. This new policy should expedite the promulgation of routine or otherwise noncontroversial rules by reducing the time that would be required to develop, review, clear, and publish separate proposed and final rules.

FOR FURTHER INFORMATION CONTACT: Paula M. Cohen, Director, Regulations Development, Policy, Evaluation and Planning Staff, Room 3812 South Agriculture Building, 14th and Independence Avenue SW., Washington, DC 20250–3700; (202) 720–7164.

SUPPLEMENTARY INFORMATION: The Food Safety and Inspection Service (FSIS) is committed to improving the efficiency of our regulatory process. As such, we plan to adopt the rulemaking technique known as "direct final rulemaking," which will be used to promulgate some of FSIS' rules.

The Direct Final Rule Process

Rules that FSIS judges to be noncontroversial and unlikely to generate adverse comments will be published as direct final rules. Such direct final rules will advise the public that no adverse comments are anticipated and that unless written adverse comments or written notice of intent to submit adverse comments are received within 30 days, the revision made by the rule will be effective 60 days from the date the direct final rule is published in the **Federal Register**.

"Adverse comments" are comments that suggest that the rule should not be adopted or that a change should be made to the rule. A comment expressing support for the rule as published would not be considered adverse. Also, a comment suggesting that requirements in the rule should, or should not, be employed by FSIS in programs or situations outside the scope of the direct final rule would not be considered adverse.

In accordance with the rulemaking provisions of the Administrative Procedure Act (5 U.S.C. 553), this procedure gives the public general notice of FSIS' intent to revise or adopt a new rule and gives interested persons an opportunity to participate in the rulemaking through submission of comments. The major feature of direct final rulemaking is that if FSIS receives no written adverse comments within 30 days of the publication of a direct final rule or any written notice of intent to submit adverse comments, the rule will become effective without the need to publish a separate final rule. However,

FSIS will publish notice in the **Federal Register** stating that no written adverse comments and no written notice of intent to submit adverse comments were received regarding the direct final rule, and confirming that the direct final rule is effective on the date stated in the direct final rule.

If FSIS receives written adverse comments or written notice of intent to submit adverse comments within 30 days of the publication of a direct final rule, FSIS will publish in the **Federal Register** a notice of withdrawal of the direct final rule. If FSIS intends to proceed with the rulemaking, the direct final rule will be republished as a proposed rule, and we will proceed through the normal notice-and-comment rulemaking procedures.

Determining When To Use Direct Final Rulemaking

Not all FSIS rules are good candidates for direct final rulemaking. We intend to use the direct final procedure only for rules that we consider noncontroversial and unlikely to generate adverse comments. The decision to use direct final rulemaking for particular situations will be based on FSIS' experience with similar rules.

Done in Washington, DC., on June 27, 1994.

William J. Hudnall,

Acting Administrator.

[FR Doc. 94–16109 Filed 7–1–94; 8:45 am]

BILLING CODE 3410–DM–P

COMMODITY FUTURES TRADING COMMISSION

17 CFR Parts 1, 33, and 190

Risk Disclosure by Futures Commission Merchants, Introducing Brokers, Commodity Pool Operators and Commodity Trading Advisors to Customers; Bankruptcy Disclosure

AGENCY: Commodity Futures Trading Commission.

ACTION: Final rules.

SUMMARY: The Commodity Futures Trading Commission (Commission or CFTC) is amending its rules to permit registrants to deliver to customers a generic risk disclosure statement which will satisfy risk disclosure requirements applicable to domestic and foreign commodity futures and commodity option transactions subject to regulation by the Commission. The Commission also is permitting such statement to substitute for the special disclosure requirement related to futures-style margining of the options premium permitted on certain foreign exchanges. The generic statement may be used by firms subject to CFTC jurisdiction in lieu of the separate disclosure statements that will continue to be authorized by Commission rules. The statement, which was developed in cooperation with various international regulators, also is intended to satisfy the risk disclosure requirements of certain foreign jurisdictions who have implemented the language of this proposed risk disclosure statement in their jurisdictions in accordance with their domestic law.

EFFECTIVE DATE: July 5, 1994.

FOR FURTHER INFORMATION CONTACT: Jane C. Kang, Esq., or Robert H. Rosenfeld, Esq., Division of Trading and Markets, Commodity Futures Trading Commission, 2033 K Street, NW., Washington, DC 20581; telephone (202) 254–8955.

SUPPLEMENTARY INFORMATION:

Background

On March 30, 1993, the Commodity Futures Trading Commission (Commission) approved for publication in the **Federal Register** amendments to its rules 1.55, 30.6, 33.7, 180.3, 190.06 and 190.10.[1] Among other things, the rule amendments consolidated the foreign futures and foreign commodity options risk disclosure statement required by rule 30.6 with the domestic futures risk disclosure statement required by rule 1.55.

In addition, rule 1.55 was amended to provide in paragraph (c) that the Commission may approve for use in lieu of the prescribed rule 1.55 disclosure statement a risk disclosure statement approved by one or more foreign regulatory agencies or self-regulatory organizations if the Commission determines that such statement is reasonably calculated to provide the disclosures specified by rule 1.55. Rule 1.55(c) was adopted by the Commission to permit firms doing multinational business to use the same risk disclosure statement for foreign and U.S.-based business, thereby reducing duplicative disclosure requirements without sacrificing important customer protections or obscuring any special risks of trading outside the U.S.[2]

Although initially addressed to the approval of the individual disclosure statements of a particular jurisdiction, the Commission in proposing the amendments to, among others, rule 1.55, stated that the rule contemplates a mechanism for eventually substituting a uniform disclosure format, accepted internationally, that could be used on a general basis and supplemented as warranted for particular kinds of transactions or special markets.[3]

The Commission also noted that it was considering development of a "plain language" option disclosure statement and requested comment concerning the desirability of developing a simpler options disclosure statement and other possible improvements.[4] Generally, the commenters who addressed this issue supported the development of a plain language generic options risk disclosure statement and also encouraged the Commission to consider incorporating the required options disclosure into the revised rule 1.55 statement. However, the Commission deferred taking such action pending the outcome of international efforts to develop a consolidated futures and options statement.[5]

In this connection, the Commission stated that certain international regulators were endeavoring to develop a single risk disclosure statement that would be acceptable in multiple jurisdictions for domestic and cross-border transactions in futures and options and stated that:[6]

> The Commission is monitoring developments in this area and anticipates that if a universal statement of this nature is developed, it will consider permitting the use of such a statement in lieu of the new consolidated rule 1.55 risk disclosure statement as well as the options disclosure statement required by rule 33.7.

On January 5, 1994, the Commission approved for publication in the Federal **Register** an advance notice of proposed rulemaking which requested comment on the text of a two-page generic risk disclosure statement then the subject of multilateral discussions among international regulators.[7] The proposed text was intended to meet the risk disclosure requirements for both domestic and foreign commodity futures and commodity option products subject

[1] 58 FR 17495 (April 5, 1993). On May 5, 1994, the Commission also proposed substantial revisions to the disclosure framework applicable to commodity pool operators (CPOs) and commodity trading advisors (CTAs) designed to achieve greater simplicity, focus and clarity in performance history presentation, streamlining other required disclosures and a more concise and readable format for disclosure documents. 59 FR 25351 (May 16, 1994). If adopted, these changes would substitute Part 4 disclosure for rule 1.55 disclosure in certain cases.

[2] *See* 57 FR 46101, 46103 (October 7, 1992).

[3] 57 FR 46101, 46103–46104 (October 7, 1992).

[4] 57 FR 46101, 46108 (October 7, 1992).

[5] 58 FR 17495, 17502 (April 5, 1993).

[6] 58 FR 17495, 17497 (April 5, 1993).

[7] 59 FR 1506, 1508 (January 11, 1994).

to regulation by the CFTC and thereby substitute for the statements required by rules 1.55, 33.7 and 190.10 as well as the special disclosures related to futures-style margining of options permitted on certain foreign exchanges.[8]

Comments on Advance Notice and Related Text Modifications

The Commission received comments from the National Futures Association (NFA), the Futures Industry Association (FIA), the Chicago Mercantile Exchange (CME), the Business Law Section of the American Bar Association (ABA), and Schulte Roth & Zabel (SRZ), a law firm. All commenters generally supported the Commission's proposal for a broader consolidated risk disclosure statement. The commenters particularly supported substituting the generic risk disclosure statement for the current rule 33.7 statement for domestic exchange-traded commodity options. The commenters generally believed that consolidation of risk disclosure statements into one concise document could increase the clarity of generic disclosure to customers and make the disclosure statement a more effective customer protection mechanism by focusing customers' attention on particular risks and upon obtaining adequate information on risks.

In response to the Commission's query whether use of the generic statement should be made mandatory or discretionary, and whether any distinctions should be made with respect to the type of firm that should be permitted to use the generic statement, commenters urged the Commission not to eliminate the current risk disclosure statement(s) but rather to permit firms to choose which disclosure statement(s) to provide to customers. For example, firms may not wish to redesign and reprint disclosure statements.

The Commission, therefore, agrees that all firms (without regard to whether the firms engage in cross-border business) should have the flexibility to determine whether they distribute to customers the new generic disclosure statement or the existing separate risk disclosure statements referred to above.

Several commenters stated that the section on electronic execution systems needed clarification. Specifically, as published in the advance notice, paragraph 11 of the generic statement on electronic trading referred to the possibility that losses resulting from systems failure may be subject to limitations on liability. Commenters noted that liability limitations are not unique to electronic trade execution systems and may have the unintended implication that such systems are less safe than floor-based systems. They recommended that this language appear in the section on trading facilities (paragraph 10), which applies to all trading systems (floor and electronic). The Commission agrees that both floor and electronic trading venues are supported by systems for which certain types of features are beyond the control of the exchange and that liability limitations may apply to such features. As a consequence it believes that the foregoing alteration of the text is appropriate and is more satisfactory to the international regulators who are considering adoption of the generic risk disclosure statement, some of which only have electronic systems.[9] The Commission therefore has amended the language accordingly.

The advance notice of proposed rulemaking on the generic risk disclosure statement noted that an additional topic addressed in the generic statement was the risks of off-exchange trading. In particular, the informational working group drafting the generic statement concluded that such a provision, if worded appropriately, would not mislead or confuse customers in those jurisdictions which, for example, do not permit retail customers to participate in off-exchange markets. Although the Commission received no comments on this provision, in view of current public discussions related to over-the-counter derivatives, the Commission has decided to add the words "and attendant risks" at the end of paragraph 12 to enhance relevant disclosure in this regard. The Commission notes in this regard that the generic risk statement is intended to cause a customer to ask additional questions of its broker.

Some commenters raised concerns as to the reference in paragraph 1 of the proposed disclosure statement regarding the time frame for meeting margin calls. They believed the reference could be construed as overriding the terms set forth in a customer account agreement between the firm and its customer. The Commission wishes to clarify that the language of the generic risk disclosure statement is not intended to modify the terms and conditions of a firm's customer account agreement concerning the timing of margin payments (provided that these are consistent with the Commodity Exchange Act (CEA)) but to call to the customer's attention generally that failure to post margin can have significant consequences.

One commenter suggested that in order to alleviate the paperwork burden on registrants, the Commission should not require inclusion in the risk disclosure statement that is delivered to customers the Addendum that sets forth the participating jurisdictions which have adopted the generic statement and the products for which the statement may be used. Although the Commission believes that the Addendum is necessary to enable firms to ensure that use of the generic statement for a particular product is in compliance with the applicable risk disclosure requirements of various jurisdictions, the Addendum ordinarily should not be necessary for customers who should receive additional or different disclosure if the generic statement is not accepted by a particular jurisdiction or for a particular product.[10] Otherwise, although the Commission intends to publish, amend and update, as appropriate, the Addendum to the generic risk disclosure statement, the Commission agrees that apart from the limitations on its use in the U.S. to futures, options on futures and options on commodities, the Addendum listing participating jurisdictions need not be made part of the disclosure document itself. Firms may, however, elect to include the Addendum as long as it appears on a separate page after the actual risk disclosure text.

In its advance notice, the Commission noted that the elimination of a Commission mandated description of options trading and other educational material from the mandated risk

[8] *See, e.g.*, CFTC Advisory No. 90–1 [1987–1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶24,597 (disclosure statement relating to the deferred payment of option premiums, superseding separate disclosure addenda required by orders concerning the London International Financial Futures Exchange (54 FR 37636 (September 12, 1989)), the International Petroleum Exchange (54 FR 50356 (December 6, 1989)), and the London Futures and Options Exchange (renamed as the London Commodity Exchange) (54 FR 50348 (December 6, 1989)); and 55 FR 14238 (April 17, 1990) (Sydney Futures Exchange). The text of the generic risk disclosure statement regarding futures-style margining of the options premium is substantially similar to the language of the addenda referred to above.

[9] The international regulators currently prepared to permit the use of the generic risk disclosure statement in their jurisdictions and the products for which the statement may be used are specified in the Addendum to the statement. The Commission intends to update and amend the list periodically, as appropriate, in the **Federal Register**. In addition, the Commission notes that notwithstanding the adoption of the generic risk disclosure statement by a foreign jurisdiction, other disclosure requirements may continue in effect in such jurisdictions.

[10] It is, however, important in the U.S. that there be no possible confusion as to what disclosure is required for options on equities, which are governed by U.S. securities laws. In order to be used in the U.S., therefore, the Addendum must reflect the products for which use of the generic risk disclosure statement is permitted.

disclosure statement does not mean that firms do not have the obligation to provide all material disclosures consistent with the product traded and level of experience, sophistication and financial capacity of customers in compliance with Commission and NFA rules.[11] One commenter believed that the streamlined disclosure statement was sufficient and that if the Commission believes that additional disclosures are necessary that it provide specific guidance on this issue.

As discussed by the Commission when it adopted rule 1.55(d) (currently rule 1.55(f)), the obligations of a futures commission merchant (FCM) and introducing broker (IB) to disclose material information to customers arise under the CEA and other applicable law. The Commission further noted that the essential purpose of the rule was to confirm the existing obligations of an FCM or IB under the law and to make clear that distribution of a standard disclosure statement was not intended to alter those obligations.[12]

Because the nature and extent of the disclosure which an FCM or IB may be required to make to a customer necessarily must depend on the facts and circumstances of the particular transaction and also on the precise nature of the FCM's or IB's relationship to the customer, any attempt by the Commission to enumerate the precise scope and form of disclosure for all conceivable customer relationships, products and trading strategies would be difficult to accomplish and would diminish the impact of the generic statement which is intended to highlight the significant risks of futures and options trading and the areas where customers should seek additional particularized information.[13] These considerations continue to apply to the current rulemaking, which is intended to consolidate and improve the mandated disclosure process. Accordingly, nothing in the current rulemaking should be construed as reducing the existing obligation to make all disclosures required under applicable law.

Finally, one commenter suggested that the acknowledgement requirement should be eliminated with respect to sophisticated investors. The CFTC has determined not to address this matter at this time.

Procedure—Final Rule Amendments

When the Commission issued its advance notice concerning the proposed text of a generic disclosure statement that could be adopted by several jurisdictions regulating futures and options transactions, the Commission contemplated that a further comment process could be necessary. However, for the reasons noted below, the Commission believes that a complete rulemaking record has been compiled and that further proposal of the text of the generic risk disclosure statement is unnecessary.

Public comments received on the advance notice were unanimous in recommending the adoption of the generic risk disclosure statement (subject to minor revision), including substituting the proposed generic statement for the rule 33.7 statement for domestic exchange-traded commodity options and the statement required by rule 190.10 for non-cash deposits as margin.[14] Second, the Commission received comment on the generic risk disclosure proposal in connection with the recent amendments consolidating rules 1.55 and 30.6, which contemplated Commission approval of the substitution of a document which can be used in multiple jurisdictions.[15] Third, as provided herein, the use of the generic risk disclosure is not mandatory, *i.e.*, the language *may* be used but is not required to be substituted for the statements now required by rules 1.55, 33.7 and 190.10(c) and other disclosure requirements set forth in the advance notice.

Accordingly, the final rules amend §§ 1.55(c), 33.7 and 190.10(c) to incorporate text which permits registrants to satisfy the requirements of rules 1.55, 33.7 and 190.10(c) by substituting the generic risk disclosure statement as set forth below, which will be published in a new appendix to part 1 of the Commission's regulations. The Commission also clarifies herein that the generic risk disclosure statement may be used in lieu of the special disclosure addendum to rule 33.7 in connection with transactions on certain foreign exchanges which do not collect the full option premium.

Effect of Alternate Disclosure Statement

The Commission is hereby permitting the generic risk disclosure statement set forth herein in appendix A to rule 1.55(c) to be used in lieu of the statements required by rules 1.55 (which incorporates the risk-disclosure contained in Commission rule 30.6 for foreign futures and foreign commodity options), rule 33.7 (domestic exchange-traded commodity options) and the special bankruptcy disclosures of Commission rule 190.10(c) related to the acceptance of non-cash margin.

The approval of the generic risk disclosure statement is not intended to alter disclosure requirements other than those specifically addressed. For example, the disclosure statement would be required to be delivered prior to the opening of the account and the acknowledgement and manner of delivery of the disclosure statement (*i.e.*, as a separate written statement or in a booklet) would not be altered. The Commission also would not change the requirement that compliance with requirements related to providing customers with risk disclosure statements does not relieve an FCM or IB from any other disclosure obligation it may have under applicable law.[16] Similarly, the single signature acknowledgment procedure contained in rule 1.55(d) would continue to apply[17] as will the amendment to CFTC rule 190.10(c) eliminating the requirement that the prescribed

[11] 59 FR 1506, 1507 (January 11, 1994), *citing* Commission rule 1.55(f), which provides that: "This section [requiring distribution of a risk disclosure statement] does not relieve a futures commission merchant or introducing broker from any other disclosure obligation it may have under applicable law." *See also* NFA Compliance Rule 2–30 ("know your customer" rule).

[12] See 50 FR 5380 (February 8, 1985).

[13] The extent of these obligations is constantly being defined on a case-by-case basis in administrative and reparations proceedings and civil actions. Further, the language of the generic risk disclosure statement specifically directs the customer to elicit further information from the broker on certain issues.

[14] 59 FR 1506, 1508 (January 11, 1994). In addition to expressly inviting public comment on the draft text of the generic risk disclosure statement to substitute for current disclosures contained in rules 1.55, 33.7, 190.10 and Commission orders and Advisories regarding disclosures related to futures-style margining of options premium allowed by certain foreign exchanges, the Commission also requested comment on whether the statement would be most useful if made mandatory and whether its use should be limited to firms doing cross-border business or more broadly.

[15] 58 FR 17495, 17497 (April 5, 1993); 57 FR 46101, 46103 (October 7, 1992).

[16] In addition to clarifying that firms have an obligation to disclose all material facts, the Commission also wishes to clarify that firms must comply with the disclosure obligations imposed by other regulatory authorities, U.S. or foreign.

[17] The Commission wishes to reiterate that the single signature acknowledgment format may *not* generally be used for the endorsements required by rule 180.3 with respect to arbitration and other dispute resolution agreements *except* with respect to Qualified Eligible Participants (QEPs) as defined in rule 4.7(a)(1)(ii) and for certain persons or entities specifically within the scope of rule 4.5(a). *See* rule 180.3(b)(2) (as amended by 58 FR 17495 (April 5, 1993)). Nor would the single acknowledgment affect the obligation of an FCM or IB to obtain, by instrument separate and apart from the customer agreement, a customer's consent that the FCM may knowingly take the other side of a customer's order, or to transfer funds from a customer's segregated account to an account that is not segregated. *See* discussion in 58 FR 17495, 17499 (April 5, 1993).

disclosure concerning the treatment of non-cash margin in FCM bankruptcies be acknowledged.[18]

The distribution of the generic risk disclosure statement also could substitute for the special disclosure requirements related to futures-style margining of option premiums permitted on certain foreign exchanges.

The generic risk disclosure statement would not, however, alter the separate disclosure requirements concerning electronic trading systems or trading linkages between domestic and foreign futures exchanges that may be mandated by U.S. self-regulatory organizations.[19]

Finally, the Commission notes that if a firm elects to use the generic risk disclosure statement rather than the statement required by rule 190.10(c), and uses a separate subordination agreement required by Financial and Segregation Interpretation No. 12—"Deposit of Customer Funds in Foreign Depositories" for customers depositing margin in foreign depositories,[20] that statement must be separately acknowledged.[21] A separate signature also would continue to be necessary where subordination or similar consent to contractual modification of certain rights is required for other purposes, such as for participation in cross-margining programs.[22]

Separate Statement

In its previous revision of rule 1.55, the Commission included an amendment intended to clarify that the prescribed risk disclosure statement may be provided as a physically separate document or in a booklet containing other commodity interest account materials, as long as the rule 1.55 risk disclosure statement appears as the cover page or the first page, and is the only material on such page, by which it means the page immediately following the cover page.

As the generic statement requires approximately two pages of printed text, the statement may appear on more than one page, provided that it is the only text that appears on those pages.

Application to Rule 30.3 and 30.10 Orders

After the effective date of these rule amendments, all firms operating pursuant to confirmed rule 30.10 relief,[23] and firms complying with the terms of an outstanding order under rule 30.3 may elect to use the generic risk disclosure statement or the risk disclosure statements mandated by rules 1.55 and 33.7 and applicable Commission orders, as appropriate.[24]

Timetable for Implementation

Under the most recent disclosure revisions, the Commission stated that firms would be permitted to use existing disclosure statements (*i.e.*, either separate rule 1.55, 30.6, 33.7 and 190.10(c) documents) up to and including July 1, 1994.[25]

Although the Commission intends for the current rulemaking to take effect upon the publication of this **Federal Register** release, the Commission is permitting firms for a period not to exceed sixty days after the date herein to continue to use the separate statements contained in rules 1.55 and 30.6.

Accordingly, after the date herein, firms may use either the new generic risk disclosure statement or the revised rule 1.55 risk disclosure statement (which incorporates the rule 30.6 disclosure statement) or, for a period not to exceed sixty days after the effective date of this **Federal Register** release, the separate rule 1.55 and rule 30.6 risk disclosure statements to comply with relevant risk disclosure obligations.[26]

Amendment of CFR

A. Paperwork Reduction Act

The Paperwork Reduction Act of 1980 (PRA), 44 U.S.C. 3501 *et seq.*, imposes certain requirements on federal agencies (including the Commission) in connection with their conducting or sponsoring any collection of information as defined by the Paperwork Reduction Act. The amendments to rules 1.55, 33.7 and 190.10 do not change the burdens associated with those rules. The groups of rules of which they are a part have the following burdens:

Rule 33.7—(3038–0007)
- Average Burden Hours Per Response—50.32
- Number of Respondents—190,197
- Frequency of Response—Occasionally

Rule 190.10—(3038–0021)
- Average Burden Hours—0.35
- Number of Respondents—802
- Frequency of Response—Occasionally
- No additional burden is associated with the amendments to rules 33.7 and 190.10.

The burden associated with the group which encompasses rules 1.55, 180.3 and rule 1.65 is:

Rules 1.55, 180.3 and 1.65—(3038–0022)
- Average Burden Hours Per Response—613.26
- Number of Respondents—4295
- Frequency of Response—Occasionally

No additional burden is associated with the amendments to rule 1.55.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), 5 U.S.C. § 601 *et seq.*, requires that agencies, in proposing rules, consider the impact of these rules on small business. In this connection, the Commission previously has determined that FCMs and Commodity Pool Operators should not be considered small entities for purposes of the RFA.[27] With respect to IBs and Commodity Trading Advisors (CTAs), the Commission has stated that it would evaluate within the context of each proposal whether all or some IBs and CTAs should be considered small entities, and if so, that it would analyze the economic impact on them of any rule.[28] Because the proposed amendments to the Commission rules discussed herein will not result in any significant additional burdens to the above mentioned registrants and may in practice result in a reduction of certain

[18] The Commission notes that the generic statement discloses more clearly than the statement in CFTC rule 190.10(c) that cash and non-cash margin may be subject to the same treatment in the event of a firm bankruptcy.

[19] *See* 58 FR 17495, 17496, n.7 (April 5, 1993) *citing*, for example, NFA Compliance Rule 2–28, CME rule 874 and Commodity Exchange Inc. rule 5.14 (addressing risk disclosure requirements applicable to foreign futures and options as a result of trading linkages between domestic and foreign exchanges). *See also* CME rule 577 and Chicago Board of Trade rule 9A.20 which address the risk disclosure requirements applicable to users of GLOBEX, and New York Mercantile Exchange rule 6.22 which addresses the risk disclosure requirements applicable to the users of the ACCESS electronic trading system.

[20] *See* 53 FR 46911 (November 21, 1988). The Commission stated that the subordination agreement discussed in Financial and Segregation Interpretation No. 12 may be incorporated into the rule 190.10(c) bankruptcy disclosure document or separately executed. *Id.* at 46913–46914.

[21] Separate acknowledgement of the rule 190.10(c)(2) disclosure statement in this context is a substitute for execution of a separate subordination agreement.

[22] *Id.*, *citing* "Financial and Segregation Interpretation No. 12."

[23] Firms operating pursuant to Commission rule 30.10 relief had been permitted to comply with the risk disclosure requirements set forth in the relevant Commission orders, *i.e.*, they could continue to use the text of rule 30.6 as published prior to the 1993 revisions to Commission rules 1.55 and 30.6 (which incorporated the rule 30.6 disclosures for foreign futures into the rule 1.55 disclosures for domestic futures) (*see* 58 FR 17496 (April 5, 1993)).

[24] *See, e.g.*, CFTC Advisory No. 90–1 [1987–1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶24,597 (disclosure statement relating to the deferred payment of option premiums for options).

[25] *See* 58 FR 17495, 17497 (April 5, 1993).

[26] *See* no action letter of the CFTC's Division of Trading and Markets dated June 8, 1994 regarding the July 1, 1994 effective date of the revised rule 1.55 risk disclosure statement.

[27] 47 FR 18618 (April 30, 1982).

[28] *Id.* (CTAs) and 48 FR 35248, 35276 (August 3, 1983) (IBs).

existing burdens, the Commission believes that the proposed rule amendments will not have a significant economic impact on such entities. Therefore, pursuant to section 3(a) of the RFA, 5 U.S.C. § 605(b), the Acting Chairman of the Commission certifies that these proposed rule amendments will not have a significant economic impact on a substantial number of small entities.

List of Subjects

17 CFR Part 1

Commodity futures, Domestic exchange-traded commodity option transactions.

17 CFR Part 33

Commodity futures, Domestic exchange-traded commodity option transactions.

17 CFR Part 190

Bankruptcy.

In consideration of the foregoing and pursuant to the authority contained in the Commodity Exchange Act, and in particular, sections 2(a)(1), 4b, 4d, 4f and 8a of the Act, as amended, 7 U.S.C. 2, 6b, 6d, 6f and 12a, the Commission hereby amends Chapter I of Title 17 of the Code of Federal Regulations as follows:

PART 1—GENERAL REGULATIONS UNDER THE COMMODITY EXCHANGE ACT

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

Authority: 7 U.S.C. 1a, 2, 2a, 4, 4a, 6, 6a, 6b, 6c, 6d, 6e, 6f, 6g, 6h, 6i, 6j, 6k, 6l, 6m, 6n, 6o, 6p, 7, 7a, 7b, 8, 9, 12, 12a, 12c, 13a, 13a-1, 16, 16a, 19, 21, 23 and 24.

2. Section 1.55 is amended by revising paragraph (c) and by adding a new Appendix A to read as follows:

§ 1.55 Distribution of "Risk Disclosure Statement" by futures commission merchants and introducing brokers.

* * * * *

(c) The Commission may approve for use in lieu of the risk disclosure document required by paragraph (b) of this section a risk disclosure statement approved by one or more foreign regulatory agencies or self-regulatory organizations if the Commission determines that such risk disclosure statement is reasonably calculated to provide the disclosure required by paragraph (b) of this section. Notice of risk disclosure statements that may be used to satisfy Commission disclosure requirements, what requirements such statements meet and the jurisdictions which accept each format will be set forth in appendix A to this section.

* * * * *

Appendix A to CFTC Rule 1.55(c)—Generic Risk Disclosure Statement

Risk Disclosure Statement for Futures and Options

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Futures

1. Effect of 'Leverage' or 'Gearing'

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

2. Risk-reducing orders or strategies

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

Options

3. Variable degree of risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the option is 'covered' by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Additional risks common to futures and options

4. Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

5. Suspension or restriction of trading and pricing relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

6. Deposited cash and property

You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

7. Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

8. Transactions in other jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

9. Currency risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

10. Trading facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

11. Electronic trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

12. Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

I hereby acknowledge that I have received and understood this risk disclosure statement.

Date

Signature of Customer

* * * * *

[The following language should be printed on a page other than the pages containing the disclosure language above and may be omitted from the required disclosure statement]

This disclosure document meets the risk disclosure requirements in the jurisdictions identified below ONLY for those instruments which are specified.

United States: commodity futures and options on commodity futures subject to the Commodity Exchange Act

[other jurisdictions: etc.]

PART 33—REGULATION OF DOMESTIC EXCHANGE-TRADED COMMODITY OPTION TRANSACTIONS

3. The authority citation for this part continues to read as follows:

Authority: 7 U.S.C. 1a, 2, 4, 6, 6a, 6b, 6c, 6d, 6e, 6f, 6g, 6h, 6i, 6j, 6k, 6l, 6m, 6n, 6o, 7, 7a, 7b, 8, 9, 11, 12a, 12c, 13a, 13a-1, 13b, 19 and 21, unless otherwise noted.

4. Section 33.7 is amended by revising paragraph (a)(1)(i) as follows:

§ 33.7 Disclosure.

(a)(1) * * *

(i) Furnishes the option customer with a separate written disclosure statement as set forth in this section or another statement approved under § 1.55(c) of this chapter and set forth in appendix A to § 1.55 which the Commission finds satisfies this requirement, or includes either such statement in a booklet containing the customer account agreement and other disclosure statements required by Commission rules; *provided, however,* that if the statement contained in § 33.7 is used it must follow the statement required by § 1.55; and

* * * * *

PART 190—BANKRUPTCY RULES

5. The authority citation for part 190 continues to read as follows:

Authority: 7 U.S.C. 1a, 2, 4a, 6c, 6d, 6g, 7, 7a, 12, 19, 23, and 24 and 11 U.S.C. 362, 546, 548, 556 and 761–766.

6. Section 190.10 is amended by revising paragraph (c)(1) as follows:

§ 190.10 General.

* * * * *

(c)(1) *Disclosure statement for non-cash margin.* (1) Except as provided in §§ 1.65, no commodity broker (other than a clearing organization) may accept property other than cash from or for the account of a customer to margin, guarantee, or secure a commodity contract unless, the commodity broker first furnishes the customer with the disclosure statement set forth in paragraph (c)(2) of this section in boldface print in at least 10 point type which may be provided as either a separate, written document or incorporated into the customer agreement, or with another statement approved under § 1.55(c) of this chapter and set forth in appendix A to § 1.55 which the Commission finds satisfies this requirement.

* * * * *

Issued in Washington, DC, on June 28, 1994 by the Commission.

Jean A. Webb,

Secretary of the Commission.

[FR Doc. 94–16119 Filed 7–1–94; 8:45 am]

BILLING CODE 6351–01–P

DEPARTMENT OF DEFENSE

Office of the Secretary

32 CFR Parts 90 and 91

Revitalizing Base Closure Communities and Community Assistance

AGENCY: Office of the Secretary of Defense, DoD.

ACTION: Interim final rule; extension of comment period.

SUMMARY: On Wednesday, April 6, 1994, the Department of Defense published an interim final rule (59 FR 16123) and a proposed rule (59 FR 16157) regarding Revitalizing Base Closure Communities. Public comments on both the interim final rule and the proposed rule were required by July 5, 1994. The comment period on the interim final rule is being extended until August 5, 1994, due to the high level of interest, the complexity of the issues raised in public comments received to date and DoD's decision to hold a public hearing before publishing the final rule. The comment period on the proposed rule is not being extended and expires on July 5, 1994.

DATES: Comments on the interim final rule must now be received by August 5, 1994.

FOR FURTHER INFORMATION CONTACT: Steven Kleiman or Frank Savat, telephone 703–614–5356.

Dated: June 28, 1994.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 94–16117 Filed 7–1–94; 8:45 am]

BILLING CODE 5000–04–M

32 CFR Parts 383 and 389

Organizational Charters

AGENCY: Office of the Secretary of Defense, DoD.

ACTION: Final rule.

SUMMARY: The Department of Defense hereby removes 32 CFR parts 383 and 389 concerning internal organizations. These parts have served the purpose for which they were intended and are no longer valid.

EFFECTIVE DATE: July 5, 1994.

FOR FURTHER INFORMATION CONTACT: L.M. Bynum, Correspondence and Directives Directorate, 1155 Defense Pentagon, Washington, DC 20301–1155 (703–697–4111).

SUPPLEMENTARY INFORMATION:

List of Subjects in 32 CFR Part 383 and 389

Organization and functions (Government agencies).

PARTS 383 AND 389—[REMOVED]

Accordingly, by the authority of 10 U.S.C. 301, 32 CFR parts 383 and 389 are removed.

Dated: June 29, 1994.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 94–16190 Filed 7–1–94; 8:45 am]

BILLING CODE 5000–04–M

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 3

RIN 2900–AG81

Active Military Service Certified Under Section 401 of Public Law 95–202

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: The Department of Veterans Affairs (VA) has amended its regulations concerning persons who are included as having served on active duty. The need for this action results from recent decisions of the Secretary of the Air Force that the service of the group known as "U.S. Civilian Flight Crew and Aviation Ground Support Employees of Northwest Airlines, Who Served Overseas as a Result of Northwest Airline's Contract with the Air Transport Command during the Period December 14, 1941 through August 14, 1945," and the group known as "U.S. Civilian Female Employees of the U.S. Army Nurse Corps While Serving in the Defense of Bataan and Corregidor during the Period January 2, 1942 to February 3, 1945," constitutes active military service in the Armed Forces of the United States for purposes of all laws administered by VA. The effect of this action is to confer veteran status for VA benefit purposes on former members of these groups who were discharged under honorable conditions.

EFFECTIVE DATE: The effective date is December 13, 1993, the date on which the Secretary of the Air Force determined that such service constitutes active duty.

FOR FURTHER INFORMATION CONTACT: Paul Trowbridge, Consultant, Regulations Staff, Compensation and Pension Service, Veterans Benefits Administration, 810 Vermont Avenue NW., Washington, DC 20420, telephone (202) 273–7210.

SUPPLEMENTARY INFORMATION: Section 401 of Public Law 95–202 authorized the Secretary of Defense to determine whether the service of members of civilian or contractual groups shall be considered active duty for the purposes of all laws administered by VA.

A notice of certification of the following group by the Secretary of the Air Force appeared in the **Federal Register** of January 4, 1994 (59 FR 297): U.S. Civilian Flight Crew and Aviation Ground Support Employees of Northwest Airlines, Who Served Overseas as a Result of Northwest Airline's Contract with the Air Transport Command during the Period December 14, 1941 through August 14, 1945.

A notice of certification of the following group by the Secretary of the Air Force appeared in the **Federal Register** of January 4, 1994 (59 FR 298): U.S. Civilian Female Employees of the U.S. Army Nurse Corps While Serving in the Defense of Bataan and Corregidor During the Period January 2, 1942 to February 3, 1945.

VA is issuing a final rule to amend the provisions of 38 CFR 3.7(x). Because this change implements determinations